

FRANCHISE DISCLOSURE DOCUMENT

<p>PAYROLL VAULT FRANCHISING, LLC 1860 W. Littleton Blvd Littleton, CO 80120 303-763-1828 303-763-1842 (fax) www.PayrollVault.com Email: Sean.Manning@PayrollVault.com</p>	
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Payroll Vault Franchising, LLC offers franchisees the opportunity to operate a business that delivers accurate and reliable software-based payroll and employee management services, including payroll check writing, payroll tax payment, and reporting, independent contractor check writing and reporting, and related human capital management and workforce management services to businesses of all sizes.

The total investment necessary to begin operation of a PAYROLL VAULT franchised business ranges from ~~\$77,375,460~~ to ~~\$141,885,99,970~~. This includes ~~\$70,000,58,085~~ to ~~\$90,000,79,895~~ that must be paid to our affiliates or us.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sean Manning at 1860 W. Littleton Blvd., Littleton, Colorado 80120, (303) 763-1828 or Sean.Manning@PayrollVault.com.

The terms of your contract will govern your franchise relationship. Do not 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

— Issuance Date: ~~April 19, 2024~~

| June 28, 2023

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 D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H 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 Payroll Vault 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 Payroll Vault franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Colorado. 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 Colorado than in your own state.
2. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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 THE STATE OF MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

A prohibition of a franchisee's right to join an association of Franchisees.

A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protections provided in this Act. This will not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

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 franchisee's failure 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.

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 that 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: (a) the term of the franchise is less than five years, and (b) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

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.

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 or litigation, to conduct arbitration or litigation at a location outside this state.

A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The 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:

The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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.

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 and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are filled. At the franchisor's option, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, Department of the Attorney General, G. Mennen Williams Building, 7th Floor, 525 W. Ottawa Street, P.O. Box 30212, Lansing, MI 48909, and telephone (517) 335-7622.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

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EXHIBITS

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	Exhibit II – Addendum
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	Exhibit V – End User License Agreement (EULA)
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Exhibit D	Current Franchisees
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Payroll Vault Franchising, LLC, a Colorado limited liability company that was formed on June 22, 2012. To simplify the language in this Disclosure Document, “we,” “us,” “our” or “PVF” refers to Payroll Vault Franchising, LLC. We will refer to the person buying the franchise as “you” or “your” throughout this Disclosure Document. If you are a corporation, partnership or limited liability company (“**Business Entity**”), certain provisions of the Franchise Agreement will also apply to your owners as noted in the Franchise Agreement.

We conduct business under our company name and our service mark and brand “PAYROLL VAULT.” We do not do business under any other name. Our principal office address is 1860 W. Littleton Blvd., Littleton, Colorado 80120. Our telephone number is (303) 763-1828. We have not operated any other type of business. We have never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit A.

Parents, Predecessors and Affiliates

Our parent is Prosperity Holdings, LLC, a Colorado limited liability company that was organized on December 14, 2019. It operates as a holding company and its address is the same as ours. It has never offered franchises in this or any other line of business. We do not have any predecessors.

We have one affiliate named Payroll Service Group, LLC, a Colorado limited liability company (“**Services Affiliate**”). It was formed on May 1, 2003. Its address is the same as ours. Since its inception, our Services Affiliate has provided payroll services to the public under the PAYROLL VAULT brand that are substantially similar to those offered in this Disclosure Document. The Services Affiliate is affiliated with PVF by common ownership, and it is not subject to a franchise agreement. Our Services Affiliate owns the trademarks described in this Disclosure Document and licenses us the right to use the trademarks and sublicense them to franchisees.

Effective April 18, 2023, we, our parent, the Services Affiliate, Mr. Manning and Ms. Petteys entered into a Membership Interest Purchase Agreement with Metric Payroll Vault LLC (“**Buyer**”) and sold 10% of the ownership interest in our parent to the Buyer. The Buyer was also granted options to purchase up to an additional 41% of the ownership interest in our parent, which options must be exercised not later than December 31, 2026.

The Franchised Business

We offer franchises for the establishment and operation of a PAYROLL VAULT franchised business (“**Franchised Business**” or “**Business**”) offering software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, independent contractor check writing and reporting, and related human capital management and workforce management services (“**Payroll and Workforce Management Services**”) to businesses of all sizes (“**Clients**”). The Franchised Businesses use our service mark “PAYROLL VAULT” and related service marks and trademarks (“**Marks**”) as well as our proprietary business methods (“**Methods**”) and a payroll software program (“**Payroll Software**”) at a specific location (“**Franchised Location**”) within a defined

territory (“**Territory**”) that contains a ~~population of approximately 1505,000 individuals~~ businesses of any size. We reserve the right to modify the Payroll and Workforce Management Services at any time. You must use our Marks, Methods and the Payroll Software (together, the “**System**”) to operate the Franchised Business.

This Disclosure Document and the Franchise Agreement (“**Franchise Agreement**”), attached as Exhibit B, describe the terms and conditions under which we offer opportunities to new franchisees. As the needs of the market change, we may offer franchises under different terms and conditions. The date the Franchise Agreement is signed by you and by us is referred to as the “**Effective Date**.”

Prior Business Experience

We started franchising in July of 2012. We have not engaged in any business other than as the franchisor under the System.

National Accounts

We reserve the right under the Franchise Agreement to enter into contracts or strategic alliances with National Accounts, to provide for or encourage the provision of services to Clients they refer or assign to the PAYROLL VAULT network. A “National Account” is a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more PAYROLL VAULT Territories in the United States in which we or our franchisees are operating Businesses; and (2) has a written contract or strategic alliance with us for the purpose of providing referrals or assignments of Clients in need of Payroll and Workforce Management Services within such Territories. We will contact you and provide you with a right of first refusal to provide Payroll and Workforce Management Services to the Clients referred or assigned to us by the National Account who resides within or outside of your Territory, unless you are not eligible to provide the Payroll and Workforce Management Services. To be eligible, you must be approved by us as meeting our standards for participation, and you must be able to provide services to the Clients based on rules (e.g., qualifications, conditions for availability, resources, price and billing terms, or similar), guidelines or other terms and conditions agreed to between us and the National Account or as otherwise directed by the National Account. If you are contacted by a potential National Account, you must notify us before agreeing to provide Payroll and Workforce Management Services to Clients referred by the National Account.

In the event that you cannot or do not elect to provide Payroll and Workforce Management Services to Clients in your Territory based on our National Account agreement or program, or if you violate the agreement with or standards or rules of the National Account, then you will not provide services to those Clients during the term of the National Account agreement or program and you will not be entitled to receive any portion of the resulting compensation. We cannot guarantee that we will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if we do, that you will receive any National Account referrals or assignments.

Competition and Laws Affecting the Business

This is a mature business sector, and you will be competing for Clients with other individuals and business entities, some of which operate on a national scale.

We do not know of any laws that directly regulate the payroll-service industry though there may be such laws in the municipality or state in which you live.

As part of your opening process, you must be granted the right by your local bank, your “automated clearing house” (“ACH”) provider, and, if applicable, any federal, state, or municipal governmental entity (Governmental Authority), to electronically deposit funds (“Electronic Funds Transfer” or “EFT”) into an employee’s account through an ACH transaction (“ACH Rights”). Though each bank or ACH provider will have different requirements, such qualifications may include following bank rules or ACH-provider rules and passing a credit report and criminal background check. Federal, state, county, and municipal governmental rules or regulations may require your registration, finger printing, and proof of timely tax filings and tax payments before granting approval to collect and remit payroll taxes for businesses and their employees. The bank rules, ACH provider requirements, and, if applicable, any governmental rules and regulations are referred to as the “ACH Qualifications.” You must have secured your ACH Rights within 90 days of the Opening Date.

You are solely responsible for determining the ACH Qualifications for your Territory and obtaining approval for the ACH Rights. If you lose your ACH Rights during the Franchise Agreement term, or if you violate the rules or regulations that govern your ACH Rights, we have the right to terminate your Franchise Agreement immediately without the right to cure and without any refund. Your failure to abide by all regulations governing your ACH Rights may result in you or your principals (if you are a business-entity franchisee) suffering personal liability. You are solely responsible for maintaining your ACH Rights and abiding by all rules and regulations governing your ACH Rights.

To the extent that you accept credit cards or similar electronic payments from Clients, you must comply with all security requirements of the Payment Card Industry Data Security Standards (“PCI-DSS” and currently found at <https://www.pcisecuritystandards.org/>). You are solely responsible for meeting these requirements.

You must obtain the business licenses required by the locale in which you will be operating your Business. You will also be required to conform to any taxation requirements of your locale. You are not required to have a public accountancy license or certification.

ITEM 2

BUSINESS EXPERIENCE

R. Sean Manning - Founder, Member of the Board of Directors, Managing Member, and CEO

Mr. Manning is one of the founders and is our President, Managing Member, and CEO, a position he has held since our inception in 2012. From 2007 to the present, he was and continues to be the CEO and Managing Member of our Services Affiliate.

Tricia Petteys – Co-Founder, Member of Board of Directors, Member and COO

Ms. Petteys is one of the founders and holds the position of Chief Operating Officer, which is a position that she has held since our inception in 2012. She also has been Operations Manager and New Client Installation Specialist with our Services Affiliate since November 3, 2008.

Marilyn Manning - Executive Director of Franchise Development

Ms. Manning holds the position of Executive Director of Franchise Development, a position she has held since September 2016. Previously, she held the position of Executive Director of Marketing,

Communications, and Public Relations since the inception of Payroll Vault in 2008 and continues to support this department.

Jessica Martin - Marketing Director, Communications and Public Relations

Ms. Martin began serving as our Marketing Director in May of 2016.

Tim Loehfelm – Director of Sales and Client Business Development

Mr. Loehfelm has served as our Director of Sales and Client Business Development since July of 2014. In addition to hands-on sales management, Mr. Loehfelm directs the management of all the Payroll Vault sales systems and procedures.

Heather Boemker – Director of Operations Training & Support

Ms. Boemker has served as our Director of Operations Training and Support since February of 2020. From January 1, 2019, to February 1, 2020, she was the payroll manager at Alvarado Restaurant Group, located in Denver, Colorado. From 2018 to 2019, she was the payroll implementation manager at Mosaic HCM in Denver, Colorado, and from 2014 to 2018, she was the payroll manager at Payroll Specialists in Littleton, Colorado.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Your initial franchise fee (“**IFF**”) for a single Franchised Business with a Territory of a ~~population of 150~~5,000 individual businesses is ~~\$68,500~~56,000. The IFF is non-refundable. If you are an honorably discharged veteran or honorably discharged first responder, the IFF for your first Franchised Business will be reduced by 10%.

If you choose to purchase a larger Territory at the outset, we offer two options. To purchase a Territory with an additional ~~75,000 individuals~~2,500 businesses, for a total of ~~225,000 individuals~~7,500 businesses, you will pay an additional \$10,000, or a total IFF of ~~\$78,500~~66,000. For an even larger Territory that includes an additional ~~150~~5,000 individual businesses, for a total of ~~300~~10,000 individual businesses, you will pay an additional \$20,000, or a total IFF of ~~\$88,500~~76,000. The IFF is non-refundable. The options to purchase a larger Territory at these prices are only available when you first purchase the franchise. Once the franchise agreement is signed, this pricing is no longer available, though

you may have an option to purchase additional Territory after you have operated the Franchised Business for one year, as described in Note 2 of Item 6, and in Item 12.

Before you open, you will pay us our technology startup ~~and accounting~~ fee, which is \$1,500 (“~~Technology Startup Fee and Accounting Fee~~”), which will be used to set up your franchise on our internet web system.

If you fail to obtain ACH Rights within 90 days of the “Opening Date” (Item 11), we have the right to terminate your Franchise Agreement (though all covenants that survive termination, including the restrictive covenants of Articles 6 and 15, will survive and remain enforceable) and we will refund \$8,000 of your IFF. We will retain the balance to cover our costs in providing additional training and services to you during this period and for a profit.

Except as stated in this Item, the IFF and all other fees described here are uniform, payable in one lump sum, and are non-refundable. During our most recent fiscal year, all franchisees paid our then-current IFF.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	Beginning with the third full month after your Opening Date, you will pay a monthly Royalty that is the greater of 6% of your “Gross Revenue” (Percentage Royalty) or \$400 (Minimum Royalty). You may be awarded the right to Additional Territories, in which case your Royalty may increase, <u>and if you reach certain levels of sales, your Royalty may be reduced.</u> See Notes 2 and 3.	Royalties are payable by the 20th day of the month that follows the month for which the Royalty was calculated.	Payable to us by an ACH transaction. See Note 3 for the definition of “Gross Revenue.”
Additional Territory Fee	See Note 2	Paid when you are granted the right to one or two Additional Territories.	Payable to us.
Local Advertising Fee	Beginning with the third full month after your Opening Date, you will spend a minimum of 1% of Gross Revenue on advertising in your Territory.	Payable with Royalties.	We may increase the Local Advertising Fee up to 2% after providing you with 60 days’ written notice. Paid to your advertising vendors.
Payroll Software License Fees	Beginning with the third full month after your Opening Date, you will pay our then-current fee, that is now	Payable with Royalties.	Note 4.

Type of Fee (Note 1)	Amount	Due Date	Remarks
	\$325225 per month. This fee is subject to increase if our costs increase.		
PEPM and PCPM Fees	\$1.70 per employee per month (PEPM Fee) and \$86.00 per Client per month. (PCPM Fee) as of the date of this Disclosure Document	Payable with Royalties.	We reserve the right to increase this fee at any time after giving you 60 days' prior written notice. Note 4.
<u>Local or State Tax Reporting Fee</u>	<u>\$2.00 per Client per month as of the date of this Disclosure Document</u>	<u>Payable with Royalties.</u>	<u>We reserve the right to increase this fee at any time after giving you 60 days' prior written notice. Note 4.</u>
Exception Fees	Will vary.	Payable upon billing.	Note 5.
National Advertising Fee	Beginning with the third full month after your Opening Date, you will pay our then-current fee, which is now \$300 per month.	Payable with Royalties.	We reserve the right to increase this fee at any time after giving you 60 days' prior written notice. Affiliate-owned businesses pay National Advertising Fees on an equal basis with franchised businesses.
Digital Marketing (DM) Fee	Beginning with the third full month after your Opening Date, you will pay our then-current fee, which is now \$105 per month.	Payable with Royalties.	Paid to us. There is no limit to the amount of an increase in this fee or the number of times it may be increased. You will be given 60 days' prior written notice of any increase. Affiliate-owned businesses pay DM Fees on an equal basis with franchised businesses.
CRM Software and CRM Fee	Beginning with the third full month after your Opening Date, you will pay our then-current fee, which is now \$160 per month.	Payable with Royalties.	Note 6.
Unique Domain Fee	\$9550 per year if we allow you to advertise on the internet or through social media.	Due in March of each year and payable with Royalties.	We reserve the right to increase this fee at any time after giving you 60 days' prior written notice. Note 6.
Additional Technology Fees	None.	As incurred.	Note 6.
Managed Social Media (MSMP) Fee	Currently, \$300 per month to Manage your Social Media for the first 9 months after the Opening Date.	Payable with Royalties.	Note 6.
Technology Maintenance Fee	Beginning with the third full month after your Opening Date, you will pay our then-current fee, which is now \$175 per month.	Payable with Royalties.	Used for hosting the website and internet maintenance. There is no limit to the amount of an increase in this fee or the number of times it may be increased. You will be given 60 days' written notice of

Type of Fee (Note 1)	Amount	Due Date	Remarks
			any increase.
Email Fee	Currently, \$15 <u>10</u> per month for each email address over five. We may increase the amount of this fee with 60 days' notice to you.	Payable with Royalties.	This fee includes five email addresses. Each address after that will cost \$15 per month <u>this amount</u> .
Financial & KPI Management Fee	\$35 per month to manage your monthly iSolve billing, monthly Financial & KPI reporting, Annual Financial & KPI reporting and financial dashboard system.	Payable with Royalties.	You will be given 60 days' written notice of any increase.
Hosted QuickBooks and Accounting Fee	\$195 per month to host/manage your QuickBooks Online account and provide the accounting services for the first 9 <u>12</u> months after the Opening Date.	Payable with Royalties.	You can pay us \$45 <u>245</u> per month beginning in month 4 <u>13</u> to continue hosting/managing your QuickBooksQB Online account. You can pay us \$200 per month beginning in month 10 to manage your Accounting services., if you choose.
Additional Training Fee	Currently, \$300 per day plus your travel, room, and board if you travel to us; or our room, board, and travel expenses if we travel to you.	As incurred.	Note 7.
Phone Lines	You have the option to buy phone lines from our designated supplier of phone services for \$25 <u>21</u> per line per month.	Paid to us with Royalties	This cost is subject to increase if the supplier increases the price it charges us.
Additional Software Training Fee	Currently, \$45 per hour.	As incurred.	Note 7.
Operational Standards Support and Training Fee	Currently, \$45 per hour.	As incurred.	Note 7.
Missed Quota Additional Training Fee	Currently, \$300 per day, plus your travel, room, and board if you travel to us or plus our commercially reasonable room, board, and travel expenses if we travel to you.	As incurred.	Paid to us if you fail to meet your Quota (Item 12) and if we decide to offer you this training (Item 11). There is no limit to the amount of an increase or the number of times it may be increased.
Owners Exchange Tuition and Peer Performance Group	Currently, the Owner Exchange Tuition is \$395 <u>\$325</u> plus your costs to attend. The Peer Performance Group program is a voluntary program, any associated costs are passed on and paid by the Peer Performance Group	As incurred.	Note 8.

Type of Fee (Note 1)	Amount	Due Date	Remarks
	participants.		
Regional Meeting	Your costs to attend and our then-current tuition that is now \$0.	As incurred.	If we have a regional meeting, you may be required to attend. There is currently no tuition, so we cannot calculate this cost. In the future, we may charge tuition, and you will be given no less than 60 days' written notice before a fee is charged. You will pay your travel expenses. Payable to third parties.
Transfer Fee	Is The greater of \$5,000 or 10% of the then-current IFF for the Territory plus 10% of the then-current Additional Territory Fee for your Additional Territories.	At time transfer is completed.	Payable to us.
Successor Franchise Fee	The greater of \$10,000 or 35% of the then-current IFF for the Territory that you purchased plus 35% of the then-current Additional Territory Fee for your Additional Territories.	At the time of signing.	You may be required to sign a franchise agreement with different terms from those in your current Franchise Agreement. Payable to us. Also, see Note 9.
Annual Conference Attendance Fee	Currently, \$750 650 for the first attendee and \$450 for additional attendees. We may increase this fee upon 60 days' notice.	Due 60 days before the conference.	The fee will be paid by ACH.
Annual Conference Travel Costs and Expenses	All costs for your travel, room, and board, which may cost \$750 500 to \$1,500.	Paid to third parties as incurred.	Expenses vary based on travel costs and the hotel you choose. Annual conferences may be mandatory. Payable to vendors.
Mandatory Conference Fee	Currently, \$950 650. We may increase this fee upon 60 days' notice.	Paid to us within 60 days of the end of the annual conference. Payable by ACH.	Charged only if you fail to attend the annual conference.
Late Fee and Interest	\$100 late fee plus 10% interest per annum for any payment not made timely.	As incurred.	Payable to us only if you do not make your payments on time.
Default Notice Fee	\$50	As incurred.	Payable to us only if a notice of default is sent to you.
Costs and Attorney's Fees	Will vary.	As incurred.	Payable to service providers.
Indemnification	Will vary.	As incurred.	You have to reimburse us if we incur costs for any claims arising from your business.
Approval of New Supplier	Our then-current fee, which is now \$125 per hour	As incurred.	Paid to us to review and approve new suppliers. We may change this fee at any time after giving you 60 days' written notice.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit Costs	The cost of the audit plus a 5% administrative fee.	As incurred.	Payable only if we audit your books and find underreporting. Paid to us.
Special Projects Fees	Currently, \$250 per hour	As incurred.	See Note 10.
New Line of Goods, Services, or Technology	Will vary.	As incurred.	See Note 11.
<u>Taxes</u>	<u>Our cost.</u>	<u>As incurred.</u>	<u>See Note 12.</u>

1. All fees owed to us are uniform and are non-refundable unless otherwise stated. All payments owed to third parties are also non-refundable unless you make specific arrangements with the third party.

2. In some cases, after you have been in business for a minimum of 12 full months (as measured from the date that you open for business), we may grant you the right to increase the size of your Territory by purchasing an additional contiguous geographic area with either ~~752,500 or 5,000 individuals or 150,000 individuals~~ businesses. Each such territory is called an “**Additional Territory**.” If we grant you this right:

a. for an Additional Territory of ~~75,000 individuals~~ 2,500 businesses, you will pay us the Additional Territory Fee for ~~75,000 individuals~~ 2,500 businesses which is currently \$18,000, and you will pay monthly the greater of the Percentage Royalty or the Minimum Royalty that will increase to \$600;

b. for an Additional Territory of ~~1505,000 individuals~~ businesses, you will pay us the then-current Additional Territory Fee for ~~1505,000 individual~~ businesses which is currently \$36,000, and you will pay monthly the greater of the Percentage Royalty or the Minimum Royalty that will increase to \$800.

References to the “**Royalty**” in this Disclosure Document includes both the Percentage Royalty and the Minimum Royalty.

We may increase the amount of the Additional Territory Fee for ~~752,500 or 5,000 or 150,000 individuals~~ businesses at any time and in any amount. We will give you 60 days prior written notice before increasing this fee.

3. “**Gross Revenue**” means the total of all revenues and income from the sale of all products, merchandise, services, and other related items to your Clients (including your “Pre-Existing Clients”), whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Revenue all sales tax or similar taxes, which by law are chargeable to Clients by any taxing authority and are collected by you. You may also deduct from Gross Sales the amount of any documented approved discounts, refunds, and credits. “**Pre-Existing Clients**” are those to whom you were delivering Payroll and Workforce Management Services on or before the Effective Date of the Franchise Agreement.

If you earn \$500,000 or more in annual Gross Revenue, you will pay a reduced Percentage Royalty (“**Graduated Reduced Royalty**”) as follows (i) for Gross Revenue of between \$500,001 and \$1,000,000 annually, you will pay a Graduated Reduced Royalty of 4%; then (ii) for Gross Revenue in excess of

\$1,000,000 annually, you will pay a Graduated Reduced Royalty of 2%. For instance, if your annual Gross Revenue is \$650,000, you pay 6% on the first \$500,000, and 4% on the remainder of the revenue (\$500,001 to \$650,000). If you earn \$500,000 or less in Gross Revenue in a year, you are not eligible for this program.

The Graduated Reduced Royalty is based on a calendar year and begins on January 1 of each year. If the Effective Date is a day other than January 1, you will not be eligible for Graduated Reduced Royalties until the following calendar year, even if you otherwise qualify in your first calendar year. We reserve the right to terminate the right to Graduated Reduced Royalties. If this decision is made, however, it will apply to all franchisees that are subject to the program, and the program will end at the end of the then-current calendar year. If you signed the Franchise Agreement during the year in which the program was terminated, you will receive no Graduated Reduced Royalty.

4. You must use our Payroll Software program to operate the Business and pay us our then-current Payroll Software License Fee. The Payroll Software electronically organizes the payroll needs of your Clients' employees, including the calculation of the pay for each employee and the deductions required to be taken.

The PEPM and PCPM Fees charged per employee and per Client are used to maintain each on the Payroll Software program. This is in addition to the Payroll Software License Fee.

You will also pay us our then-current Local and State Tax Reporting Fee, which are used to cover reporting fees charged by governmental authorities that have control over the same.

We may increase these fees by any amount at any time after giving you no less than 60 days' prior written notice.

5. When you sign the Franchise Agreement, you will also sign the End User License Agreement ("**EULA**") attached as Exhibit 5 to the Franchise Agreement, supplied by our Payroll Software supplier. Under the EULA, we may be charged (and will then charge you) for any changes to current fees or for new fees that may be assessed by the Payroll Software supplier or that we may have to pay because you failed to administer your accounts properly ("**Exception Fees**"). Exception Fees may be generated because of non-sufficient funds (NSF) in an account, a Notification of Change charge, for wiring fees, for stop payment/void check fees, Franchisee Account changes assessed by the Payroll Software supplier, signature or logo change fees, late payroll submission fees, zero quarterly report fees charged by a governmental authority, incorrect tax rates and missing or applied for tax identification numbers, as upcharges to those already paid by us, or for similar reasons. We will charge the amount of the Exception Fee plus the greater of \$50 or 10% of the fees that we are assessed due to such errors. We have no formula for determining these costs or fees, so we cannot quote them here. We may increase the Exception Fees at any time and in any amount after giving you 60 days' prior written notice.

6. You must use our "**CRM Software.**" This online-based service gives you the tools necessary to help manage your Client relationships and your interactions with Clients. Beginning with the third month after your Opening Date, you will pay us the then-current CRM Fee. We may increase this fee at any time after giving you 60 days' prior written notice.

In our sole discretion, we may allow you to obtain and host your own website (Unique Domain) or advertise on social media, through blogs, vlogs, and similar opportunities. If we grant you this right, (i) you must use the hosting services we designate; (ii) we must approve the content of each page of the website and the content of all social media, blogs, vlogs, and similar opportunities; (iii) we will give you direction on how

and where to place our Marks; and, (iv) you will pay the then-current Unique Domain Fee. Upon the expiration, earlier termination of, or a Transfer, all of the above will remain our sole property.

The “**Managed Social Media Program**” or “**MSMP**” is ~~required for the first 9 months subsequent to opening and then at the~~ voluntary program we offer to manage your monthly social media posts. The MSMP Fee is the then-current fee we charge for this service. We may change the MSMP Fee at any time after giving you no less than 60 days’ prior written notice. We may expand the program, terminate (and then reinstate) the program, or make it mandatory at any time after giving you no less than 60 days’ prior written notice.

We may increase any or all these fees at any time and in any amount after giving you 60 days’ prior written notice before a fee is changed.

7. During the first 12 months after opening, we will supply reasonable support at no additional fee. After the 12 months, the following fees services may be supplied by us, an Affiliate, or an approved vendor:

You may request, or we may require you to take training in addition to the Franchisee Initial Training to help with the operation of the Business. You will pay the then-current hourly fee for such services. All fees are paid to us.

You may also wish, or we may require you to get additional training on the software programs we offer (“**Additional Software Training**”), in which case you will pay the then-current Additional Software Training Fee.

You may request additional support or training (or we may require you to get additional training or support) if you are having difficulties implementing or maintaining our operating standards (“**Operational Standards Support and Training**”), and you will pay the then-current Operational Standards Support and Training Fee. Our Operational Standards include the methods you must use to deliver consistent and professional services to your Client, including Client relationships management performance and advertising.

We may increase these fees by any amount at any time after giving you no less than 60 days’ prior written notice.

8. We hold an Owners Exchange Meeting each year, and attendance is voluntary. The purpose of the meeting is to allow all franchisees to exchange ideas with each other. We may, in the future, make attendance mandatory. We also have the right to change the Owner’s Exchange Tuition in any amount and at any time. If we make attendance mandatory or change this fee, we will give you 60 days’ prior written notice. ~~We offer a Peer Performance Group program. Any fees associated with the Peer Performance Group program for participation or meetings will be passed on to the Peer Performance Group participants.~~

9. The Successor Franchise Fee may be reduced as follows: (a) if your Gross Revenue has reached \$150,000 per year during the final year of your Initial Term or you have 100 Clients, then your fee will be zero; or (b) if you have less than 100 Clients and have earned less than \$150,000 in Gross Revenue during the final year of your Initial Term, then your Successor Franchise Fee will be a percentage of the Successor Franchise Fee determined by multiplying the then-current Successor Franchise Fee by a fraction the numerator of which is the remainder found by subtracting your annualized Gross Revenue (determined on the date that your Successor Term is to begin) from \$150,000 and the denominator of which is \$150,000. For instance, if your Gross Revenue is \$100,000 and if the full Successor Franchise Fee is \$10,000, your Successor Franchise Fee will be \$3,334 ($\$10,000 \times (\$150,000 - \$100,000) / \$150,000$).

10. From time to time, you may ask for assistance for a “Special Project.” A Special Project involves our delivery of goods or services such as special advertising assistance that falls outside the services we already offer. You are not required to use us for a Special Project, and we are not required to deliver Special Project goods or services to you; but if we agree to work together, we will charge you our then-current fee. We may increase our fee at any time and in any amount, and we will notify you of our then-current fee before you agree to work on a Special Project with us.

11. We may, in the future, require all franchisees to add new goods or services to those already sold through the Business or add new technology. If we do this, you may incur additional expenses, some of which may be due to an affiliate, a designated or approved supplier, or us. We have no formula for determining what such costs, fees, or expenses might be, so we cannot give you an estimate of such expenses. If we introduce new lines of goods or services, we will notify you in writing and give you a reasonable time to comply with the changes.

12. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the IFF, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
IFF(1)	\$68,500 56,000 to \$88,500 76,000	Lump sum	At the signing of Franchise Agreement (1)	Us
Rent (2)	\$0 to \$800	As arranged	As per lease terms	Landlord
Rental Improvements (2)	\$0 to \$400	As arranged	If incurred	Vendors
Deposits (2)	\$0 to \$1,000	As arranged	As incurred	Utilities and Landlord
American Payroll Association Training Fee (3)	\$0 to \$1,810	As arranged	As incurred	American Payroll or Our Then-current Supplier Who May Be an Affiliate or Us.
Training Expenses (3)	\$0	As arranged	Before opening	None.
Computer System (4)	\$225 to \$1,225	As arranged	Before opening	Vendors
Furniture, Fixtures,	\$150 to \$650	As arranged	Before opening	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Equipment, and Phone Lines (4)				
Technology Startup Fee <u>and Accounting Fee</u> (5)	\$1,500 <u>2,085</u>	As arranged	Before opening	Us
Insurance and Professional Services (6)	\$4,000 to \$6,000	As arranged	As incurred	Vendors
Additional Funds – 3 months (7)	\$3,000 to \$10,000			Vendors
TOTAL (8)	\$77,375<u>65,460 to \$111,885</u><u>99,970</u>			

1. All fees paid to our Affiliates or us are uniform and non-refundable unless otherwise stated in Item 5. All other fees are set by the vendor and are generally non-refundable. Our Affiliates and we offer no financing for any part of the initial investment. The high number represents the IFF that you will pay for the largest Territory available.

2. We expect that you will work from your home or from an office that you already lease or own. We do not predict that the size of the Territory will affect your ability to work from home or an office you already lease or own. You may decide to lease office space or utilize additional office space in the location that you are leasing. Leased space may be any size that you determine. The rent figure is an estimate and will vary depending upon the market in your location, availability of space, and other factors. If you work from your home or use the space you currently lease, there should be no tenant improvement. If you lease additional space, you could spend this amount on rental improvements, such as installing new carpet or painting walls. If you lease space, you may be required to pay deposits for the space and for utilities. We will not review any lease agreement.

3. You must complete the American Payroll Association (APA) training program (“**APA Training**”) by the Opening Date. APA Training provides you with the basic skills necessary to process payroll, as more fully described in Item 11. If you are already an APA member, you may have taken this training, in which case you do not have to take it again. If you become an APA member, you will pay the membership fee (currently \$310) and the APA training fee, currently \$1,500 (the “**APA Training Fee**”). We have no control over the fees charged by the APA, and they may change at any time. If, however, you are not a member, you can take the APA training under our APA membership at no charge. Though we require you to take only seven modules, the APA Training Fee pays for all 12 modules offered by the APA and cannot be prorated. We reserve the right to change this vendor at any time after giving you 60 days’ prior written notice. Franchisee Training is online only. There are no costs associated with travel.

4. You must use a computer that meets our standards, and you must buy off-the-shelf software, including QuickBooks Online, which costs approximately \$4525 per month, and Microsoft 365 Business Standard, which costs approximately \$150 per year (Computer System). You may already own this equipment and software. If not, the Computer System could cost this much. The low number represents the fee for the first three months of QuickBooks Online and the first year of Microsoft 365 Business Standard

and assumes that you already own the rest of the Computer System. The high number represents the purchase of a new computer at a cost of \$1,000 plus the cost of the software.

You will need basic office furniture and office equipment, including a desk, chair, fax machine, copier/printer, and office supplies. We have no specifications for this furniture, fixtures, or equipment, and you may already own some of these items.

You must use at least one voice-over-internet-protocol (VoIP) phone that meets our standards and you may, at your option, use our designated VoIP service provider and pay us a fee of ~~\$25~~21 per line each month for each phone line you purchase.

5. The Technology Start Up Fee is \$1,500 and covers our costs of adding your Business license to ~~each of the software systems~~the payroll software. This fee also includes the first three months for us to manage your Business on the QuickBooks Online accounting system at \$195 per month.

6. This amount includes the initial cost for property insurance (if you lease space) and liability insurance to protect you against claims from Clients. This includes fees that you may incur from professional advisors, such as attorneys or accountants.

7. The estimate of additional funds is for the first three months of operating capital. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary according to your management skill, experience, business acumen, your relative effectiveness as a salesperson, local economic conditions, the local market for your services, competition, and the sales level that you reach during this period.

8. In compiling these estimates, we have relied on the experience of our principals (Item 2) from operating businesses that are similar to the one being offered to you. We do not offer direct or indirect financing to you for any amounts described above. You should carefully review these figures with a business advisor before making a decision to buy this franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and System Changes

You must open and operate your Business under the System and Franchise Agreement. The specifications necessary to operate under the System include our standards for delivering the services to the Client, professional standards for operation, criteria for performance, and purchases of required goods and services. We may modify any specification as to any goods, service, supplies, fixtures, equipment, inventory, Computer System, software supplier, or the like, at any time and on a local, regional, or national basis. We may also add and remove approved and designated suppliers at any time.

We may communicate our standards, specifications, and purchase requirements directly to suppliers who wish to supply goods or services. We will deliver our standards and specifications to you during training, before you open, during periodic visits to your Business, and through the Manual which will be delivered in an electronic document or other written format, including one or more manuals and periodic notices. We may issue new standards and specifications from time to time and they will all be considered

part of the Manual. Once you are notified of a change to a standard, you must make the change within a reasonable period of time.

We have the right, in our sole discretion and as we may deem in the best interests of the System or a specific franchisee, to vary required purchases, standards, or specifications based upon that franchisee's qualifications, special circumstances, the demographics of a particular Territory or development region, or any other condition which we deem important to the successful operation of any particular Business. We are not required to disclose or grant you a similar variance.

Required and Approved Suppliers

We will supply you with reasonable support on all aspects of your operations without charge for the first 12 months after you open. After the first 12 months, we may charge our then-current fees for such support. An approved vendor, or Affiliate, or we are the only suppliers of these services.

You must pay us the Technology Startup Fee and, beginning with the third month after the Opening Date, the Technology Maintenance Fee, DM Fee, Payroll Software License Fee, the CRM Fee, the PEPM and PCPM Fees, ~~QuickBooks Fee, Accounting Fee, Managed Marketing Fee,~~ and the Unique Domain Fee, if applicable. We are the only supplier of these services and products. If we add additional technology services and fees in the future, our approved vendor, an Affiliate, or we will be the only supplier of such services.

You may but are not required to purchase our MSMP services. If you do, you will pay us the then current fee. We reserve the right, however, to make participation mandatory. We will give you 60 days' prior written notice of any such change.

We are the only Payroll Software supplier. We may change vendors for this service at any time after giving you no less than 60 days prior written notice. As part of the Payroll Software, you will process written or electronic checks for employees of Clients. We are the only supplier of these services.

You must use our email server for all business-related emails. We will give you five email addresses before you open for business. After that, you will pay the Email Fee for each additional email address. We are the only supplier of this service.

You must purchase the Computer System that we designate in the Manuals. Though we have no approved vendor, the components of the Computer System must meet our specifications. You must use QuickBooks Online, for which you will pay its then-current monthly fee. We have no control over the fees charged for this service and, as a result, cannot determine when or how the fee may change.

We require you to have at least one voice-over-internet-protocol (VoIP) phone line, and you have the option to use our designated phone service provider. You will pay us monthly for each phone line you purchase from our designated phone service provider.

The American Payroll Association is currently the only approved supplier of online training about the basics of payroll. We may change the identity of this supplier at any time, and the new supplier may be an Affiliate or us.

The bank or ACH provider you choose to work with must perform EFT transactions through an ACH and otherwise meet our standards.

To the extent that you accept credit cards or similar electronic payments from Clients, you must comply with all PCI-DSS security requirements.

We are the only supplier of the goods and services delivered for any Special Projects, and we are the only supplier of services provided to the Owner's Exchange Meeting for which the Owners Exchange Tuition is paid.

In the future, we may require you to add new goods, services, or technologies to those already sold through or used in the Business. If we do this, you may incur additional expenses, costs, and fees, some of which may be payable to an affiliate, an approved supplier, or us. If we introduce new lines of goods, services, or technologies, or change approved vendors, we will notify you in writing and give you a reasonable time to comply with the changes, which will not exceed 60 days. The list of approved products and suppliers is published in the Manuals.

There are no other approved suppliers for the above goods or services. Except as described above, you may purchase all other equipment, goods, and services from an approved source. Except for purchases from us, our officers own no interest in any supplier. No purchases are currently required to be made from Affiliates.

Insurance. ~~Within 90 days of~~ Before opening the Franchised Business, you must purchase from our approved vendor (and maintain in full force and effect) the following insurance coverage, all of which must include an "additional insured" endorsement covering us:

a. Commercial general liability insurance, including coverage for operations and completed operations, contractual liability, personal and advertising injury, fire damage, and medical expenses of no less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate;

b. Employer's liability and workers' compensation insurance as required by applicable state law;

c. Professional liability insurance of no less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate;

d. Employee dishonesty insurance. For annual revenues of: (i) \$100,000 or less, coverage should be for no less than \$250,000 per occurrence and \$250,000 in the aggregate; (ii) \$100,001 to \$250,000, coverage should be for no less than \$500,000 per occurrence and \$500,000 in the aggregate; and, (iii) \$501,000 or more coverage should be for no less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate;

e. Computer fraud coverage (including coverage for cyber-attacks or losses, hacking losses and loss because of malware, pretexting, phishing attacks, and the like) of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. To the extent that this coverage requires multiple policies or endorsements, then you will obtain each such policy or endorsement;

f. "Social Engineering Fraud" (which is the manipulation of a person through social media that results in such person disclosing confidential personal or company information that then causes a loss) coverage of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and

g. Crime coverage (to the extent that the insurance purchased above does not fully protect you from losses from computer fraud or general fraud, theft, or deception) of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

You must have this insurance in place ~~within 90 days of~~by the Opening Date of the Business.

Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect you fully. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

Approval of Alternative Suppliers

You may wish to purchase a required good or service from a supplier that we have not previously approved. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require to evaluate the proposed supplier. We will evaluate the submitted information and provide written notice of our decision within 15 days. We may grant or deny approval for any reason or no reason at all. We may bill you for our time at our then-current fee. Other than as stated here, we have no other process for approving suppliers. We may revoke the approval of any supplier if we determine in good faith that their goods or services no longer meet the quality standards that are in effect at that time. We will notify you if we revoke our approval of any supplier.

Revenue from Franchisee Purchases

In ~~2023~~2022, we received \$~~1,021,846,577,431~~ from required payroll software purchases or leases. This represents approximately ~~35~~25% of our total revenue of \$~~2,926,227,342,845~~.

We estimate that the cost of equipment and supplies purchased under our specifications will represent 54% to 70% of your total purchases to establish the Franchised Business and approximately 50% of your total purchases during the operation of the Business. We do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. If we receive rebates from vendors in the future, we may share the rebates or material benefits we receive or choose to retain them, in our discretion.

Cooperatives

Though there are no cooperatives at this time, we may, in the future, develop a regional purchasing cooperative. The purchasing cooperative's purpose will be to obtain goods and services at a more competitive price. If we create a cooperative, you must participate in it.

Negotiated Prices

We have been able to negotiate prices with vendors for the benefit of the franchisees.

Material Benefits

We do not provide or withhold material benefits to you (including renewal rights or the right to open new businesses) based on whether you purchase through the sources we designate or approve. However, purchases of unapproved services, the use of unapproved vendors, or supplying Clients with unapproved services is a violation of the Franchise Agreement, and you may be terminated as a result.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Section 2.2	Items 7 and 11
(b) Pre-opening purchase/leases	Section 2.4	Item 8
(c) Site development and other pre-opening requirements	Articles 2 and 5	Items 6,7,11
(d) Initial and ongoing training	Article 7	Item 11
(e) Opening	Section 2.1	Item 11
(f) Fees	Article 3	Items 5,6,7
(g) Compliance with standards and policies/operating manuals	Article 8	Item 11
(h) Trademarks and proprietary information	Article 6	Items 13 and 14
(i) Restrictions on products/services offered	Section 8.4	Items 11 and 16
(j) Warranty and Client service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) Ongoing product/service purchases	Section 8.4	Item 8
(m) Maintenance, appearance, and remodeling requirements	Not Applicable	Item 11
(n) Insurance	Article 17	Items 7,8
(o) Advertising	Article 3	Items 6,7,11

Obligation	Section or Article in Franchise Agreement	Item in Disclosure Document
(p) Indemnification	Article 14	Item 6
(q) Owner's participation/management/staffing	Section 8.9	Items 11 and 15
(r) Records and reports	Sections 3.6 and 8.3	Item 11
(s) Inspections and audits	Section 8.3	Item 6
(t) Transfer	Article 9	Item 17
(u) Renewal	Article 4	Item 17
(v) Post-termination obligations	Article 11	Item 17
(w) Non-competition covenants	Article 15	Item 17
(x) Dispute resolution	Article 16	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases, or obligations.

ITEM 11

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

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

A. Pre-Opening Assistance

Before you open your business, we will:

- a. define your Territory (Franchise Agreement, Articles 2 and 5);
- b. provide you with the training that is described in this Item 11 (Franchise Agreement, Articles 5 and 7);
- c. provide you access to the Payroll Software (Franchise Agreement, Articles 2, 3, and 5);
- d. provide you with a list of any approved suppliers for all equipment, goods, and services. (Franchise Agreement, Articles 5 and 7);
- e. loan you one copy of the Manuals that you will need to operate the Franchised Business (Franchise Agreement, Articles 5 and 7);
- f. supply reasonable telephone, fax, and email support (Franchise Agreement, Articles 5 and 7);
- g. deliver five email addresses to you (Franchise Agreement, Articles 3 and 5); and,
- h. provide the services for the Technology Startup Fee (Franchise Agreement, Article 5).

B. Post-Opening Assistance

After you open your Franchised Business, we will:

- a. offer additional conferences, seminars, or programs, at a frequency that we determine, on various topics relevant to you. Some of these seminars or programs may be mandatory. There may be a tuition fee for these conferences, seminars, or programs (Franchise Agreement, Section 5.3);
- b. if they occur, provide updates to the Manuals, the System, the Marks (Franchise Agreement, Section 5.3);
- c. review all promotional materials and advertising you wish to use and monitor any Unique Domain we may allow you to use (Franchise Agreement, Section 5.3);
- d. after the first 12 months after your Opening Date, if requested by you (and if approved by us) or if we require it, we will provide Additional Training, Additional Software Training, or Operational Standards Support and Training for which you will pay the then-current fees (Franchise Agreement, Section 5.3 and Article 7);
- e. visit your Franchised Business in our discretion and will use other methods to ensure that you are delivering quality services and products that conform to the System (Franchise Agreement, Section 5.3);
- f. provide updates and patches to the Payroll Software at such times as the licensor of the Payroll Software delivers the same to us (Franchise Agreement, Section 5.3);
- g. provide promotional materials and advertising programs from time to time as we deem appropriate (Franchise Agreement, Section 5.3);
- h. provide the services offered under the Technology Maintenance Fee (Franchise Agreement, Section 5.3);
- i. provide access to the CRM Software for which you pay the then-current fee (Franchise Agreement, Article 3);
- j. provide the franchise system with digital marketing services through the payment of the DM Fee (Franchise Agreement, Article 3);
- k. work with you on Special Projects (Franchise Agreement, Articles 3 and 5); and
- l. offer the MSMP services if you elect to use them (Franchise Agreement, Articles 3 and 5).

We offer no help or advice concerning your employees, and we do not set prices though we may suggest pricing schedules from time to time, and except as stated above, we are not required to offer you any other services.

C. Schedule for Opening

Franchisees typically open for business within 90 days of the Effective Date. You must open for business on the first business day after completing Franchisee Training (“**Opening Date**”). Franchisee Training must be completed by the 89th day after the Effective Date. ~~You~~ Other than your ACH Rights (for which you have 90 days after the Opening Date to obtain), you must have in place all insurance-in place within 90 days of opening, and any permits, and licenses by the Opening Date. We may extend the Opening Date for a reasonable time (not to exceed 30 days) if factors beyond your reasonable control prevent you from meeting the deadline and you request an extension of time from us at least 15 days before the Opening Date. The factors that affect the ability to open by the Opening Date may include obtaining financing or insurance.

D. Special Projects

If you and we decide to work on a Special Project, we will tell you our then-current hourly fee (Item 6) before any work is started, and if you choose to go forward, we will outline the scope of the work to be done. You are not required to bring Special Projects to us.

E. Advertising

Local Advertising

Beginning with the third month after your Opening Date, you will be required to spend a minimum of 1% per month of Gross Revenue (Local Marketing and Advertising Fee) on local marketing and advertising (Local Marketing and Advertising). We must approve all advertising before it is published in any medium. You will deliver the proposed advertisement to us no less than 15 calendar days before its publication. If you do not receive written notice from us within 15 calendar days, it is deemed to be approved.

In our discretion, we may allow you to obtain and host your own website (Unique Domain) or advertise on social media. If we grant you this right, (i) you must use the hosting services we designate; (ii) we must approve the content of each page of the website and the content of all social media; (iii) we will give you direction on how and where to place our Marks; and (iv) you will pay the then-current Unique Domain Fee. Upon the expiration or termination or transfer of the Franchise Agreement, you must assign the Unique Domain and all content to us at your cost. In conjunction with the assignment, you will sign our Collateral Assignment of Contact and Electronic Information, attached to the Franchise Agreement as Exhibit 4.

We have the right to increase the Local Marketing and Advertising Fee to 2%. We will give you written notice of an increase 60 days in advance.

National Advertising Account and Regional Advertising

Beginning with the third full month after your Opening Date, we will begin collecting the National Advertising Fee (now \$300 per month) for national advertising (National Advertising.) The National Advertising Fee is due at the same time as your Royalties. We may change the amount of the National Advertising Fee at any time after giving you 60 days’ prior written notice.

The National Advertising Fees will be deposited in an interest-bearing checking account, savings account, or another account of our determination (National Advertising Account). Any monies not used in any year will be carried over to the next year. The National Advertising Account is not a trust, and we assume no fiduciary duty in administering it.

We will administer the National Advertising Account in our sole discretion. The proceeds may be used for the creation, production, and placement of advertising reasonably intended to benefit some or all franchisees in any local, regional, or national medium, and will pay in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of the annual convention, creation and production of the Internet, video, audio, and written advertisements, and for the payments to us of costs related to administering the National Advertising Account such as reasonable salaries, administrative costs, repayment of loans made for the benefit of National Advertising (made by us, an affiliate or a third party), and costs allocated to travel expenses, and overhead. National Advertising Fees will not be used to sell franchises.

We make no guarantee that advertising expenditures from the National Advertising Account will benefit you or any other franchisee directly or on a pro-rata basis. Except as stated above, we will assume no fiduciary or other direct or indirect liability or obligation to you concerning collecting amounts due to the National Advertising Account or for maintaining, directing, or administering the National Advertising Account. Upon your prior written request, we will make available to you an annual unaudited financial statement for the National Advertising Account no earlier than 90 days after the end of each calendar year. We intend for the National Advertising Account to be continuous, but we have the right to change, dissolve, merge, suspend, and reinstate it. We will not close the National Advertising Account, however, until all contributions have been used for the purpose for which they were collected.

Company-owned Businesses and Affiliate-owned Businesses will participate in any national or regional advertising programs on the same basis as franchisee-owned Businesses.

In ~~2023~~2022, we used the National Advertising Fees as follows: ~~58~~74% allocated to a national public relations firm; ~~41~~21% for administrative costs; and ~~1~~5% for lead-generation management on behalf of the franchisees.

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of the National Advertising Fee to a regional advertising program to benefit franchised businesses located within a particular region (Regional Advertising Program). We have the right to determine the composition of the market areas included in a Regional Advertising Program and to require you to participate if the same is established. If a Regional Advertising Program is implemented, we will only use contributions from franchisees within that region to fund the program. We have the right to change, dissolve, or merge any Regional Advertising Program. If requested, we will prepare unaudited financial statements and will deliver them to you no earlier than 90 days after the calendar year-end.

As of June 28, 2023, the ~~Issuance Date~~date of this Disclosure Document, we have not formed any advertising cooperatives though we reserve the right to create one at any time after giving you 60 days' prior written notice.

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and profitability. We have the right to change or dissolve the council at any time.

Digital Marketing Fee and MSMP

Beginning with the third full month after your Opening Date, you will begin paying us the Digital Marketing Fee (“**DM Fee**”), which will be collected with the Royalties.

The DM Fees will be deposited into an interest-bearing checking account, savings account, or any other account of our choice (“**DM Account**”). Any monies not used in any year will be carried to the next year. The DM Account is not a trust, and we assume no fiduciary duty in administering it.

The DM Account will be administered by us in our sole discretion and may be used by us to optimize websites that advertise for Clients for the benefit of Businesses; and to reimburse us for costs related to administering the DM Account, such as reasonable salaries, administrative costs, travel expenses, and overhead. We may use in-house personnel or the services of third-party contractors to perform the search engine optimization services. DM Fees may not be used to sell franchises.

We make no guarantee that expenditures from the DM Account will benefit you or any franchisee directly or on a pro-rata basis. Unless stated above, we assume no fiduciary duty or other direct or indirect liability or obligation to you for collecting the DM Fees or maintaining, directing, or administering the DM Account. All company-owned and Affiliate-owned businesses will contribute equally to the DM Account. Upon your prior written request, we will make available to you, no earlier than 90 days after the end of each calendar year, an annual unaudited financial statement for the DM Account. This account is unaudited.

We intend for the DM Account to be continuous, but we have the right to suspend (and subsequently reinstate) or terminate it if necessary. We will not, however, close the DM Account until all contributions and earnings have been used for the purpose for which they were collected.

Any leads from the portals will be distributed to the franchisee geographically closest to the Client or best qualified to service the Client. As a result, some franchisees may receive more leads than others.

In ~~2023~~2022, approximately 98% of DM Fees collected were used for media placement; 2838% were used for web services; 5352% were used for administrative costs, and 402% were used to provide further training on the use of DM Marketing.

We currently offer the MSMP on a voluntary basis ~~after the first 9 months of opening, during which it is required.~~ If you wish to ~~discontinue to participate,~~ you will give us written notice, and we will ~~terminate~~implement the service within 30 days after notice. ~~If you continue to participate you~~ You will pay the then-current MSMP Fee. We may increase this fee at any time and in any amount after giving you 60 days’ prior written notice. We also reserve the right to expand the program, terminate the program, or make participation mandatory. We will give you 60 days’ prior written notice of any such changes.

F. Computer Requirements

You are required to own or purchase the following electronic equipment and software:

a. A PC notebook or desktop computer that is not more than five years old (Computer Hardware) and uses a version of Microsoft Windows operating system that is not more than one year old, and has sufficient hard drive space and memory to carry out all of the operations required of the Franchised Business. The computer hardware must also have the following off-the-shelf software: (i) the latest version of Microsoft 365 Business Standard (which is available only online and that costs approximately ~~\$250~~150 per year); (ii) the latest version of QuickBooks Online, which currently costs approximately ~~\$600~~300 per year; and (iii) the latest version of Internet Explorer or compatible browser. You must also secure from us the license for the Payroll Software and the CRM Software. Beginning with the third full month after your Opening Date, you will pay the then-current Payroll License Fee, the PCPM and PEPM fees, and the CRM Fee. All of the software listed above is referred to as the “**Computer Software.**” Together, the computer hardware and Computer Software will be referred to as the “**Computer System.**” You may already own some of the components of the Computer System. If not, it could cost \$2,500 or more to purchase them.

b. You must sign our End-User License Agreement (“**EULA**”) in consideration of using the proprietary Payroll Software. The most recent version of the EULA is attached to the Franchise Agreement as Exhibit 5. You must adhere to all requirements of the EULA as it may be changed from time to time after we give you no less than 10 business days prior written notice. If you breach the EULA, resulting in the suspension or termination of your right to use the Payroll Software, this will be a material violation of the Franchise Agreement for which no cure is available.

c. We recommend you purchase a scanner to digitize documents, but it is not required. We have no standards or specifications for a scanner.

The Computer System must be continuously connected to a high-speed internet access portal.

In the future, we may offer other proprietary software or web-based programs that may include accounting, word processing, and other features. We reserve the right to change at any time the supplier of the Payroll Software. We will give you 60 days’ written notice of any change.

You are required to have a maintenance and support contract and to update all components of the Computer System as needed. You are also required to maintain the copier/printer/scanner to keep it operational. We cannot estimate the cost of such maintenance as various factors, such as the age of the equipment and its condition, will vary. This could cost \$2,500 or more.

c. You must use VoIP-compatible phone service for your business. The phone service will cost you ~~\$25~~150 or more per phone line ~~per month~~. You have the option to use our designated supplier and pay us monthly fees for each phone line. There is no frequency requirement for maintenance or updates. As a result, we cannot calculate the cost to maintain or update phone lines.

d. You must purchase or lease a plain paper printer, copier, and ~~scanner~~fax machine, which may be an “all-in-one” machine of any make or model.

We will have independent access to all of the databases on your Computer System at any time, except we will never disclose any personally identifiable information of a Client or employee. If your databases are passcode protected, you will provide the code to us upon request. Except as stated here, there are no other contractual limitations on our access to your information.

G. Manuals and Table of Contents

We will loan you one copy of the Manual though it will always remain our property. It is part of the System, and it contains our confidential, proprietary, and trade secret information. The Table of Contents of the Manual is found in Exhibit C to this Disclosure Document. The Manual contains approximately 44 pages. We give you electronic access to the Manual through our website, using a passcode.

H. Location Selection

We expect you to operate the Franchised Business from your home or your current office space located within the Territory (“**Franchised Location**”). We do not select your site and have no criteria for approving your Franchised Location. We will not own or lease your Franchised Location. You must locate your Franchised Location before you open for business. We have no requirement for the Franchised Location design or decor. As with any business, you must ensure that your Franchised Location complies with local ordinances and building codes and must obtain any permits necessary. We have no criteria for remodeling or decorating the Franchised Location. You must notify us of the address of your Franchised Location no later than the date you open for business.

I. Training

APA Training

For the first franchise you purchase, you or your Principal Operator must complete (or must have previously completed) the APA Training no later than the Opening Date. If you are already an APA member, you may have taken this training. If you become an APA member, you will pay the \$310 membership fee and pay the APA Training Fee that is \$1,500. Though we require you to take seven training modules, the APA Training Fee pays for all 12 modules offered by the APA and cannot be prorated. We have no control over the fees charged by the APA, and they may change the fees at any time. If, however, you are not a member, you can take the APA training under our membership at no charge.

APA training will take up to 43 hours to complete. There is no limit to the number of people who may take this training, though you or the person who is responsible for operating your business, your “**Principal Operator**,” must complete and pass the APA Training. If you or your Principal Operator fail to pass the APA Training by the Opening Date, we have the right to terminate your franchise agreement without refunding the IFF.

If you are a business-entity franchisee, the Principal Operator is the person designated by the franchisee to operate the Franchised Business from day to day. We reserve the right to reduce or eliminate this requirement depending on the attendee’s experience and position with the Business.

The trainers and the training materials are determined by the APA, over which we have no control, and as a result, we cannot provide you with such information. This is online training. It can be taken at any convenient time, and there are no travel or similar expenses.

APA Training consists of the following:

APA TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Module 1* - Introduction to Payroll	Up to 6 Hours	0	On line
Module 2 - Calculating Payroll	Up to 6 Hours	0	On line
Module 3 - Calculating Deductions and Net Pay	Up to 6 Hours	0	Online
Module 4 - Fringe Benefits	Up to 6 Hours	0	On line
Module 6 - Cafeteria Plan	Up to 6 Hours	0	On line
Module 7 - Payroll Reporting	Up to 7 Hours	0	Online
Module 9 - Accounting and Audits	Up to 6 Hours	0	Online
Total	Up to 43 Hours	0	

* Module numbering is based on the APA’s numbering schedule, and as a result, the Module numbers in the table are not consecutive. The APA may change the titles or numbering of the Modules at any time without notice.

Franchisee Training

For the first franchise you purchase, you or your Principal Operator must complete our training to our satisfaction (“**Franchisee Training**”), ~~after which,~~ no later than the next business day will be considered your Opening Date. Up to two people, including you or your Principal Operator, may attend this training. Franchisee Training consists of approximately 24 hours of live online classroom instruction, training, and testing over three days. There is no on-the-job training. Franchisee Training is held once every month or once every two months, depending on demand. You and we will agree on a date for your Franchisee Training on or after the Effective Date. Franchisee Training may be increased or decreased in our sole discretion depending upon your experience and knowledge. As training is online, there are no travel costs associated with your attendance. Franchisee Training materials consist of the Manual and handouts. Except for the training of replacement management personnel, tuition is not charged. You are responsible for paying your employees who attend Franchisee Training and for training your employees and other personnel who do not attend Franchisee Training.

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Franchisee Training consists of the following:

FRANCHISEE TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 1: Mission Stmt.; Competition; Industry Overview; In-house Administrative Services	68 hours	0	Online
Day 2: Sales and Marketing	428 hours	0	Online
Day 3: Operations and Software; Hiring and Management	68 hours	0	Online
Total	24	0	

The training instructors are Sean Manning, Marilyn Manning, Tricia Petteys, Jessica Martin, Tim Loehfeld, and Heather Boemker. The background and experience of each are described in Item 2. Since its inception, Mr. and Ms. Manning and Ms. Petteys have worked with our Services Affiliate and have experience operating payroll services similar to those you offer. Mr. Manning has been a certified public accountant since 1995 and will use that experience to train you. Ms. Martin has worked with franchisees on our behalf since 2016, including training them on various aspects of the System. Mr. Loehfeld has been with us since July of 2014 and offers insight into the use of our Client relationship management and other software programs. Ms. Boemker has trained personnel in all aspects of payroll services for over 20 years. Other employees who work in the operations, support, and administrative side of our business may assist in the training occasionally.

If you fail to complete Franchisee Training to our satisfaction, we may terminate the Franchise Agreement without refunding the IFF.

Payroll Software Training

For the first franchise you purchase, you or your Principal Operator must complete the Software training program (“**Payroll Software Training**”) provided by iSolved, our designated payroll software provider, to our satisfaction, no later than the Opening Date. In addition to you or the Principal Operator, you may access this training for all of your employees who need it to do their jobs. Payroll Software Training consists of approximately 32 hours of recorded online classroom instruction and testing, usually taken over a period of between one and four weeks. You or your Principal Operator must pass the tests given as part of the training. Payroll Software Training can be accessed at your convenience. You and we will agree on a date for you to take Payroll Software Training after the Effective Date and before the Opening Date. Payroll Software Training may be changed from time to time by the payroll software provider, outside of our control. As training is online, there are no travel costs associated with your attendance. There are no Payroll Software Training materials and no tuition is charged for the training. You are responsible for paying your employees who attend Payroll Software Training and for training your employees and other personnel who do not attend Payroll Software Training.

Payroll Software Training consists of the following:

PAYROLL SOFTWARE TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Course 1: Freshman Payroll	6 hours	0	Online
Day 2: Sophomore Payroll	8 hours	0	Online
Day 3: Junior Payroll	18 hours	0	Online
Total	32 hours	0	

Additional Training for Failure to Maintain the Franchisee Quota

Meeting your Franchisee Quota is a material obligation under the Franchise Agreement. If you fail to maintain the Franchisee Quota for any 12-month period, we have the right in our discretion to: (a) allow another franchisee, or an Affiliate-owned Business to sell Payroll and Workforce Management Services in your Territory; (b) terminate your franchise rights without affording you a right to cure; or (c) require you to attend Additional Training. If you attend Additional Training, you will have 9 months after completing Additional Training to meet the Franchisee Quota. If you fail to meet the Franchisee Quota in the 9 months after you complete Additional Training, we have the right to declare that your Territory is “Open” meaning that another franchisee, or an Affiliate-owned Business, may operate in your Territory.

Additional Training will be held on an as-needed basis and may be conducted online, through webinars, in person at your location, at our headquarters, or any other location that we determine. You will pay for your travel, room, and board if you travel to us, or pay our travel, room, and board if we travel to you, and you will pay the Additional Training Fee. We will use the Manuals and handouts for such training. The personnel used to deliver Franchisee Training will also be used for the Additional Training. The Franchisee Quota may change when a Successor Term is awarded.

Additional Training, Additional Software Training, or Operational Standards Support and Training

After the first 12 months from your Opening Date, you may ask for, or we may, in our sole discretion, determine that you need Additional Training, Additional Software Training, or Operational Standards Support and Training, in which case you will pay the then-current fee for such services. All training will be online. The training materials will be handouts delivered by email and the Manuals. We have the right to increase the fees charged for such services at any time and in any amount after giving you 60 days’ written notice.

Annual Conference, Owners Exchange, and Other Training Opportunities

We hold an annual conference, and your attendance is mandatory. You will be responsible for paying all travel and living expenses and wages of your employees. When it is known, you will be provided with the location and duration of the conference and the identities of those who will present information at

the meeting, and the content to be presented. The annual conference will be held in a location to be determined by us. You must pay us the Annual Conference Attendance Fee, which will be collected by ACH 60 days in advance of the meeting.

We also hold an Owners Exchange Meeting annually. You are not required to attend though we may in the future require attendance. If you attend, you will pay the Owners Exchange Tuition. If we require attendance, or if we decide to change the amount of the Owners' Exchange Tuition, we will let you know 60 days before the event. The current instructors at the meetings are Mr. Manning and Ms. Petteys, though we may add other instructors in the future whose identity and background will be disclosed to you before the meeting. You are responsible for all travel and living expenses associated with attendance. The instruction materials include the Manuals and handouts. We reserve the right to change any of the fees identified above after giving you 60 days' written notice.

In addition to the annual conference, and though we do not now, we have the right, in the future, to require you and your Principal Operator to attend a local or regional meeting up to two times per year (Regional Meeting). Any local or regional meetings will last between one and two days and will be held at a location approved by us and within easy car or bus commuting distance. Any instructors at such meetings will be Mr. Manning, Ms. Petteys, or another person not yet identified by us but whose identity and background will be disclosed to you before the meeting. There will be no tuition, but you will be responsible for all travel and living expenses associated with attendance. The instruction materials may include revisions to the Manuals and will include handouts.

ITEM 12

TERRITORY

Before signing the Franchise Agreement, you and we will agree on the perimeter of your Territory that contains ~~a population of no less than 150,000 individuals~~ businesses of any size.

If you wish to expand the size of your Territory, assuming that you purchased a standard Territory of ~~150,000 individuals~~ businesses, after you have been in operation for a minimum of 12 full months (as measured from the Opening Date), we may grant you the option to increase the size of your Territory by purchasing a contiguous Additional Territory, which will contain either an additional ~~75,000 individuals~~ 2,500 businesses or another ~~150,000 individuals~~ businesses. You may be granted this right if you meet the following conditions:

- a. you are current in of all of your obligations under the Franchise Agreement on the date that you request an Additional Territory and on the date that we grant you the Additional Territory;
- b. you have not breached the Franchise Agreement at any time before your request; and
- c. you have met the Franchisee Quota.

If you meet these conditions, we may grant you the option to purchase Additional Territory in our reasonable business judgment. As part of our decision, we will determine whether you have sufficient employees or contractors, sufficient financial resources, and business acumen to operate an Additional Territory. There is no guarantee that you will be granted the option to purchase Additional Territory. Except as stated here, you receive no other option, right of first refusal, or similar right to acquire additional franchises.

For each Additional Territory option, you will pay the applicable Additional Territory Fee, and your Royalty will increase as stated in Item 6. We may increase the Additional Territory Fee at any time and in any amount. We will give you 60 days prior written notice before increasing this fee.

Your Territory and any Additional Territory may be defined by ZIP codes, street names, or other natural or artificial boundaries. You may advertise anywhere, and you may service any Client regardless of the Client's address. This means that you may have Clients that are within the Territory of another franchisee or company-owned or Affiliate-owned Business, and another franchisee or company-owned or Affiliated-owned Business may have Clients within your Territory.

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

Our web page, digital marketing, national branding, public relations, and our online and social media advertising invite all viewers to contact us to learn more about the services our franchisees offer. If we receive an inbound call, email, or similar contact ("**Inbound Lead**"), and if the Inbound Lead does not specify the desire to work with a particular franchisee, it will be routed to the franchisee in whose Territory the Inbound Lead originated. If there is no franchisee in that area, the Inbound Lead will be routed to the franchisee whose Territory is the closest or to the best qualified franchisee, in our discretion. As a result, some franchisees may receive more leads than others.

You may relocate your Franchised Business at any time within your Territory. You must immediately provide us the address of the new Franchised Location once you have identified it.

You are required to meet these minimum performance criteria ("**Franchisee Quota**"):

- a. within 18 months of the Effective Date, you must have a minimum of 25 monthly payroll Clients or have a minimum monthly Payroll and Workforce Management Services billing average of \$3,125;
- b. within 36 months of the Effective Date, you must have a minimum of 75 monthly payroll Clients or have a minimum monthly Payroll and Workforce Management Services billing average of \$9,375; and
- c. within 48 months of the Effective Date and then for every 12 months after that, you must maintain a minimum of 100 monthly payroll Clients or have a minimum monthly Payroll and Workforce Management Services billing average of \$12,500.

If you fail to meet and maintain the Franchisee Quota for any 12-month period, we have the right in our sole discretion to: (i) designate your Territory as an "**Open Territory**" and permit other franchisees or company-owned or Affiliate-owned Businesses to sell Payroll and Workforce Management Services in your Territory; (ii) terminate your franchise rights without any right to cure; and/or (iii) require you to attend the Missed Quota Additional Training program. If you attend Additional Training, you will have 9 months after completing Additional Training to meet the Franchisee Quota. If you fail to meet the Franchisee Quota in the 9 months after you complete Additional Training, we have the right to declare that your Territory is "Open" meaning that another franchisee, or an Affiliate-owned Business, may operate in your Territory.

National Accounts. We reserve the right under the Franchise Agreement to enter into contracts or strategic alliances with "National Accounts," to provide for or encourage the provision of services to Clients

they refer or assign to the System. A “**National Account**” is a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more PAYROLL VAULT Territories in the United States in which we or our franchisees are operating Businesses; and (2) has a written contract or strategic alliance with us for the purpose of providing referrals or assignments of Clients in need of Payroll and Workforce Management Services within such Territories. We will contact you and provide you with a right of first refusal to provide Payroll and Workforce Management Services to the Clients referred or assigned to us by the National Account who resides in your Territory unless you are not eligible to provide the Services. To be eligible, you must be able to provide services to the Clients based on rules (e.g., qualifications, conditions for availability, resources, price and billing terms, or similar), guidelines or other terms and conditions agreed to between us and the National Account or as otherwise directed by the National Account. If you are contacted by a potential National Account, you must notify us before agreeing to provide Payroll and Workforce Management Services to them.

In the event that you cannot or do not elect to provide Payroll and Workforce Management Services to Clients in your Territory based on our National Account agreement or program, or if you violate the agreement with or standards or rules of the National Account, then you will not provide services to those Clients during the term of the National Account agreement or program and you will not be entitled to receive any portion of the resulting compensation. We cannot guarantee that we will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if we do, that you will receive any National Account referrals or assignments in your Territory.

Reservation of Rights

We reserve the following rights:

- i. To own, franchise, or operate businesses which are similar to your Franchised Business and which use the Marks and the System at any location within or outside of the Territory;
- ii. To use the Marks and the System to sell any products or services (which may be similar to those you sell) through alternative channels of distribution such as over the internet, within or outside the Territory. You cannot use alternative channels of distribution without our express permission, which may be granted or denied, in our discretion. If we use the Marks in alternative channels of distribution to sell similar services or products in the Territory, we are not required to compensate you;
- iii. To use and license others to use, within or outside the Territory, other trademarks, trade names, service marks, logos, copyrighted materials, and methods of operation that are not the same as or confusingly similar to the Marks, in the operation of a business that offers goods, services, and related products that may be similar to, or different from, the business operated by you;
- iv. To purchase, or be purchased by or merge or combine with any business, including a business that competes directly with your Franchised Business, wherever located;
- v. To acquire and convert to our System, businesses offering services and products similar to those offered by you, including businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Territory; and
- vi. To retain all other rights not specifically granted to you.

Though we can use alternative channels of distribution within the Territory to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, we have not done so as of the date of this Disclosure Document.

Our Services Affiliate operates ~~one~~three company-owned businesses which are not subject to any territorial limitations, except that we will not locate an Affiliate-owned business in your Territory.

Item 13

TRADEMARKS

Our Services Affiliate has registered or applied to register the trademarks below on the Principal Register of the United States Patent and Trademark Office (USPTO) as follows:

Registration Number or Application Number	Description of Mark	Principal or Supplemental Register	Registration Date or Application Date
Reg. no. 4,189,071	Payroll Vault	Principal	August 14, 2012
Reg. no. 4,149,049		Principal	May 29, 2012
Reg. no. 4,600,737	Payroll Re-Defined (Standard Character Mark)	Principal	September 9, 2014
Reg. no. 4,596,685	It Time to Rethink Payroll (Standard Character Mark)	Principal	September 2, 2014
RegApp. no. <u>720726797,610,292</u> ¹		Principal	September 28, 2022

All required affidavits for the above have been filed and the Marks have been renewed.

1. We do not have a federal registration for this principal trademark. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We refer to all current and future trademarks, service marks, trade names, trade dress, designs, logos, and other designations, as the “**Marks.**”

Our Services Affiliate and we have entered into a license agreement (Master License Agreement) that grants us the right to use and the right to sublicense the Marks to our franchisees. The Master License Agreement has a term of 30 years and is renewable for two additional 30-year periods. We are required to ensure our Services Affiliate that you are using the Marks in a manner that protects the common law and statutory rights of each Mark. Under the franchise agreement, if you fail to use the Marks according to our standards, we have the right to terminate your franchise (Franchise Agreement, Article 6). The Master License Agreement can be terminated only if we breach this requirement. In such an event, our Services Affiliate has agreed that it will grant you the right to continue using the Marks under the Franchise Agreement terms. Except as stated herein, there are no other agreements in place that limit our use of the Marks.

There are presently no effective material determinations of, and there is no pending material litigation involving the USPTO, any trademark administrator of any state or federal court or trial and appeal board, concerning a claim of interference, opposition, or cancellation involving any of the Marks. There is no pending federal or state court litigation regarding our use or ownership rights in any Marks that are material to the franchise.

Our Services Affiliate and we have the right to control any administrative or litigation proceedings involving the Marks. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must notify us immediately. We, in our sole discretion, will take the necessary steps to defend the Marks. We will indemnify you if the action solely arises from the Marks. We do not have an obligation to indemnify or defend you if the action arises from your use of the Marks in violation of the Franchise Agreement. We know of no infringing or superior rights to any Marks.

If you learn that any unauthorized third party is using any of the Marks, you must notify us immediately. We, in our sole discretion, will determine what, if any, action will be taken to protect the Marks. You may not take any action against an alleged infringer. We, in our sole discretion, may modify or discontinue one or more of the Marks at any time. You will be provided adequate time to comply, at your sole expense, with any new guidelines regarding the Marks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or copyright registrations that are material to the franchise.

We claim common law copyrights in all of the components of the System and our Proprietary Information (Franchise Agreement, Article 6), including the Manual and related materials, training modules, and all marketing and advertising materials. There are no known instances of copyright infringement of our System or Proprietary Information.

Each component of the System, and the Proprietary Information, is proprietary, a trade secret, and confidential. You may only use each such component as allowed under the Franchise Agreement. You must maintain strict confidentiality of each component of the System and our Proprietary Information and adopt procedures to prevent unauthorized disclosure of any such information.

We alone have the right to control any administrative or litigation proceedings involving the System and the Proprietary Information. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the System or the Proprietary Information, you must notify us immediately. We, in our sole discretion, will take the necessary steps to defend the claim. We do not have an obligation to indemnify or defend you if the action arises from your use of the System or the Proprietary Information in violation of the Franchise Agreement.

If you learn that any unauthorized third party is using any System or Proprietary Information component, you must notify us immediately. We, in our sole discretion, will determine what, if any, action will be taken. You may not take any action against a third party. Any costs incurred by you for actions against a third party are solely your own; we will not reimburse you for any costs associated with protecting the System or Proprietary Information.

If we, in our sole discretion, determine it necessary to modify, add to, substitute, or discontinue the use of any portion of the System or Proprietary Information, you will be given adequate time after receipt of written notice, to take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

You may never, during the term of the Franchise Agreement or upon its expiration, termination, or transfer, reveal any component of the System or Proprietary Information to any person or entity and may not use it for any other business. You may not copy any Proprietary Information unless we specifically authorize it in writing. All persons affiliated with you must sign a Nondisclosure and Noncompetition Agreement (Exhibit 8J to this Franchise Agreement Disclosure Document).

Your “**Client List**” is defined as the name and contact information of all persons or business entities, whether present or future, to which you provide Payroll and Workforce Management Services under the Franchise Agreement. In consideration of the time and effort that we have put into the System, you agree that we retain ownership and control of your Client List. ~~With approval we may authorize the transfer or sale of the Client List to an approved current franchisee or newly approved franchise owner.~~ Upon termination of your Franchise Agreement, for any reason, ~~without the transfer or sale of the Client List~~ we will retain your Client List and may use it to continue to provide Payroll and Workforce Management Services.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Each Business must be under the direct full-time and day-to-day supervision of your Principal Operator or you, each of whom must have completed our training. Your Principal Operator is not required to own any minimum amount of equity. Your Principal Operator, if you have one, must abide by all confidentiality requirements of the Franchise Agreement and is required to sign a confidentiality and non-competition agreement in the form attached to this Disclosure Document. We recommend that you participate in the day-to-day operations of the Business.

If you purchase the Business through a business entity, or if you convert to a business entity during the Term, each individual who owns an interest in the Business entity must sign a confidentiality and non-competition agreement that is attached to the Franchise Agreement and a personal guaranty assuming and agreeing to discharge all your obligations under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell only those products and services approved by us and may not use the Franchised Business or the Systems or Marks for any other purposes. You may offer other services and products only after you have obtained our express written permission to do so.

We have the right to add, delete, change, or supplement the types of services you provide, and there are no limits on our right to do so. You will have 30 days to implement any such changes.

We do not set minimum or maximum prices for any products, goods, or services.

You may operate any other business, including an accounting, tax, bookkeeping, or similar business from the Franchised Location, so long as it does not compete with the Franchised Business.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Article 4	Five years (Initial Term)
b. Renewal or extension of the term	Article 4	Two additional 10-year terms (each a “Successor Franchise Rights Term”) if all obligations for “Successor Franchise Rights” are met. <u>If Successor Rights are granted, you may be eligible for a reduced Royalty (Item 6, footnote 3).</u> Additional renewals will be by mutual agreement.
c. Requirements for franchisee to renew or extend	Article 4	You must give no less than 90 days prior notice, you must have no outstanding material defaults or money owed, you must not have had more than four default notices, we must not have determined in our reasonable business judgment not to renew, you must sign then-current Franchise Agreement which may have terms that are significantly and materially different than those of your current Franchise Agreement. You must agree to sign the then-current Franchise Agreement no more than 60 days before the end of the Initial Term or the then-current Successor Term. You will pay the then-current Successor Franchise Fee, which may be reduced, <u>and you may have the right to Graduated Reduced Royalties (Item 6).</u>
d. Termination by franchisee	Not Applicable	The franchise agreement’s provisions regarding termination by the franchisee are subject to state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by	Article 10	We can terminate only if you default. See (g)

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
franchisor with cause		and (h) below.
g. "Cause" defined - curable defaults	Article 10	Failure to pay fees after five days' notice; 30 days to cure any defaults under the Franchise Agreement except those described in (h) below.
h. "Cause" defined - non-curable defaults	Article 10	Non-curable defaults include bankruptcy; insolvency; abandonment; felonies or offenses involving moral turpitude or which may affect the System; material judgments or awards; misuse of marks; failure to pay Royalties or other fees; violation of laws; failure to pay taxes or wages; unauthorized business practices; disclosure of Proprietary Information; repeated breaches beyond four even if cured; unapproved Transfers; violation of law and failure to cure; material misrepresentation; cross-default; underreporting-; <u>inability to obtain ACH Rights within 90 days of the Opening Date; or if you lose ACH Rights during the term of your Franchise Agreement.</u>
i. Franchisee's obligations on termination/non-renewal	Article 11	Obligations include deidentification, payment of amounts due, cessation of use of trademarks and proprietary information, the return of all proprietary information, assignment of the Software License, and assignment of contact information (see (r) below).
j. Assignment of contract by franchisor	Article 9	No restriction on the franchisor's right to assign.
k. "Transfer" by franchisee - defined	Article 9	Sale, assignment, gift, pledge, mortgage, or other disposition of any part of the Franchise Agreement, ownership of you or the Business.
l. Franchisor approval of transfer by franchisee	Article 9	The transferee has the background, financial resources, etc. We have 30 days right of first refusal; the transferee pays for training.
m. Conditions for franchisor approval of transfer	Article 9	You must pay a transfer fee; new franchisee qualifies; you must have no outstanding defaults; you must provide terms to us; the new franchisee must sign the current Franchise Agreement and attend training; and you must sign a release.
n. Franchisor's right of first refusal to acquire franchisee's business	Article 9	30 days on the same terms stated in the bona fide offer.
o. Franchisor's option to purchase franchisee's business	Article 9	Upon termination or expiration of the Franchise Agreement, our option is to purchase a part or all of the assets for fair market value.
p. Death or disability of franchisee	Article 9	The estate must assign the franchise to an approved transferee within 180 days
q. Non-competition	Article 15	<u>Subject to state law, no involvement in a</u>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
covenants during the term of the franchise		competing business.
r. Non-competition covenants after the franchise is terminated or expires	Article 15	<u>Subject to state law</u> , no competing business for two years within the Territory, within any other Territory that is serviced by a franchisee, or within 25 miles of any of our Businesses; except that if you have Pre-existing Clients on the Effective Date, these Clients will be exempt from the non-competition covenants. You will supply us with a list of your Pre-Existing Clients when you sign the Franchise Agreement. If no Pre-existing Client list is delivered, it will be assumed that none existed.
s. Modification of the Agreement	Article 15	The System and Manuals are subject to change.
t. Integration/merger clause	Article 18	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 16	Except for certain claims, all disputes will be subject to arbitration (if mandatory mediation does not resolve the issue). Meetings, mediation, and arbitration will be conducted within 15 miles of our then-current headquarters. The provisions of this subsection (u) are subject to state law.
v. Choice of forum	Article 16	Subject to state law, mediation/arbitration or litigation in State/Federal courts in Colorado, where our headquarters is located.
w. Choice of law	Article 16	Subject to state law, the state law of our headquarters, which is Colorado.

ITEM 18

PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from the use of the public figure in the name or symbol of the Business or the endorsement or recommendation of a Business by the public figure in advertisements. There are no public figures involved in our management.

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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 franchise and/or franchisor-owned outlets if there is a reasonable basis for this information and if the information is included in the disclosure document. Financial performance information that is 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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The chart below entitled “All Franchised Businesses Reporting in ~~2023~~2022” shows the results of operations for all ~~444~~442 Businesses owned and operated by franchisees that were in business as of December 31, ~~2023~~2022, and reported income and expenses for every month in 2022. ~~Three~~Six franchisees that operated for the entire year did not submit reports for every month of ~~2023~~2022 and their results are not included in the chart below. Data from four other franchisees that began operations during ~~2023~~2022 is not included in the chart below because they did not report for the entire year. We obtained the data in this chart from monthly revenue reports and from responses to a questionnaire sent to all franchisees that reported income and expenses for every month in ~~2023~~2022.

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All Franchised Businesses Reporting in 2023/2022

ID ¹	Client Data 2023 ² /2022 ²			ERTC Revenue ³	Gross Revenue ⁴	Franchisee Expenses ⁵	Advertising Expenses ⁶	Labor ⁷	Cost of Services ⁸	Total Operating Expenses ⁹	Sales Expenses ¹⁰	Net Profit ¹¹	
	Clients Added	Clients Dropped	Clients EOY										
1	35 27	32 12	218 215	\$ 1,320,200 \$1,132,267	\$ 2,051,129 \$1,788,510	\$ 85,451 \$66,394	\$ 11,184 \$4,209	\$ 430,231 \$313,891	\$ 102,273 \$82,504	\$ 629,139 \$466,998	\$ 239,952 \$332,664	\$ 1,182,038 \$988,848	
2	56	15	374	\$44,965	\$835,297	\$80,862	\$0	\$324,534	\$52,508	\$457,904	\$0	\$377,393	
2 3	60 50	89	115 214	\$ 1,857,994 \$395,236	\$ 2,041,227 \$712,778	\$ 96,076 \$39,517	\$ 1,255 \$14,994	\$ 16,360 \$183,562	\$ 38,781 \$43,510	\$ 152,472 \$281,583	\$ -\$60,691	\$ 1,888,755 \$370,504	
4	29	37	224	\$0	\$489,311	\$33,673	\$11,087	\$212,275	\$52,769	\$309,804	\$0	\$179,507	
3 5	58	38 32	394 149	\$ 371-\$0	\$ 902,822 \$437,110	\$ 153,752 \$58,495	\$ -\$3,845	\$ 419,010 \$143,624	\$ 37,696 \$36,731	\$ 610,459 \$242,694	\$ -\$0	\$ 292,363 \$194,415	
	4*	142	47	244	\$ 6,550	\$ 578,829	\$ 95,322	\$ 5,788	\$ 235,890	\$ 42,253	\$ 379,252	\$ -	\$ 199,577
5 6	23 13	16 28	152	\$ 123,815 \$59,666	\$ 405,071 \$307,600	\$ 32,600 \$29,183	\$ 2,112-\$750	\$ 311,796 \$133	\$ 33,494 \$66,185	\$ 380,002 \$96,250	\$ 44,006 \$5,917	\$ (18,936) \$205,433	
6 *	44	13	187	\$ 22,961	\$ 386,026	\$ 25,871	\$ 2,493	\$ 92,687	\$ 78,610	\$ 199,662	\$ -	\$ 186,364	
7	33 75	420	124 214	\$ 113,644 \$0	\$ 369,884 \$301,299	\$ 29,807 \$25,112	\$ 6,631 \$1,763	\$ 44,164 \$18,174	\$ 34,338 \$44,819	\$ 114,940 \$89,868	\$ -\$29,808	\$ 254,944 \$181,624	

8*	3834	268	22663	\$ - <u>\$178,811</u>	\$ 366,401 <u>\$290,895</u>	\$ 27,455 <u>\$17,727</u>	\$ 1,476-\$504	\$ 44,145 <u>\$105,429</u>	\$ 64,907 <u>\$24,084</u>	\$ 137,983 <u>\$147,744</u>	\$ 14,942-\$0	\$ 213,477 <u>\$143,151</u>
9	4529	224	15176	\$ - <u>\$158,117</u>	\$ 339,083 <u>\$284,467</u>	\$ 26,629 <u>\$24,061</u>	\$ 10,154-\$93	\$ 142,556 <u>\$0</u>	\$ 49,176-\$0	\$ 228,515 <u>\$24,154</u>	\$ -\$3,898	\$ 110,567 <u>\$256,414</u>
10	3116	250	148122	\$ -\$19,749	\$ 310,441 <u>\$229,909</u>	\$ 25,024 <u>\$22,923</u>	\$ 7,814 <u>\$1,000</u>	\$ 40,066 <u>\$102,713</u>	\$ 27,758 <u>\$28,570</u>	\$ 100,661 <u>\$155,206</u>	\$ -\$0	\$ 209,780 <u>\$74,703</u>
11	1338	311	14142	\$ 290,427 <u>\$0</u>	\$ 308,714 <u>\$210,440</u>	\$ 26,178 <u>\$19,403</u>	\$ 4,192 <u>\$6,178</u>	\$ 45,399 <u>\$47,767</u>	\$ 12,682 <u>\$18,416</u>	\$ 88,452 <u>\$91,764</u>	\$ -\$0	\$ 220,262 <u>\$118,676</u>
12	831	611	78127	\$ 120,893 <u>\$0</u>	\$ 278,291 <u>\$210,008</u>	\$ 31,365 <u>\$29,215</u>	\$ -\$3,018	\$ 89,935 <u>\$0</u>	\$ 11,684 <u>\$17,713</u>	\$ 132,983 <u>\$49,946</u>	\$ -\$0	\$ 145,308 <u>\$160,062</u>
13	38	11	112	\$ 52,101	\$ 273,774	\$ 33,125	\$ -	\$ 228,261	\$ 51,080	\$ 312,465	\$ 99,629	\$ (138,320)
14 ¹ ₃	3428	162	74100	\$ 127,343 <u>\$0</u>	\$ 273,769 <u>\$208,696</u>	\$ 24,561 <u>\$16,127</u>	\$ 3,917-\$0	\$ 3,654 <u>\$14,680</u>	\$ 34,867 <u>\$22,596</u>	\$ 66,999 <u>\$53,403</u>	\$ 15,126-\$0	\$ 191,643 <u>\$155,293</u>
15 ₁₄	2057	121	14367	\$ 64,106-\$0	\$ 267,266 <u>\$195,394</u>	\$ 28,067 <u>\$15,687</u>	\$ 10,099-\$0	\$ 52,056 <u>\$0</u>	\$ 25,214 <u>\$10,818</u>	\$ 115,436 <u>\$26,505</u>	\$ 22,979 <u>\$30,849</u>	\$ 128,851 <u>\$138,039</u>
15	18	10	56	\$47,658	\$164,682	\$16,725	\$5,612	\$3,515	\$23,406	\$49,257	\$1,524	\$113,901
16	2972	1211	139141	\$ -\$8,887	\$ 266,036 <u>\$150,566</u>	\$ 26,541 <u>\$12,764</u>	\$ 9,886 <u>\$3,160</u>	\$ 75,963 <u>\$0</u>	\$ 40,704 <u>\$16,209</u>	\$ 153,093 <u>\$32,133</u>	\$ 259-\$0	\$ 112,684 <u>\$118,433</u>
17	2318	102	9530	\$ 79,743-\$0	\$ 265,681 <u>\$133,327</u>	\$ 27,311 <u>\$25,012</u>	\$ 1,030 <u>\$5,367</u>	\$ 106,140 <u>\$55,500</u>	\$ 26,315-\$0	\$ 160,796 <u>\$85,878</u>	\$ -\$0	\$ 104,885 <u>\$47,449</u>

18*	77 <u>13</u>	289	190 <u>72</u>	\$ 58,889 -\$0	\$ 262,303 \$128,023	\$ 46,068 \$20,869	\$ 2,415 -\$0	\$ 26,699 \$60,898	\$ 9,367 \$18,027	\$ 84,549 \$99,793	\$ — -\$0	\$ 177,754 \$28,230
19*	33 <u>7</u>	100	150 <u>36</u>	\$ — -\$0	\$ 249,498 \$122,367	\$ 52,072 \$24,602	\$ 4,294 \$1,109	\$ — -\$2,316	\$ 13,464 \$16,372	\$ 69,830 \$44,400	\$ — -\$0	\$ 179,668 \$77,967
20*	84 <u>2</u>	222	138 <u>52</u>	\$ 17,615 -\$0	\$ 243,479 \$115,283	\$ 27,121 \$25,139	\$ — -\$1,557	\$ 50 \$43,440	\$ 56,026 \$5,089	\$ 83,197 \$75,224	\$ 950 -\$0	\$ 159,332 \$40,058
21*	31 <u>4</u>	810	95 <u>36</u>	\$ — -\$0	\$ 234,022 \$112,174	\$ 17,953 \$14,817	\$ — -\$61	\$ 14,586 \$54,497	\$ 26,992 \$19,793	\$ 59,531 \$89,169	\$ — -\$760	\$ 174,491 \$22,245
22	14 <u>41</u>	198	87 <u>68</u>	\$ 9,800 -\$0	\$ 205,813 \$111,465	\$ 23,848 \$13,152	\$ 2,597 \$1,865	\$ 84,645 \$3,987	\$ 27,716 \$20,186	\$ 138,806 \$39,189	\$ 21,201 \$794	\$ 45,806 \$71,482
23	8 <u>7</u>	80	67	\$ 75,722 -\$0	\$ 169,440 \$100,253	\$ 24,433 \$28,637	\$ 185 -\$1,812	\$ — -\$0	\$ 9,517 \$8,787	\$ 34,135 \$39,236	\$ 28,258 \$719	\$ 107,047 \$60,297
24	21	0 <u>8</u>	57 <u>80</u>	\$ — -\$0	\$ 164,411 \$82,137	\$ 18,501 \$5,523	\$ — -\$0	\$ 59,989 \$28,941	\$ 28,441 \$8,558	\$ 106,931 \$43,023	\$ 1,058 -\$0	\$ 56,422 \$39,114
25	34 <u>2</u>	111	91 <u>31</u>	\$ — -\$0	\$ 159,806 \$73,296	\$ 15,488 \$13,936	\$ 2,277 -\$600	\$ 6,085 \$14,119	\$ 58,328 \$13,053	\$ 82,178 \$41,708	\$ — -\$4,869	\$ 77,629 \$26,720
26	28 <u>18</u>	6	102 <u>44</u>	\$ — -\$0	\$ 157,797 \$50,437	\$ 16,114 \$17,047	\$ — -\$0	\$ 46,251 \$1,907	\$ 15,008 \$7,978	\$ 77,373 \$26,933	\$ — -\$77	\$ 80,424 \$23,428
27	9 <u>28</u>	40	80 <u>28</u>	\$ — -\$0	\$ 157,308 \$16,560	\$ 22,441 \$11,550	\$ — -\$306	\$ 68,052 \$0	\$ 16,723 \$5,752	\$ 107,216 \$17,609	\$ — -\$0	\$ 50,092 \$(1,048)

28	<u>113</u>	<u>91</u>	<u>5512</u>	\$ <u>1,100</u> -\$0	\$ <u>155,934</u> <u>\$10,200</u>	\$ <u>17,479</u> <u>\$21,299</u>	\$ <u>9,884</u> <u>\$5,754</u>	\$ <u>21,553</u> <u>\$0</u>	\$ <u>21,473</u> -\$0	\$ <u>70,389</u> <u>\$27,054</u>	\$ <u>1,195</u> -\$0	\$ <u>84,349</u> <u>\$(16,854)</u>
29*	<u>2527</u>	<u>631</u>	<u>4985</u>	\$ <u>83,258</u> <u>\$203,015</u>	\$ <u>151,350</u> <u>\$364,535</u>	\$ <u>22,996</u> <u>\$45,295</u>	\$ <u>6,200</u> <u>\$4,419</u>	\$ <u>4,295</u> <u>\$170,874</u>	\$ <u>11,332</u> <u>\$14,329</u>	\$ <u>44,823</u> <u>\$234,917</u>	\$ <u>2,329</u> <u>\$2,871</u>	\$ <u>104,197</u> <u>\$126,748</u>
30*	<u>35</u>	<u>9</u>	<u>177</u>	<u>\$69,448</u>	<u>\$349,209</u>	<u>\$31,991</u>	<u>\$3,923</u>	<u>\$202,591</u>	<u>\$38,762</u>	<u>\$277,267</u>	<u>\$42,000</u>	<u>\$29,942</u>
30 31*	<u>1057</u>	<u>916</u>	<u>124128</u>	\$ <u>47,626</u> <u>\$13,562</u>	\$ <u>139,384</u> <u>\$326,454</u>	\$ <u>15,975</u> <u>\$36,777</u>	\$ <u>—</u> \$337	\$ <u>21,959</u> <u>\$139,541</u>	\$ <u>15,728</u> <u>\$33,286</u>	\$ <u>53,662</u> <u>\$209,941</u>	\$ <u>—</u> \$21,975	\$ <u>85,723</u> <u>\$94,538</u>
31	<u>8</u>	<u>3</u>	<u>57</u>	\$ <u>11,341</u>	\$ <u>131,285</u>	\$ <u>20,665</u>	\$ <u>624</u>	\$ <u>78,373</u>	\$ <u>12,229</u>	\$ <u>111,891</u>	\$ <u>158</u>	\$ <u>19,237</u>
32*	<u>517</u>	<u>52</u>	<u>3695</u>	\$ <u>—</u> \$79,186	\$ <u>128,027</u> <u>\$290,454</u>	\$ <u>40,781</u> <u>\$21,118</u>	\$ <u>—</u> \$4,975	\$ <u>17,013</u> <u>\$41,964</u>	\$ <u>2,558</u> <u>\$24,157</u>	\$ <u>60,352</u> <u>\$92,213</u>	\$ <u>—</u> \$0	\$ <u>67,676</u> <u>\$198,241</u>
33*	<u>6</u>	<u>5</u>	<u>63</u>	<u>\$55,570</u>	<u>\$203,142</u>	<u>\$16,003</u>	<u>\$5,973</u>	<u>\$59,972</u>	<u>\$15,203</u>	<u>\$97,151</u>	<u>\$279</u>	<u>\$105,712</u>
33 34*	<u>618</u>	<u>211</u>	<u>4792</u>	\$ <u>—</u> \$0	\$ <u>108,206</u> <u>\$183,698</u>	\$ <u>24,698</u> <u>\$18,613</u>	\$ <u>1,915</u> <u>\$3,588</u>	\$ <u>40,788</u> <u>\$64,191</u>	\$ <u>10,507</u> <u>\$22,218</u>	\$ <u>77,908</u> <u>\$108,611</u>	\$ <u>—</u> \$35,534	\$ <u>30,298</u> <u>\$39,553</u>
34 35*	<u>2535</u>	<u>84</u>	<u>60135</u>	\$ <u>—</u> \$8,088	\$ <u>84,821</u> <u>\$175,139</u>	\$ <u>13,545</u> <u>\$23,164</u>	\$ <u>320</u> \$5,698	\$ <u>1,897</u> <u>\$45,651</u>	\$ <u>13,547</u> <u>\$18,209</u>	\$ <u>29,310</u> <u>\$92,722</u>	\$ <u>—</u> \$29,639	\$ <u>55,512</u> <u>\$52,778</u>
35	<u>0</u>	<u>3</u>	<u>48</u>	\$ <u>-</u>	\$ <u>83,940</u>	\$ <u>31,841</u>	\$ <u>555</u>	\$ <u>-</u>	\$ <u>9,507</u>	\$ <u>41,903</u>	\$ <u>-</u>	\$ <u>42,036</u>
36*	<u>2143</u>	<u>53</u>	<u>6082</u>	\$ <u>—</u> \$46,672	\$ <u>65,810</u> <u>\$174,885</u>	\$ <u>27,097</u> <u>\$23,354</u>	\$ <u>—</u> \$24,445	\$ <u>1,144</u> <u>\$45,876</u>	\$ <u>2,488</u> <u>\$13,274</u>	\$ <u>30,729</u> <u>\$106,948</u>	\$ <u>22</u> \$7	\$ <u>35,059</u> <u>\$67,930</u>
37*	<u>82</u>	<u>40</u>	<u>3183</u>	\$ <u>—</u> \$43,796	\$ <u>64,943</u> <u>\$133,731</u>	\$ <u>17,103</u> <u>\$19,046</u>	\$ <u>—</u> \$0	\$ <u>-</u> <u>\$44,680</u>	\$ <u>12,644</u> <u>\$10,240</u>	\$ <u>29,746</u> <u>\$73,966</u>	\$ <u>—</u> \$24,309	\$ <u>35,196</u> <u>456</u>

38*	23	01	822	\$ 10,761 \$74,593	\$ 59,525 \$133,592	\$ 12,950 \$15,982	\$ 449 \$3,443	\$ - \$51,996	\$ 9,583 \$15,546	\$ 22,982 \$86,967	\$ — \$0	\$ 36,543 \$46,625
39*	18	0	27	\$ — \$0	\$ 46,159 \$60,760	\$ 45,805 \$16,589	\$ 134 \$504	\$ — \$0	\$ 4,607 \$11,248	\$ 50,546 \$28,341	\$ — \$0	\$ (4,387) \$32,419
40*	85	30	164	\$ 15,387 \$33,586	\$ 41,555 \$46,353	\$ 11,578 \$450	\$ 1,007 \$4,216	\$ — \$0	\$ 6,742 \$19,032	\$ 19,327 \$23,698	\$ 9 \$3,132	\$ 22,219 \$19,523
41	0	3	7	\$ 3,804	\$ 39,376	\$ 22,053	\$ -	\$ -	\$ 3,122	\$ 25,175	\$ -	\$ 14,201
42 * 1	73	2	1526	\$ — \$0	\$ 26,169 \$43,365	\$ 15,744 \$37,480	\$ 300 \$223	\$ — \$0	\$ 7,586 \$7,154	\$ 23,630 \$44,858	\$ — \$0	\$ 2,539 \$(1,493)
43	12	1	22	\$ -	\$ 21,745	\$ 22,157	\$ -	\$ -	\$ 39	\$ 22,196	\$ -	\$ (451)
44 * 1	317	21	230	\$ — \$0	\$ 20,940 \$23,635	\$ 19,484 \$16,284	\$ 509 \$0	\$ 1,390 \$793	\$ 23,549 \$1,035	\$ 44,931 \$18,113	\$ — \$0	\$ (23,991) \$5,523

¹ “ID” is a number assigned to each franchisee whose results are included in the chart to preserve their anonymity. The asterisks next to some ID numbers indicate that this is a ~~full~~ part-time Business, meaning that the operator(s) worked an average of ~~40 or more~~ less than 30 hours per week during ~~2023~~ 2022.

² “Client Data ~~2023~~ 2022” is divided into 3 parts: “Clients Added” is the number of new Clients served by a Business during ~~2023~~ 2022; “Clients Dropped” is the number of Clients that left the Business in ~~2023~~ 2022; and “Clients EOY” is the total number of Clients served by the Business as of December 31, ~~2023~~ 2022.

³ “ERTC Revenue” is the Gross Revenue received by a Business from assisting clients in obtaining an employee retention tax credit (“ERTC”) from the IRS under the CARES Act or an employee leave tax credit refund from the IRS under the FFCRA. Some Businesses chose not to offer these services to clients in ~~2023~~ 2022 and those Businesses show no ERTC Revenue.

⁴ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.

⁵ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.

⁶ “Advertising Expenses” means marketing expenses incurred by franchised Businesses in addition to the fees required to be paid in the Franchise Agreement, *i.e.*, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, and Managed Social Media Fees. This category excludes expenses related to hiring outside salespersons and referral sources which are accounted for in “Sales Expenses.” Some Businesses show \$0 because they did not spend more on advertising than is required in the Franchise Agreement.

⁷ “Labor” means expenses incurred by franchised Businesses for wages, salaries, benefits, ~~contract staffing~~, employment taxes and other employee related expenses-. Note that Businesses with “\$0” in this column indicates that the owners performed all of the labor as owner-operators and did not have employees or pay themselves a set salary or hourly rate.

⁸ “Cost of Services” means the ordinary and recurring expenses incurred by franchised Businesses, including computer hardware and software maintenance, supplies, electronic banking expenses, payroll service delivery expenses, and excluding the other expenses listed in this chart, namely, franchisee expenses, advertising expenses, and labor. Some Businesses show \$0 spent because they did not report expenses to us with sufficient detail to account for this data.

⁹ “Total Operating Expenses” is the sum of the amounts in the four columns named Franchisee Expenses, Advertising Expenses, Labor, and Cost of Services.

¹⁰ “Sales Expenses” means the amount spent by franchised Businesses on outside referral sources and outside salespersons. Some Businesses show \$0 spent because they did not spend anything on the activities included in this category.

¹¹ “Net Profit” is the difference when subtracting Total Operating Expenses and Sales Expenses from Gross Revenue.

Summary of All Franchised Businesses Reporting in ~~2023~~2022

	Client Data 2023 2022 ¹			ERTC Revenue ²	Gross Revenue ³	Franchisee Expenses ⁴	Advertising Expenses ⁵	Labor ⁶	Cost of Services ⁷	Total Operating Expenses ⁸	Sales Expenses ⁹	Net Profit ¹⁰
	Clients Added	Clients Dropped	Clients EOY									
Highest	<u>14275</u>	<u>4737</u>	<u>394374</u>	<u>\$1,857,994</u> <u>132,267</u>	<u>\$2,051,129</u> <u>1,788,510</u>	<u>\$102,273</u> <u>80,862</u>	<u>\$11,184</u> <u>4,445</u>	<u>\$153,752</u> <u>324,534</u>	<u>\$430,231</u> <u>82,504</u>	<u>\$629,139</u> <u>466,998</u>	<u>\$239,952</u> <u>332,664</u>	<u>\$1,888,755</u> <u>988,848</u>
Lowest	<u>0</u>	<u>0</u>	<u>70</u>	<u>\$0</u>	<u>\$20,940</u> <u>1,200</u>	<u>\$39450</u>	<u>\$0</u>	<u>\$11,578</u> <u>0</u>	<u>\$0</u>	<u>\$19,327</u> <u>1,609</u>	<u>\$0</u>	<u>-</u> <u>\$138,320</u> <u>\$(16,854)</u> <u>1</u>
Average	<u>26</u>	<u>118</u>	<u>9996</u>	<u>\$102,624</u> <u>63,640</u>	<u>\$296,761</u> <u>247,177</u>	<u>\$25,924</u> <u>8</u>	<u>\$2,539</u> <u>3,247</u>	<u>\$32,753</u> <u>62,001</u>	<u>\$65,297</u> <u>1,622</u>	<u>\$126,513</u> <u>111,908</u>	<u>\$11,183</u> <u>5,055</u>	<u>\$159,065</u> <u>120,214</u>
Number exceeding the average	<u>1720</u> of <u>4442</u> (<u>3948%</u>)	<u>1617</u> of <u>4442</u> (<u>3640%</u>)	<u>1815</u> of <u>4442</u> (<u>4136%</u>)	<u>78</u> of <u>4442</u> (<u>1619%</u>)	<u>1113</u> of <u>4442</u> (<u>2531%</u>)	<u>1914</u> of <u>4442</u> (<u>4333%</u>)	<u>1317</u> of <u>4442</u> (<u>3040%</u>)	<u>911</u> of <u>4442</u> (<u>2026%</u>)	<u>130</u> of <u>4415</u> of <u>42</u> (<u>3036%</u>)	<u>1310</u> of <u>4442</u> (<u>3024%</u>)	<u>89</u> of <u>4442</u> (<u>1821%</u>)	<u>14</u> of <u>4442</u> (<u>3233%</u>)
Median	<u>2120</u>	<u>86</u>	<u>8478</u>	<u>\$2,452</u>	<u>\$187,626</u> <u>175,012</u>	<u>\$19,098</u> <u>1,209</u>	<u>\$816</u> <u>1,788</u>	<u>\$25,448</u> <u>42,702</u>	<u>\$24,329</u> <u>7,870</u>	<u>\$82,687</u> <u>6,423</u>	<u>\$04</u>	<u>\$85,036</u> <u>73,093</u>
Top 2221 of 4442 (50%)¹¹												
Highest	<u>14275</u>	<u>4737</u>	<u>394374</u>	<u>\$</u> <u>1,857,994</u> <u>4</u> <u>\$1,132,267</u>	<u>\$</u> <u>2,051,129</u> <u>9</u> <u>\$1,788,510</u>	<u>\$</u> <u>102,273</u> <u>\$80,862</u>	<u>\$</u> <u>11,184</u> <u>\$14,994</u>	<u>\$</u> <u>153,752</u> <u>2</u> <u>\$324,534</u>	<u>\$</u> <u>430,231</u> <u>\$82,504</u>	<u>\$</u> <u>629,139</u> <u>\$466,998</u>	<u>\$</u> <u>239,952</u> <u>\$332,664</u>	<u>\$</u> <u>1,888,755</u> <u>5</u> <u>\$988,848</u>
Lowest	<u>37</u>	<u>30</u>	<u>1430</u>	<u>\$</u> <u>—\$0</u>	<u>\$</u> <u>205,813</u> <u>\$112,174</u>	<u>\$</u> <u>9,367</u> <u>\$12,764</u>	<u>\$</u> <u>—\$0</u>	<u>\$</u> <u>17,953</u> <u>\$0</u>	<u>\$</u> <u>—\$0</u>	<u>\$</u> <u>59,531</u> <u>\$24,154</u>	<u>\$</u> <u>—\$0</u>	<u>\$</u> <u>(138,320)</u> <u>\$22,245</u>
Average	<u>3735</u>	<u>1811</u>	<u>149127</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

				193,930 \$97,398	494,525 \$353,721	38,427 \$29,443	3,970 \$3,062	43,736 \$80,331	113,832 \$28,577	199,965 \$141,413	20,866 \$22,196	273,695 \$190,112
Number exceeding the average	8 of 2221 (3638%)	96 of 2221 (4129%)	910 of 2221 (4148%)	34 of 2221 (1419%)	45 of 2221 (1824%)	95 of 2221 (4124%)	98 of 2221 (4138%)	67 of 2221 (2733%)	67 of 2221 (2733%)	67 of 2221 (2733%)	54 of 2221 (2319%)	36 of 2221 (1429%)
Median	3329	1510	141122	\$ 37,531 -\$0	\$ 293,502 \$210,440	\$ 34,603 \$24,602	\$ 2,545 \$1,557	\$ 27,761 \$47,767	\$ 64,009 \$22,596	\$ 138,395 \$89,868	\$ -\$0	\$ 178,711 \$143,151
Bottom 2221 of 4442 (50%)¹²												
Highest	10543	1131	124177	\$ 83,258 \$203,015	\$ 169,440 \$364,535	\$ 58,328 \$45,295	\$ 9,884 \$24,445	\$ 45,805 \$202,591	\$ 78,373 \$38,762	\$ 111,891 \$277,267	\$ 28,258 \$42,000	\$ 107,047 \$198,241
Lowest	02	0	70	\$ -\$0	\$ 20,940 \$10,200	\$ 39,450	\$ -\$0	\$ 11,578 \$0	\$ -\$0	\$ 19,327 \$17,609	\$ -\$0	\$ (23,991) \$16,854
Average	1517	45	4964	\$ 11,318.1 8-\$29,882	\$ 98,996.8 7-\$140,633	\$ 13,420.8 0-\$20,633	\$ 1,107.26 \$3,432	\$ 21,769.38 \$43,671	\$ 16,763.51 4,667	\$ 53,060.5 7-\$82,403	\$ 1,501.30 \$7,915	\$ 44,435.0 0-\$50,316
Number exceeding the average	711 of 2221 (3252%)	97 of 2221 (4133%)	1011 of 2221 (4552%)	58 of 2221 (2338%)	118 of 2221 (5038%)	89 of 2221 (3643%)	410 of 2221 (1848%)	109 of 2221 (4543%)	89 of 2221 (3643%)	9 of 2221 (4143%)	25 of 2221 (924%)	108 of 2221 (4538%)
Median	817	352	48567	\$ -\$0	\$ 96,513 \$111,465	\$ 10,920 \$18,613	\$ 243 \$1,865	\$ 20,074 \$28,941	\$ 1,643 \$13,274	\$ \$44,877 858	\$ -\$279	\$ \$39,290 114

¹ “Client Data ~~20232022~~” is divided into 3 parts: “Clients Added” is the number of new Clients served by a Business during ~~20232022~~; “Clients Dropped” is the number of Clients that left the Business in ~~20232022~~; and “Clients EOY” is the total number of Clients served by the Business as of December 31, ~~20232022~~.

² “ERTC Revenue” is the Gross Revenue received by a Business from assisting clients in obtaining an employee retention tax credit (“ERTC”) from the IRS under the CARES Act or an employee leave tax credit refund from the IRS under the FFCRA. Some Businesses chose not to offer these services to clients in ~~20232022~~ and those Businesses show no ERTC Revenue.

³ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.

⁴ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.

⁵ “Advertising Expenses” means marketing expenses incurred by franchised Businesses in addition to the fees required to be paid in the Franchise Agreement, i.e., National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, and Managed Social Media Fees. This category excludes expenses related to hiring outside salespersons and referral sources which are accounted for in “Sales Expenses.” Some Businesses show \$0 because they did not spend more on advertising than is required in the Franchise Agreement.

⁶ “Labor” means expenses incurred by franchised Businesses for wages, salaries, benefits,

~~³ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.~~

~~⁴ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.~~

~~⁵ “Advertising Expenses” means marketing expenses incurred by franchised Businesses in addition to the fees required to be paid in the Franchise Agreement, i.e., National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, and Managed Social Media Fees. This category excludes expenses related to hiring outside salespersons and referral sources which are accounted for in “Sales Expenses.” Some Businesses show \$0 because they did not spend more on advertising than is required in the Franchise Agreement.~~

~~⁶ “Labor” means expenses incurred by franchised Businesses for wages, salaries, benefits, contract staffing, employment taxes and other employee related expenses. Note that Businesses with “\$0” in this column indicates that the owners performed all of the labor as owner-operators and did not have employees or pay themselves a set salary or hourly rate.~~

⁷ “Cost of Services” means the ordinary and recurring expenses incurred by franchised Businesses, including computer hardware and software maintenance, supplies, electronic banking expenses, payroll service delivery expenses, and excluding the other expenses listed in this chart, namely, franchisee expenses, advertising expenses, and labor. Some Businesses show \$0 spent because they did not report expenses to us with sufficient detail to account for this data.

⁸ “Total Operating Expenses” is the sum of the amounts in the four columns named Franchisee Expenses, Advertising Expenses, Labor, and Cost of Services.

⁹ “Sales Expenses” means the amount spent by franchised Businesses on outside referral sources and outside salespersons. Some Businesses show \$0 spent because they did not spend anything on the activities included in this category.

¹⁰ “Net Profit” is the difference when subtracting Total Operating Expenses and Sales Expenses from Gross Revenue.

¹¹ These calculations are for half of the Businesses in this group that reported the highest Gross Revenue.

¹² These calculations are for half of the Businesses in this group that reported the lowest Gross Revenue.

Summary of Full Time Franchised Businesses Reporting in 2023 2022												
	Client Data ¹			ERTC Revenue ²	Gross Revenue ³	Franchisee Expenses ⁴	Advertising Expenses ⁵	Labor ⁶	Cost of Services ⁷	Operating Expenses ⁸	Sales Expenses ⁹	Net Profit ¹⁰
	Clients Added	Clients Dropped	Clients EOY									
Highest	<u>14275</u>	<u>4737</u>	<u>244374</u>	—\$ 1,857,994 <u>\$1,132,267</u>	—\$ 2,041,227 <u>\$1,788,510</u>	—\$ 78,610 <u>\$80,862</u>	—\$ 5,788 <u>\$14,994</u>	—\$ 96,076 <u>\$324,534</u>	—\$ 235,890 <u>\$82,504</u>	—\$ 379,252 <u>\$466,998</u>	—\$ 15,126 <u>\$332,664</u>	—\$ 1,888,755 <u>\$988,848</u>
Lowest	<u>32</u>	<u>80</u>	<u>7412</u>	—\$ <u>—\$0</u>	—\$ 139,384 <u>\$10,200</u>	—\$ 9,367 <u>\$5,523</u>	—\$ <u>—\$0</u>	—\$ 15,975 <u>\$0</u>	—\$ <u>—\$0</u>	—\$ 53,662 <u>\$17,609</u>	—\$ <u>—\$0</u>	—\$ 85,723 <u>\$(16,854)</u>
Average	<u>5431</u>	<u>199</u>	<u>154107</u>	—\$ 213,898 <u>\$73,048</u>	—\$ 477,494 <u>\$281,160</u>	—\$ 38,099 <u>\$26,052</u>	—\$ 2,164 <u>\$2,666</u>	—\$ 42,847 <u>\$61,996</u>	—\$ 45,603 <u>\$23,730</u>	—\$ 128,714 <u>\$114,444</u>	—\$ 3,102 <u>\$16,878</u>	—\$ 345,678 <u>\$149,839</u>
Number exceeding the average	411 of 10 (4028) (39%)	411 of 1028 (4039%)	411 of 1028 (4039%)	14 of 1028 (1014%)	29 of 1028 (2032%)	58 of 10 (5028) (29%)	510 of 10 (5028) (36%)	47 of 10 (4028) (25%)	29 of 1028 (2032%)	47 of 10 (4028) (25%)	24 of 10 (2028) (14%)	110 of 10 (1028) (36%)
Median	<u>4128</u>	<u>158</u>	<u>14474</u>	—\$ 20,288 <u>—\$0</u>	—\$ 268,036 <u>\$180,038</u>	—\$ 36,824 <u>\$22,111</u>	—\$ 1,946 <u>\$1,333</u>	—\$ 27,288 <u>\$16,427</u>	—\$ 19,159 <u>\$18,222</u>	—\$ 83,873 <u>\$64,314</u>	—\$ <u>—\$0</u>	—\$ 183,016 <u>—\$</u> <u>116,167</u>
Top 514 of 1028 (50%)¹¹												
Highest	<u>14275</u>	<u>4737</u>	<u>244374</u>	—\$ 1,857,994 <u>\$1,132,267</u>	—\$ 2,041,227 <u>\$1,788,510</u>	—\$ 78,610 <u>\$80,862</u>	—\$ 5,788 <u>\$14,994</u>	—\$ 96,076 <u>\$324,534</u>	—\$ 235,890 <u>\$82,504</u>	—\$ 379,252 <u>\$466,998</u>	—\$ 15,126 <u>\$332,664</u>	—\$ 1,888,755 <u>\$988,848</u>

Lowest	<u>34</u> <u>13</u>	<u>8</u> <u>0</u>	<u>74</u> <u>63</u>	\$ — <u>\$0</u>	\$ 273,769 \$195,394	\$ 34,867 \$15,687	\$ 1,255 \$0	\$ 24,561 \$0	\$ 3,654 \$0	\$ 66,999 \$24,154	\$ — <u>\$0</u>	\$ 186,364 \$74,703
Average	<u>64</u> <u>39</u>	<u>22</u> <u>14</u>	<u>169</u> <u>160</u>	\$ 402,970 \$142,058	\$ 729,250 \$464,408	\$ 51,884 \$34,170	\$ 2,986 \$3,389	\$ 53,857 \$104,770	\$ 78,547 \$35,802	\$ 187,274 \$178,130	\$ 6,014 \$33,130	\$ 535,963 \$253,147
Number exceeding the average	15 of 5 (20 <u>14</u>) (<u>36</u> %)	25 of 5 (40 <u>14</u>) (<u>36</u> %)	35 of 5 (60 <u>14</u>) (<u>36</u> %)	14 of 5 <u>14</u> (20 <u>29</u> %)	14 of 5 <u>14</u> (20 <u>29</u> %)	24 of 5 <u>14</u> (40 <u>29</u> %)	25 of 5 (40 <u>14</u>) (<u>36</u> %)	26 of 5 5 <u>14</u> (40 <u>43</u> %)	27 of 5 <u>14</u> (40 <u>50</u> %)	25 of 5 <u>14</u> (40 <u>36</u> %)	2 of 5 <u>14</u> (40 <u>14</u> %)	14 of 5 <u>14</u> (20 <u>29</u> %)
Median	<u>44</u> <u>33</u>	<u>16</u> <u>11</u>	<u>187</u> <u>146</u>	\$ 22,961 \$9,875	\$ 386,026 \$296,097	\$ 42,253 \$27,147	\$ 2,493 \$1,381	\$ 27,455 \$75,240	\$ 44,145 \$32,650	\$ 152,472 \$121,997	\$ — <u>\$0</u>	\$ 199,577 \$180,566
Bottom 5<u>14</u> of 10<u>28</u> (50%)¹²												
Highest	<u>105</u> <u>72</u>	<u>28</u> <u>11</u>	<u>190</u> <u>141</u>	\$ 58,889 \$47,658	\$ 262,303 \$164,682	\$ 56,026 \$28,637	\$ 4,294 \$5,754	\$ 52,072 \$60,898	\$ 26,699 \$23,406	\$ 84,549 \$99,793	\$ 950 \$4,869	\$ 179,668 \$118,433
Lowest	<u>3</u> <u>2</u>	<u>8</u> <u>0</u>	<u>95</u> <u>12</u>	\$ — <u>\$0</u>	\$ 139,384 \$10,200	\$ 9,367 \$5,523	\$ — <u>\$0</u>	\$ 15,975 \$0	\$ — <u>\$0</u>	\$ 53,662 \$17,609	\$ — <u>\$0</u>	\$ 85,723 \$(16,854)
Average	<u>45</u> <u>22</u>	<u>15</u> <u>5</u>	<u>139</u> <u>54</u>	\$ 24,826 \$4,039	\$ 225,737 \$97,912	\$ 24,315 \$17,934	\$ 1,342 \$1,943	\$ 31,838 \$19,223	\$ 12,659 \$11,658	\$ 70,154 \$50,758	\$ 190 \$625	\$ 155,393 \$46,530
Number exceeding the average	24 of 5 <u>14</u> (40 <u>29</u> %)	27 of 5 <u>14</u> (40 <u>50</u> %)	26 of 5 <u>14</u> (40 <u>43</u> %)	2 of 5 <u>14</u> (40 <u>14</u> %)	49 of 5 <u>14</u> (80 <u>64</u> %)	26 of 5 <u>14</u> (40 <u>43</u> %)	24 of 5 <u>14</u> (40 %) <u>29</u> %	25 of 5 <u>14</u> (40 <u>36</u> %)	37 of 5 <u>14</u> (60 <u>50</u> %)	24 of 5 <u>14</u> (40 <u>29</u> %)	15 of 5 <u>14</u> (20 <u>36</u> %)	46 of 5 <u>14</u> (80 <u>43</u> %)
Median	<u>33</u> <u>18</u>	<u>10</u> <u>4</u>	<u>138</u> <u>48</u>	\$ 17,615 \$0	\$ 243,479 \$111,820	\$ 15,728 \$16,886	\$ — <u>\$1,333</u>	\$ 27,121 \$3,751	\$ 14,586 \$10,920	\$ 69,830 \$42,365	\$ — <u>\$0</u>	\$ 174,491 \$39,586

¹ “Client Data ~~2023~~2022” is divided into 3 parts: “Clients Added” is the number of new Clients served by a Business during ~~2023~~2022; “Clients Dropped” is the number of Clients that left the Business in ~~2023~~2022; and “Clients EOY” is the total number of Clients served by the Business as of December 31, ~~2023~~2022.

² “ERTC Revenue” is the Gross Revenue received by a Business from assisting clients in obtaining an employee retention tax credit (“ERTC”) from the IRS under the CARES Act or an employee leave tax credit refund from the IRS under the FFCRA. Some Businesses chose not to offer these services to clients in 2023~~2022~~ and those Businesses show no ERTC Revenue.

³ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.

⁴ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.

⁵ “Advertising Expenses” means marketing expenses incurred by franchised Businesses in addition to the fees required to be paid in the Franchise Agreement, i.e., National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, and Managed Social Media Fees. This category excludes expenses related to hiring outside salespersons and referral sources which are accounted for in “Sales Expenses.” Some Businesses show \$0 because they did not spend more on advertising than is required in the Franchise Agreement.

⁶ “Labor” means expenses incurred by franchised Businesses for wages, salaries, benefits,

~~³ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.~~

~~⁴ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.~~

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~~⁶ “Labor” means expenses incurred by franchised Businesses for wages, salaries, benefits, contract staffing, employment taxes and other employee related expenses. Note that Businesses with “\$0” in this column indicates that the owners performed all of the labor as owner-operators and did not have employees or pay themselves a set salary or hourly rate.~~

⁷ “Cost of Services” means the ordinary and recurring expenses incurred by franchised Businesses, including computer hardware and software maintenance, supplies, electronic banking expenses, payroll service delivery expenses, and excluding the other expenses listed in this chart, namely, franchisee expenses, advertising expenses, and labor. Some Businesses show \$0 spent because they did not report expenses to us with sufficient detail to account for this data.

⁸ “Total Operating Expenses” is the sum of the amounts in the four columns named Franchisee Expenses, Advertising Expenses, Labor, and Cost of Services.

⁹ “Sales Expenses” means the amount spent by franchised Businesses on outside referral sources and outside salespersons. Some Businesses show \$0 spent because they did not spend anything on the activities included in this category.

¹⁰ “Net Profit” is the difference when subtracting Total Operating Expenses and Sales Expenses from Gross Revenue.

¹¹ These calculations are for half of the Businesses in this group that reported the highest Gross Revenue.

¹² These calculations are for half of the Businesses in this group that reported the lowest Gross Revenue.

Summary of Part Time Franchised Businesses Reporting in 2023

Client Data ¹			ERTC Revenue ²	Gross Revenue ³	Franchisee Expenses ⁴	Advertising Expenses ⁵	Labor ⁶	Cost of Services ⁷	Total Operating Expenses ⁸	Sales Expenses ⁹	M
Clients Added	Clients Dropped	Clients EOY									
5843	3831	394177	\$ 1,320,200	\$ 2,051,129	\$ 102,273	\$ 11,184	\$ 153,752	\$ 430,231	\$ 629,139	\$ 239,952	\$ 42,000
02	0	70	\$ 203,015	\$ 364,535	\$ 45,295	\$ 24,445	\$ 202,591	\$ 38,762	\$ 277,267	\$ 42,000	1,18
1816	96	8373	\$ 69,896	\$ 243,604	\$ 22,343	\$ 2,649	\$ 29,784	\$ 71,090	\$ 125,865	\$ 13,560	(138
67 of 34 (4714 (50%))	124 of 3414 (3529%)	139 of 3414 (3864%)	\$ 44,823	\$ 179,211	\$ 23,010	\$ 4,410	\$ 62,009	\$ 17,407	\$ 106,837	\$ 11,410	104
412.5	62.5	6082.5	\$ 185	\$ 157,553	\$ 14,278	\$ 532	\$ 24,566	\$ 40,427	\$ 80,043	\$	55,
14 (50%)¹¹			\$ 38,691	\$ 175,012	\$ 20,082	\$ 3,756	\$ 45,763	\$ 15,375	\$ 92,468	\$ 1,575	
5835	3831	394177	\$ 1,320,200	\$ 2,051,129	\$ 102,273	\$ 11,184	\$ 153,752	\$ 430,231	\$ 629,139	\$ 239,952	\$
86	02	1463	\$ 203,015	\$ 364,535	\$ 45,295	\$ 5,973	\$ 202,591	\$ 38,762	\$ 277,267	\$ 42,000	(138
2721	1411	128111	\$ 69,896	\$ 243,604	\$ 22,343	\$ 2,649	\$ 29,784	\$ 71,090	\$ 125,865	\$ 13,560	104
93 of 177 (343%)	62 of 177 (3529%)	73 of 177 (4143%)	\$ 44,823	\$ 179,211	\$ 23,010	\$ 4,410	\$ 62,009	\$ 17,407	\$ 106,837	\$ 11,410	174
2818	119	11295	\$ 185	\$ 157,553	\$ 14,278	\$ 532	\$ 24,566	\$ 40,427	\$ 80,043	\$	110
f 3414 (50%)¹²			\$ 38,691	\$ 175,012	\$ 20,082	\$ 3,756	\$ 45,763	\$ 15,375	\$ 92,468	\$ 1,575	
2543	93	8083	\$ 83,258	\$ 157,308	\$ 23,549	\$ 9,884	\$ 45,805	\$ 78,373	\$ 111,891	\$ 2,329	104
			\$ 74,593	\$ 174,885	\$ 37,480	\$ 24,445	\$ 51,996	\$ 19,032	\$ 106,948	\$ 24,309	104

02	0	70	\$ — \$0	\$ 20,940 \$23,635	\$ 39 \$450	\$ — \$0	\$ 11,578 \$0	\$ — \$1,035	\$ 19,327 \$18,113	\$ — \$0	(23)
812	41	3835	\$ 7,391 \$28,378	\$ 81,594 \$88,046	\$ 9,896 \$18,455	\$ 1,288 \$4,690	\$ 22,848 \$20,478	\$ 13,794 \$11,076	\$ 47,827 \$54,699	\$ 218 \$3,921	33
52 of 177 (29%)	72 of 177 (4129%)	82 of 177 (4729%)	4 of 177 (2457%)	83 of 177 (4743%)	83 of 177 (4743%)	31 of 177 (1814%)	63 of 177 (3543%)	54 of 177 (2957%)	63 of 177 (3543%)	21 of 177 (1214%)	
5	31	3626	\$ — \$33,586	\$ 65,810 \$60,760	\$ 9,583 \$16,589	\$ 320 \$504	\$ 22,053 \$793	\$ 1,144 \$11,248	\$ 41,903 \$44,858	\$ — \$0	35,0

¹ “Client Data 20232022” is divided into 3 parts: “Clients Added” is the number of new Clients served by a Business during 20232022; “Clients Dropped” is the number of Clients that left the Business in 20232022; and “Clients EOY” is the total number of Clients served by the Business as of December 31, 20232022.

² “ERTC Revenue” is the Gross Revenue received by a Business from assisting clients in obtaining an employee retention tax credit (“ERTC”) from the IRS under the CARES Act or an employee leave tax credit refund from the IRS under the FFCRA. Some Businesses chose not to offer these services to clients in 20232022 and those Businesses show no ERTC Revenue.

³ “Gross Revenue” means the total revenue derived from the sale of payroll and workforce management services including ERTC Revenue, taxes, discounts, refunds, allowances, and returns.

⁴ “Franchisee Expenses” means expenses incurred by franchised Businesses including Royalty fees, National Advertising Fees, Local Advertising Fees, Digital Marketing Fees, Managed Social Media Fees, Technology Maintenance Fees, Payroll Software License Fees, PEPM and PCPM Fees, CRM Software and CRM Fees, Email Fees, Accounting Fees, and other fees described in the franchise agreement.

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~~¹² These calculations are for half of the Businesses in this group that reported the lowest Gross Revenue.~~

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

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding information provided above, we do not make any representations about a franchisee's future financial performance representation, Payroll Vault Franchising, LLC does not make any or the past financial performance representations of company-owned or franchise outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Sean Manning at 1860 W. Littleton Blvd, Littleton, Colorado 80120, 303-763-1828, Sean.Manning@PayrollVault.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

If multiple events occurred that affected an outlet, the tables below show the event that occurred last.

Table No. 1
Systemwide Outlet Summary
for the years 2020~~2021~~ to 2023~~2022~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the end of the Year	Net Changes
Franchised	2021 2020	49	55 54	6 +5
	2022 2021	55 54	51 59	-4 +5
	2023 2022	51 59	54 53	3 -6
Company Owned*	2021 2020	3	3 4	0 +1
	2022 2021	3 4	1 4	-2 +0
	2023 2022	1 4	1 3	0 -1
Total Outlets	2021 2020	52	58	6 +5
	2022 2021	58	52 63	-6 +5
	2023 2022	52 63	55 56	3 -7

* This includes Affiliate-owned businesses.

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Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For the Years ~~2020~~2021 to ~~2023~~2022

State	Year	Number of Transfers
Michigan	2021 2020	4 0
	2021	<u>1</u>
	2022	0
Oklahoma	2020	<u>1</u>
	2023 2021	0
	2022	<u>0</u>
Total	2021 2020	1
	2021	<u>1</u>
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For the Years ~~2020~~2021 to ~~2023~~2022

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of the Year
Alabama	2021 2020	2	0	0	0	0	0	2
	2022 2021	2	0	0	0	0	0	2
	2023 2022	2	0	0	0	0	0	2
ArizonaCalifornia	2021 2020	<u>51</u>	0	<u>0</u>	0	0	0	<u>50</u>
	2022 2021	<u>50</u>	0	0	0	0	0	<u>60</u>
	2023 2022	<u>60</u>	0	0	<u>10</u>	0	0	<u>60</u>
CaliforniaColorado	2021 2020	<u>94</u>	1	0	<u>10</u>	0	<u>20</u>	<u>75</u>
	2022 2021	<u>75</u>	0	<u>10</u>	0	0	<u>10</u>	5
	2023 2022	5	<u>0</u>	0	0	0	0	<u>56</u>
ColoradoFlorida	2021 2020	<u>210</u>	1	<u>0</u>	0	0	0	<u>310</u>
	2022 2021	<u>310</u>	0	<u>0</u>	0	0	0	<u>37</u>
	2023 2022	<u>37</u>	<u>10</u>	<u>0</u>	0	0	0	<u>46</u>

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of the Year
FloridaGeorgia	20212020	2	0	40	0	0	0	42
	20222021	42	0	0	0	0	0	42
	20232022	42	1	0	0	0	0	23
GeorgiaIllinois	20212020	1	01	01	0	0	0	1
	20222021	1	0	0	0	0	0	1
	20232022	1	0	0	0	0	0	1
IllinoisIndiana	20212020	21	40	0	0	0	40	21
	20222021	21	40	0	0	0	0	31
	20232022	31	0	0	0	0	0	31
IndianaKentucky	20212020	42	01	01	0	0	0	42
	20222021	42	0	0	0	0	0	42
	20232022	42	1	0	0	0	0	23
KentuckyLouisiana	20212020	21	0	0	0	0	0	21
	20222021	21	0	0	0	0	0	21
	20232022	21	0	0	0	0	40	1
LouisianaMaryland	20212020	42	0	0	0	0	0	42
	20222021	42	0	0	0	0	40	02
	20232022	02	0	0	0	0	0	02
MarylandMichigan	20212020	41	40	0	0	0	0	51
	20222021	51	40	01	0	0	40	50
	20232022	50	0	0	0	0	0	50
MichiganMinnesota	20212020	24	1	0	0	0	0	35
	20222021	35	01	0	0	0	40	26
	20232022	26	0	01	0	0	0	25
MinnesotaNebraska	20212020	01	42	0	0	0	0	43

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of the Year
	2022 <u>2021</u>	43	0	0	0	0	0	43
	2023 <u>2022</u>	43	0	0 <u>1</u>	0	0	0	42
Nebraska New Jersey	2021 <u>2020</u>	0	20	0	0	0	0	20
	2022 <u>2021</u>	20	0 <u>1</u>	0	0	0	0	21
	2023 <u>2022</u>	21	0	0	0	0	0	21
New York Jersey	2021 <u>2020</u>	20	0 <u>1</u>	0	0	0	0	21
	2022 <u>2021</u>	21	0 <u>2</u>	0	0	0	0	23
	2023 <u>2022</u>	23	0	0 <u>1</u>	0	0	0	2
New York Ohio	2021 <u>2020</u>	2	0	0	0	0	0	2
	2022 <u>2021</u>	2	0	0	0	0	10	42
	2023 <u>2022</u>	42	0	0	0	0	0	42
Ohio Oklahoma	2021 <u>2020</u>	24	0	0 <u>1</u>	0	0	0	23
	2022 <u>2021</u>	23	0 <u>1</u>	0 <u>1</u>	0	0	0	23
	2023 <u>2022</u>	23	0 <u>1</u>	0 <u>3</u>	0	0	0	21
Oklahoma Pennsylvania	2021 <u>2020</u>	42	0 <u>1</u>	0	0	0	0	43
	2022 <u>2021</u>	43	0	0	0	0	0	43
	2023 <u>2022</u>	43	0	0 <u>1</u>	0	0	0	42
Pennsylvania South Dakota	2021 <u>2020</u>	1	0	0	0	0	0	1
	2022 <u>2021</u>	1	0	0	0	0	0	1
	2023 <u>2022</u>	1	0	0	0	0	0	1
South Dakota Oregon	2021 <u>2020</u>	1	0	0	0	0	0	1
	2022 <u>2021</u>	1	0	0	0	0	0	1
	2023 <u>2022</u>	1	0	0	0	0	0	1
Oregon Tennessee	2021 <u>2020</u>	0 <u>1</u>	10	0	0	0	0	1
	2022 <u>2021</u>	1	0	0	0	0	0	1

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of the Year
	2023 <u>2022</u>	1	0	0	0	0	0	1
Tennessee <u>Texas</u>	2021 <u>2020</u>	40	31	0	0	0	0	71
	2022 <u>2021</u>	71	0	0	0	0	20	51
	2023 <u>2022</u>	51	40	0	0	0	40	51
Texas <u>Utah</u>	2021 <u>2020</u>	45	01	01	0	0	1	05
	2022 <u>2021</u>	05	03	01	0	0	0	07
	2023 <u>2022</u>	07	0	01	0	0	0	06
Utah <u>U.S. Virgin Islands</u>	2021 <u>2020</u>	40	01	0	0	0	0	1
	2022 <u>2021</u>	1	0	0	0	0	0	1
	2023 <u>2022</u>	1	0	01	0	0	0	40
U.S. Virgin Islands <u>Virginia</u>	2021 <u>2020</u>	1	0	0	0	0	0	1
	2022 <u>2021</u>	1	40	0	0	0	0	21
	2023 <u>2022</u>	21	0	0	0	0	0	21
Virginia <u>Washington</u>	2021 <u>2020</u>	01	0	0	0	0	0	01
	2022 <u>2021</u>	01	1	40	0	0	0	02
	2023 <u>2022</u>	02	0	0	0	0	0	02
Total	2021 <u>2020</u>	49	1211	15	10	01	40	554
	2022 <u>2021</u>	554	411	26	10	0	70	519
	2023 <u>2022</u>	519	54	010	0	0	20	543

Table No. 4
Status of Company/Affiliate-Owned Outlets
For the Years ~~2020~~2021 through ~~2023~~2022

State	Year	Outlets As of the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisees	Outlets at the End of the Year
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State	Year	Outlets As of the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisees	Outlets at the End of the Year
Colorado Arizona	2021 2020	<u>20</u>	0	<u>0</u> 1	<u>0</u> 1	0	<u>20</u>
	2022 2021	<u>20</u>	0	0	<u>1</u> 0	0	<u>40</u>
	2023 2022	<u>40</u>	0	0	0	0	<u>40</u>
Hawaii Arkansas	2021 2020	<u>40</u>	0	0	0	0	<u>40</u>
	2021	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	<u>1</u>	0	0	0	<u>1</u> 0	<u>0</u> 1
California	2023 2020	<u>0</u> 1	0	0	0	0	<u>0</u> 1
Totals	2021	<u>31</u>	0	0	<u>0</u> 1	0	<u>30</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Colorado	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2021	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	<u>31</u>	0	0	<u>1</u> 0	<u>1</u> 0	<u>1</u>
Connecticut	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023 2021	<u>40</u>	<u>0</u> 1	0	0	0	<u>1</u>
	2022	<u>1</u>	0	0	0	0	<u>1</u>
Hawaii	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2021	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Totals	2020	<u>3</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>3</u>
	2021	<u>3</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>4</u>
	2022	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>

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

State	Franchise Agreements Signed but not Opened	Projected new Franchise Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Next Fiscal Year
Arizona	0	1	0
California	0	<u>2</u>	0
Colorado	<u>20</u>	1	0
Connecticut	<u>1</u>	0	0
Delaware	<u>1</u>	0	0
Florida	0	<u>1</u> 2	0
Georgia Illinois	<u>40</u>	<u>0</u> 2	0
New York	0	1	0
New Jersey	0	<u>1</u>	0
Texas	0	3	0
Virginia	0	1	0
TOTALS	<u>50</u>	11	0

Exhibit D lists the names of all franchisees, including their addresses and telephone numbers of their outlets as of December 31, ~~2023~~2022.

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

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

No trademark-specific independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H are our audited financial statements for the periods ending December 31, ~~2020~~2021, December 31, ~~2022~~2021, and December 31, ~~2023~~2022. Also attached is our unaudited financial statements for the period ended April 30, 2023.

Our fiscal year ends on December 31.

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ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B	Franchise Agreement
Exhibit F	Renewal Amendment
Exhibit I	General Release

<u>Exhibit J</u>	<u>Nondisclosure and Noncompetition Agreement and Notice of Restrictive Covenants</u>
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<u>Exhibit K</u>	<u>Notice of Restrictive Covenants</u>
------------------	--

ITEM 23

RECEIPT

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one copy to be signed and returned to us).

Exhibit A
List of State Agencies/Agents for Service of Process

California

Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

State of Michigan
Consumer Protection Division
Attention: Franchise
P.O. Box 30213

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

South Dakota Department of
Labor and Regulation
Division of Insurance - Securities Regulation

1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 610-2093
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and
Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
(850) 488-2221

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

California

Commissioner of Financial Protection and
Innovation
California Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and Consumer

Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State
Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

Director of South Dakota Division of
Insurance
124 S. Euclid, Suite 104
Pierre, SD 57501

Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

New York

New York Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

North Dakota

North Dakota Securities Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of
Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, OR 97310
(503) 378-4387

(605) 773-3563

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of
Financial Institutions
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, WI 53703
(608) 261-9555

Exhibit B
Franchise Agreement

| **Exhibit C _____**

| **Table of Contents**

Exhibit D

**List of Current Franchisees
as of December 31, ~~2023~~2022**

Owner	Address	City	State	Zip Code	Phone
Karen Simmons, Cadie Simmons*	712 Oak Circle Dr. W #A	Mobile	AL	36609	251-243-0902
Elsie Nash, Kevin Nash	1580 Tampa Ct	Bonita	CA	91910	619-985-4105
Ade Rogers	1338 Center Court Dr., Ste#203	Covina	CA	91724	626-480-1414
Cindy Thompson	24 Ambleside Court	Danville	CA	94526	925-858-

Owner	Address	City	State	Zip Code	Phone
					0981
Vinny Saini	4049 1st St. #126	Livermore	CA	94551	925-273-7020
Joel Hendricks, John Hopkins, Amy Minjares	31629 Outer Highway 10, Suite #D	Redlands	CA	92373	909-253-0020
Karen Mora, OV Mora	115 S La Cumbre Lane #100	Santa Barbara	CA	93105	805-899-1936
David Gilligan, Mollie Gilligan	5610 Ward Road Suite \$300	Arvada	CO	80004	720-278-4849
Mark Sunderland and Pam Sunderland	3000 Center Green Drive, Ste 220	Boulder	CO	80301	303-440-8750
Zane Glover, Meredith Glover	325 Cherry St., Ste 112	Fort Collins	CO	80521	970-221-5553
Melissa Clary	375 E. Horsetooth Rd., #2-102	Fort Collins	CO	80525	970-682-6600
Jeff Kefalas , Kristina Kefalas	355 S. Teller Street Street , Suite #200	Lakewood	CO	80226	303-763-1857
Matt Sorenson, Stephanie Sorenson	9233 Park Meadows Drive,	Lone Tree	CO	80124	303-763-1844
Lauren Cooper, Todd Cooper	6330 N Andrews Ave., Ste 221	Ft. Lauderdale	FL	33309	614-778-1277
Jake Welsh	6490 Cape Hatteras Way NE #2	St Petersburg	FL	33702	727-424-4044
Lyndi Wickerson, Stacey Licking	130 Shamrock Blvd.	Venice	FL	34293	941-484-4980
Tricia Lee Golomb	2645 Executive Park Dr., Suite 107	Weston	FL	3331	954-889-0075
Michelle Abel	55 Atlanta St Suite 398	Atlanta	GA	30060	772-342-3862
Blair Motl	324 N River Street	East Dundee	IL	60118	309-750-9040
Debra Schill	209 S. Armstrong St.	Crothersville	IN	47229	812-793-2101
Steven Spurlock	10769 Broadway #134	Crown Point	IN	46307	219-247-8769
Aaron Bontrager	2832 Brookside Dr.	Iowa City	IA	52245	847-738-3085
Janice Kelley	701 Dishman Ln Ext Suite 2	Bowling Green	KY	42104	270-303-9262
Phil Domke, Deborah Domke	412 Newman Drive, Lakeway Plaza	Eddyville	KY	42038	270-604-4048
<u>Chris Mobley</u>	<u>935 Gravier St., Ste 1840</u>	<u>New Orleans</u>	<u>LA</u>	<u>70112</u>	<u>504-291-8400</u>
Sean Thomas, Tara Thomas	2825 Carey Street	Slidell	LA	70458	985-781-1818
James Lippens, Jami Lippens	7945 Second Street	Dexter	MI	48130	734-972-9649
Tricia Chau	24907 Arden Park Dr.	Farmington Hills	MI	48336	616-204-8733
Dominic Buschini, Tiffany Buschini	2721 Green Oak LN	Kalamazoo	MI	49004	269-317-0821

Owner	Address	City	State	Zip Code	Phone
Mike Semm	8089 Stadium Dr.	Kalamazoo	MI	49009	269-202-8434
Steven Hamacher	8089 Stadium Dr.	Kalamazoo	MI	49009	269-353-3830
Steve Woodward and Carla Woodward	6424 E Millsborough Cir	Lansing	MI	48917	517-420-0208
Lisa Carsrud	1407 NW 4 th St.	Grand Rapids	MN	55744	(218) 259-1133
Kathy Rollinger	163 Walnut St Ste 1	Winona	MN	55987	(507) 459-3333
Jenny Majerus	403 E 4 th St.	Grand Island	NE	68801	308-337-4252
Jeanine Dargis, Jordan O'Donnell	55 Silver Lake Ave	Edison	NJ	08817	201-739-8706
Omar Buker, Michelle Szczesny	60 Carlisle Court	Old Bridge	NJ	08857	732-673-4695
Kassi Husband, Kyle Husband	95 Perry St Suite 102	Buffalo	NY	14203	716-864-2991
Andrew Dowe	416 Morgan Drive	Lewiston	NY	14092	716-405-7831
Darius Burnette, Kelli Burnette	2952 Helena Drive NW	Carroll	OH	43112	740-756-1040
Marc Boulanger	11517 San Sebastian Dr	Oklahoma City	OK	73173	405-217-4000
Cynthia Cox	1044 SW 16 th Suite 100	Oklahoma City	OK	73108	405-492-6470
Tim Roberts	92 Centennial Loop	Eugene	OR	97401	541-246-7173
Cathy Carroll, Ed Carroll	2407 Poplar Rd	Havertown	PA	19083	484-450-8790
Paula Johnson, Mark Johnson	724 Shamrock Drive	Hartford	SD	57033	605-799-4884
Saralyn Banks	1020 William Blount Dr.	Maryville	TN	37801	865-227-7870
Toby Haynes	2652 FM 407 E, Suite 215-G	Bartonville	TX	76226	940-488-4895
Patrick Welborne	5301 Alpha Rd #80	Dallas	TX	75240	469-878-1715
Sean Pettit, Rebecca Pettit	9002 Wurzbach Rd.	San Antonio	TX	78240	210-996-2753
Mr. Frankie Garrett(MO) Selina Garrett(MO)	2211 Rayford Road Suite 111 #404	Spring	TX	77386	(346) 816-4125
<u>Clint Blundon, Lisa Blundon</u>	<u>196 Saddle Ridge</u>	<u>Spring Branch</u>	<u>TX</u>	<u>78070</u>	<u>210-415-9906</u>
Deanna Trent	301 E 16 th St	Richmond	VA	23224	804-868-0727
Terri Stewart	3351 Stoneshore Rd., Suite #100	Virginia Beach	VA	23462	757-536-1046
Rosa Thomas	#9 Caret Bay Villas	St Thomas	USVI	00802	340-513-0528

* Operates 2 franchised locations

Exhibit E

Franchisees That Have Left the System

**FRANCHISEES WHO HAVE BEEN TERMINATED, CANCELLED, OR NOT RENEWED
During the fiscal year ended December 31, ~~2023~~2022**

Owner	Address	City	State	Zip	Phone
Chris MobleyDarin Frantz	935 Gravier117 Kingdom St STE 1840	New OrleansCape Fair	LA <u>MO</u>	70122 <u>65624</u>	504-294- 8400918-688- 0503

<u>Clint Blundon Rudy Frederico</u>	<u>196 Saddle Ridge Pkwy #160</u>	<u>1012 Eldorado Spring Branch Little Elm</u>	<u>TX</u>	<u>7807075068</u>	<u>210-415-9906972-977-2787</u>
<u>Joe Ji</u>	<u>5256 Bethel Reed Park #C</u>	<u>Columbus</u>	<u>OH</u>	<u>43220</u>	<u>614-432-5805</u>
<u>Ed Lambacker, Kim Lambacker</u>	<u>100 North Ave., Suite 103-125</u>	<u>Tallmadge</u>	<u>OH</u>	<u>44278</u>	<u>330-588-3804</u>
<u>Frank LaRosa</u>	<u>301 N. Church St., Ste 226</u>	<u>Moorestown</u>	<u>NJ</u>	<u>08057</u>	<u>732-997-9767</u>
<u>Allyson Rodahl</u>	<u>1630 25th Ave, Unit K</u>	<u>Greeley</u>	<u>CO</u>	<u>80634</u>	<u>970-353-0170</u>
<u>Bob Seibel</u>	<u>3814 West St Unit 311</u>	<u>Cincinnati</u>	<u>OH</u>	<u>45227</u>	<u>513-271-7835</u>
<u>Austin Smith</u>	<u>3345 N 150 W</u>	<u>Lehi</u>	<u>UT</u>	<u>84043</u>	<u>801-885-8945</u>
<u>Robert Smith</u>	<u>300 N Huron St</u>	<u>Ypsilanti</u>	<u>MI</u>	<u>48197</u>	<u>734-218-0950</u>
<u>Priscilla Vang</u>	<u>800 Minnehaha Ave., Suite 365</u>	<u>St. Paul</u>	<u>MN</u>	<u>55106</u>	<u>651-776-2222</u>

TRANSFERS DURING THE FISCAL YEAR ENDED DECEMBER 31, ~~2023~~2022

None.

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

Exhibit F

Renewal ~~Addendum~~ Amendment

**RENEWAL ~~ADDENDUM~~ AMENDMENT TO
PAYROLL VAULT FRANCHISING, LLC FRANCHISE AGREEMENT**

PAYROLL VAULT FRANCHISING, LLC (“~~Franchisor,~~” “~~us,~~” “~~our,~~” or “we”) and _____ (“~~Franchisee,~~” “~~you,~~” or “your”) entered into a Franchise Agreement dated _____, 20__ (“**Prior Agreement**”) and now desire to enter into a successor Franchise Agreement to enable Franchisee to continue to operate the Franchised Business. Franchisor and Franchisee desire to supplement and amend certain terms and conditions of the successor Franchise Agreement dated _____, 202__, (“**Successor Franchise Agreement**”), by this ~~Amendment~~ **amendment** (“**Amendment**”) dated of even date with the Successor Franchise Agreement. All terms not defined herein shall have the definitions set forth in the Successor Franchise Agreement. The parties therefore agree as follows:

Opening Date. Section 2.1 is deleted and replaced with the following: The Opening Date of the Franchised Business under the Prior Agreement was _____, _____, 20__.

Franchisee Quota. Section 2.3.a is deleted in its entirety and replaced with the following:

a. You are required to meet this minimum performance criteria ~~(“Franchisee Quota”)~~ which is a material covenant in this ~~Franchise~~ Agreement:

i. You must maintain a minimum of 100 monthly payroll Clients or have a minimum monthly Payroll and Workforce Management Services billing average of \$12,500 during each 12-month period during the Term. If you fail to meet the Franchisee Quota as of the date of the Successor Franchise Agreement, we may reduce the size of your ~~Protected Territory~~ to an “Open Territory”. ~~An Open Territory is no longer a Protected Territory, the Open Territory has no assigned zip codes less than 10,000 businesses and does not receive inbound website leads. Franchisor may then make the previously Protected Territory available to another Franchisee begin allowing them to own the zip codes, market and other franchisees to sell Payroll and Workforce Management Services in the area that is no longer part of your Protected Territory. If applicable, your revised Protected Territory or Open Territory is described in Exhibit A attached hereto.~~

Initial Fees and Fees Payable Before Opening. Section 3.1 is deleted in its entirety.

Successor Franchise Rights. Section 4.2.a is changed as follows: The definition of “**Successor Franchise Rights Term**” is changed to “two additional 10-year terms.” The remainder of this section is unchanged.

Services Provided by Us Before Commencement of Operations. Section 5.2 is deleted in its entirety.

Transfer. Section 9.3 is changed to include an item 9.3.e, Upon Franchisor approval and a successful sale and transfer of all of franchisee’s clients to an approved buyer, Franchisee shall also be given the option to terminate franchise and all franchise rights in a Termination Agreement that will provide a waiver of all remaining Royalties and Fees for subsequent months to the Termination Date of the Termination Agreement.

Notices. Section 18.8.a is changed as follows: The second sentence is deleted and is replaced with the following: A copy of all notices shall also be sent to Moye White LLP, Attention: Lynne M. Hanson, 1400 16th Street, Suite 600, Denver, CO 80202.

Release. Franchisee agrees to sign Franchisor’s General Release, attached hereto as Exhibit B, in conjunction with the signing of this Amendment and the Successor Franchise Agreement.

9. Successor Franchise Fee. Franchisor acknowledges receipt of \$_____ from Franchisee in payment of the Successor Franchise Fee.

10. Effectiveness of Agreement. The terms and conditions of this Amendment are in addition to or in explanation of the existing terms and conditions of the Successor Franchise Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

Fully executed this ____ day of _____, 20__.

PAYROLL VAULT FRANCHISING, LLC

By: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Title: _____
Date: _____

OR

Individually

Date: _____

Attachment 1 To Exhibit F

Renewal Addendum

EXHIBIT A

TERRITORY

If Franchisee has failed to achieve and maintain the Franchisee Quota at the time of this Successor Franchise Agreement and Amendment, Franchisor may reduce the size of the Territory under the Successor Franchise Agreement, as described below:

EXHIBIT B

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is made effective as of the _____ day of _____, 20____ by _____ (“Franchisee”) in favor of Payroll Vault Franchising LLC, a Colorado limited liability company (“Franchisor”) (collectively referred to as “Parties”).

The Parties have entered into that certain Franchise Agreement dated _____ (“Franchise Agreement”) which governs the development and operation of a Franchised Business (to the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement);

The Franchisee desires to enter into a Successor Term to the Franchise Agreement;

The Franchisor desires to consent to the Franchisee’s request subject to the Franchisee’s compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by the Franchisee to the Franchisor of this Release.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties hereby agree as follows:

Release. The Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives (“Franchisee Affiliates”), hereby fully and forever unconditionally releases and discharges the Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as “Franchisor Affiliates”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever (“Released Claims”), in law or in equity, whether known or unknown, which the Franchisee or the Franchisee Affiliates may now have against the Franchisor or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with the Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release.

[APPLIES ONLY IN CALIFORNIA] 1.(a) Release of Unknown Claims and Waiver of California Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the Release, such as Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor.”

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that the Franchisee and the Franchisee Affiliates may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is the Franchisee's and the Franchisee Affiliates' intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. The Franchisee and the Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 1(a) of this Release.

[APPLIES ONLY IN SOUTH DAKOTA] 1.(b) _____ Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of this Release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Agreement), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that the Franchisee and the Franchisee Affiliates now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. The Franchisee and the Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section 1.(b) of this Release.

General. This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado. This Release embodies the entire agreement and understanding between

the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. Nothing in this Release is intended to disclaim any representations made by the Franchisor in the most recent franchise disclosure document provided by the Franchisor or its representatives to the Franchisee in connection with any successor to the Franchise Agreement. The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof. This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included. The remaining provisions of this Release shall not be affected by such modification. All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective delegates, successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Release to be made effective on the day and year first above written.

PAYROLL VAULT FRANCHISING, LLC:

Date: _____

By: _____

Name: _____

Title: _____

FRANCHISEE:

Date: _____

Individually

Date: _____

Individually

AND:

(if a corporation, limited liability company or partnership)

Company Name

Date: _____

By: _____

Title: _____

Exhibit G

State Specific Amendments

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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENTS.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

2. The **Special Risks to Consider About *This Franchise*** page is amended to add the following:

5. 90 Days to Secure ACH Rights. As part of your opening process, you must be granted the right by your local bank, your “automated clearing house” (ACH) provider, and, if applicable, any federal, state, or municipal governmental entity (Governmental Authority), to electronically deposit funds (“Electronic Funds Transfer” or “EFT”) into an employee’s account through an ACH transaction (ACH Rights). If you fail to obtain ACH Rights within 90 days of your Opening Date or if during the term of the Franchise Agreement you lose your ACH Rights, we have the right to terminate the Franchise Agreement.

3. **Personal Guaranty:** Franchisees and all owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse’s marital and personal assets at risk, including your house, if your franchise fails.

4. 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.

5. Item 5 of the Disclosure Document is amended to add the following:

~~The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from In California franchisees, we will defer collecting the IFF and any other fees that are described in this Article until we have completed provided you with all of our pre-opening obligations services (Item 11) and you are open for business. At that time, all fees to us will be due.~~

6. Item 6 of the Disclosure Document is amended to provide that California law limits the Default Interest Rate to 10% annually.

7. Item 17 of the Disclosure Document is amended to add the following:

a. The California Business and Professions Code §§ 20000 through 20043 provides 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.

b. 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.)

c. 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.

d. The Franchise Agreement may contain a liquidated damages clause. Under California Law, certain liquidated-damages clauses are unenforceable.

e. The Franchise Agreement requires litigation to be conducted in a court located in the State of Colorado. This provision might not be enforceable for any cause of action arising under California Law.

f. The Franchise Agreement requires the application of the laws of the State of Colorado. This provision might not be enforceable under California Law.

g. 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 § 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.

h. The following URL address is for the franchisor's website: www.payrollvault.com.

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

~~i. No statement disclaimer, questionnaire, clause, or acknowledgment statement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have~~

~~the effect of (i) be construed or interpreted as waiving any claims under any applicable state franchise law, including claim of fraud in the inducement, whether common law or (ii) statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, franchise seller, broker or other person acting on behalf of the franchisor, that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.~~

STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and disclosure laws:

- a. This registration is currently effective in the following states: None.
- b. This proposed registration is on file with or will shortly be on file with the following states: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
- c. There are no states which have refused, by order or otherwise, to register these franchises.
- d. There are no states that have revoked or suspended the right to offer these franchises.
- e. There are no states in which the proposed registration has been withdrawn.

2. The Franchise Agreement has been amended as follows:

- a. The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination, and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- b. The Franchise Agreement requires the 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.
- c. Any covenant in the Franchise Agreement that purports to terminate 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. Item 5 is amended to provide that the franchisor will defer collection of the initial franchise fee and other initial payments owed by franchisees until the Franchisor has completed its preopening obligations under the franchise agreement and the franchisee is open for business.

4. 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.

STATE OF ILLINOIS

The Franchise Disclosure Document and Franchise Agreement are amended as follows:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to the franchisee and the franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

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

|

STATE OF INDIANA

ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify the franchisor for any liability imposed upon the franchisor as a result of the franchisee's reliance upon or use of procedures or products which were required by the franchisor if the franchisee utilized such procedures or products in the manner required by the franchisor.

ITEM 8 of the Disclosure Document is amended to add the following:

Under Indiana Code § 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor unless the benefit is promptly accounted for and transmitted by the franchisee.

ITEM 12 of the Disclosure Document is amended to add the following:

Notwithstanding the terms of Item 12, we will not compete unfairly with you within a reasonable area.

ITEM 13 of the Disclosure Document is amended to add the following:

Under Indiana Code § 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associated in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

ITEM 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement, and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to the franchisee.

ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

STATE OF MARYLAND

The Franchise Disclosure Document is amended to add the following:

The Special Risks to Consider About *This Franchise* page is amended as follows:

Supplier Control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Item 5 is amended to state the following: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require you to arbitrate in Colorado using Colorado law. This is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 and the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

Item 17 is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

STATE OF MINNESOTA

The following Minnesota-specific language must be included in an exhibit attached to the Franchise Disclosure Document and also to the franchise agreements:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring the waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. 3.

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 franchisee.

Items 5 and 7 of the Franchise Disclosure Document are amended to state, payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to the franchisee and the franchisee has commenced doing business. The financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

2. The following additional RISK FACTOR is added to the cover page of the Franchise Disclosure Document:

SEE ITEM 6. THERE ARE SEVERAL FEES THAT STATE ‘THERE IS NO LIMIT TO THE AMOUNT OF AN INCREASE IN THIS FEE OR THE NUMBER OF TIMES IT MAY BE INCREASED. IN ADDITION, YOU MUST MAKE MINIMUM ROYALTY, ADVERTISING, AND OTHER PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

7. Franchise Questionnaires and Acknowledgements – No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Receipts – Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

STATE OF NORTH DAKOTA

1. Item 5 is amended to state the following:

Based upon the franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the franchisee has commenced doing business.

2. Item 17 of the Disclosure Document is amended to add the following:

- (a) The following statement is added at the end of Items 17(c), 17(i) and 17(m):

(Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law).

- (b) The following statement is added at the end of Item 17(r):

Covenants not to compete such as those mentioned above are generally considered unenforceable in the state of North Dakota.

- (c) The following statement is added as the end of Item 17(u):

Sections of the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

- (d) Item 17(v) is deleted in its entirety.

- (e) Item 17(w) is deleted in its entirety.

STATE OF RHODE ISLAND

1. The following paragraph is added at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

STATE OF SOUTH DAKOTA

In South Dakota, we will defer collecting your initial franchisee fee or other fees due to us before you open until we have delivered all of our pre-opening services stated in Item 11, and you are open for business. At that time, all fees due to us will be collected.

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 Payroll Vault Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure.

Item 3 is amended to state the following:

Item 5 is amended to include the deferral of payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

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.

STATE OF WASHINGTON

Item 17 of the Disclosure Document is amended to add the following:

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

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

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

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

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

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

g. 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.

h. Item 5 is amended to ~~state, provide that in lieu of an impound of franchise fees, the Franchisor Washington, we will not require or accept defer collecting the payment of IFF and any initial franchise other fees that are described in this Article until the franchisee has (a) received we have provided you with all of our pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, services (Item 11) and (b) is you are open for business. At that time, all fees to us will be due.~~

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

~~—Remainder of Page Intentionally Blank—~~

STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements are amended accordingly.

Exhibit H
Financial Statements

~~*The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE
ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE
FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT
OR FORM.

Exhibit I

General Release

THIS GENERAL RELEASE (“**Release**”) is made effective as of the ____ day of _____, 20____ by _____ (“**Franchisee**”) in favor of Payroll Vault Franchising LLC, a Colorado limited liability company (“**Franchisor**”) (collectively referred to as “**Parties**”).

The Parties have entered into that certain Franchise Agreement dated _____ (“**Franchise Agreement**”) which governs the development and operation of a Franchised Business (“**Franchised Business**” or “**Business**”) (to the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement);

The Franchisee desires to transfer the Franchise Agreement, the ownership of the Franchisee, or the Franchised Business or some or all of the assets of the Business;

OR

B. The Franchisee desires to enter into a successor to the Franchise Agreement;

The Franchisor desires to consent to the Franchisee’s request subject to the Franchisee’s compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by the Franchisee to the Franchisor of this Release.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties hereby agree as follows:

Release. The Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives (“**Franchisee Affiliates**”), hereby fully and forever unconditionally releases and discharges the Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as “**Franchisor Affiliates**”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever (“**Released Claims**”), in law or in equity, whether known or unknown, which the Franchisee or the Franchisee Affiliates may now have against the Franchisor or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with the Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release.

[APPLIES ONLY IN CALIFORNIA] 1.(a) Release of Unknown Claims and Waiver of California Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the

Release, such as Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor.”

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that the Franchisee and the Franchisee Affiliates may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is the Franchisee’s and the Franchisee Affiliates’ intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. The Franchisee and the Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 1(a) of this Release.

[APPLIES ONLY IN SOUTH DAKOTA] 1.(b) Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of this Release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Agreement), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that the Franchisee and the Franchisee Affiliates now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. The Franchisee and the Franchisee Affiliates agree to defend, indemnify and

hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section 1.(b) of this Release.

General. This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado. This Release embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. Nothing in this Release is intended to disclaim any representations made by the Franchisor in the most recent franchise disclosure document provided by the Franchisor or its representatives to the Franchisee in connection with any successor to the Franchise Agreement. The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof. This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included. The remaining provisions of this Release shall not be affected by such modification. All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective ~~delegates~~delegates, successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Release to be made effective on the day and year first above written.

PAYROLL VAULT FRANCHISING, LLC:

Date: _____

By: _____

Name: _____

Title: _____

FRANCHISEE:

Date: _____

Individually

Date: _____

Individually

AND:

(if a corporation, limited liability company or partnership)

Company Name

Date: _____

By: _____

Title: _____

Exhibit J

Nondisclosure and Noncompetition Agreement

This Nondisclosure and Noncompetition Agreement (the “**Agreement**”) is made and entered into effective the _____ day of _____, 20____ by and between PAYROLL VAULT FRANCHISING LLC, a Colorado limited liability company (“**Company**”), located at 1860 W. Littleton Boulevard, Littleton, Colorado 80120, and _____ (“**Associate**”), who resides at _____.

RECITALS

The Company has developed methods for establishing and operating franchises for the operation of businesses that offer software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, independent contractor check writing and reporting, and related human capital management, and workforce management services (“**Franchised Businesses**” or “**Businesses**”) which use the service mark “PAYROLL VAULT” and related service marks, trade names and trademarks (collectively, the “**Marks**”).

The Company has developed methods for establishing, operating and promoting Businesses pursuant to the Company’s distinctive business format, plans, methods, System, (as defined in the Franchise Agreement), data, processes, marketing systems, manuals, formulas, techniques, designs, layouts, operating procedures, Marks, Proprietary Information, (as defined in the Franchise Agreement), and know-how of the Company (“**Confidential Information**”) and such Confidential Information as may be further developed from time to time by the Company;

The Company and its Associates have established substantial goodwill and an excellent reputation with respect to the quality of services and products available, which goodwill and reputation have been and will continue to be of major benefit to the Company;

Associate is or will become involved with the Company in the capacity of an officer, partner, director, agent, Principal Operator, employee, principal, beneficial owner or as an immediate family member of one of the foregoing persons, all of whom are associated with a Franchised Business pursuant to the terms of a Franchise Agreement (“**Franchise Agreement**”) between the Company and the party identified as the “Franchisee” at the end of this Agreement, and in such capacity, Associate will become privileged as to certain Confidential Information; and

Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company. Terms not otherwise defined in this Agreement shall have the meanings as defined in the Franchise Agreement between the Company and the “Franchisee” identified at the end of this Agreement.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

Confidential Information. Associate and the Company acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, formulas, techniques, designs, layouts, operating procedures, Marks, proprietary information and know-how of the Company which are developed and utilized in connection with the operation of the Business are the Company's Confidential Information. Such Confidential Information is unique, exclusive property and a trade secret of the Company and has valuable goodwill associated with it. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

Manuals as Trade Secrets. It is understood that Confidential Information, constituting "trade secrets" as used in this Agreement, is deemed to include, without limitation, customer lists, written information, vendor lists, training methods, procedures, software licenses, operational standards, formulas, and any and all information contained in the Company's Manual, which may be provided as one or more separate manuals, or written instructional guides, as the same are changed or supplemented from time to time, and any information of whatever nature which gives the Company and its Associates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such lists, methods, written materials, training methods, software licenses, operational standards, procedures, formulas, or information.

Nondisclosure of Confidential Information. Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchisee, any of the Confidential Information of the Company or its affiliates.

Noncompetition Covenant. Associate hereby covenants and agrees that, during the term of the Franchise Agreement governing the establishment and operation of the Franchised Business, except while associated with or operating the Franchised Business in a manner authorized by the Company, neither Associate nor any "Franchisee Parties", as defined in the Franchise Agreement, shall:

Own, operate, lease, franchise, conduct, consult with, engage in, have any interest in, assist any Person engaged in, any Competitive Business;

perform services as a partner, director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business; or

divert or attempt to divert any business related to, or any client or account of the Franchised Business, the Franchisor's business, or any other franchisee's business, by direct inducement or otherwise, to any Competitive Business by any direct inducement or otherwise.

The term "Competitive Business" as used in this Agreement shall mean any business offering, or granting franchises or licenses to others to operate a business offering software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, independent contractor check writing and reporting, and related human capital management and

workforce management services, or other business deriving more than 5% of its gross receipts from software-based payroll and employee management services, including payroll check writing, payroll tax payment and reporting, independent contractor check writing and reporting, or related human capital management and workforce management services. Notwithstanding the foregoing, Associate shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

Post-Termination Covenant Not to Compete. Associate covenants and agrees that, for a period of two years after the effective date of termination, transfer or expiration of the Franchise Agreement for the Franchised Business, or for a period of two years after termination or cessation of Associate's relationship with the Franchised Business, whichever is later, neither Associate, nor any member of Associate's immediate family, shall have any direct or indirect interest as a disclosed or a beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within the Territory of the Franchised Business, within the Territory of any other franchised Business or within 25 miles of any Company or affiliate-owned Business. The restrictions of this paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. Associate expressly acknowledges that he/she/they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of this covenant will not deprive him/her/them of their personal goodwill or ability to earn a living.

Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds totaling more than \$1,000, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

Effect of Waiver. The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

Entire Agreement. This Agreement together with the Notice of Restrictive Covenants attached hereto as Exhibit A, contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Associate acknowledges receipt of the Notice of Restrictive Covenants at least 14 days prior to signing this Agreement.

Governing Law. This instrument shall be governed by and construed under the laws of the state of Colorado.

Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Colorado, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal

courts of Colorado in Denver, Colorado. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Colorado in Denver, Colorado. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

COMPANY:

PAYROLL VAULT FRANCHISING, LLC

By: _____
Title: _____

ASSOCIATE:

Print Name: _____

NAME OF FRANCHISEE

ASSOCIATE'S CAPACITY WITH FRANCHISED
BUSINESS

LOCATION OF FRANCHISED BUSINESS

|

|

EXHIBIT A

TO NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NOTICE OF RESTRICTIVE COVENANTS

This is a Notice of Restrictive Covenants (“Notice”) that Payroll Vault Franchising, LLC, (“Franchisor”) requires _____, (the “Franchisee Associate”) to sign, hereby acknowledging receipt of a Non-Disclosure and Non-Competition Agreement (“Agreement”), the form of which is attached hereto. Initial capitalized terms not defined in this Notice have the respective meanings set forth in the Agreement.

The Agreement contains covenants of confidentiality and not to compete by engaging in a similar business that could restrict Franchisee Associate’s activities during the term and following the termination of the Agreement in Sections 3, 4, and 5. Franchisee Associate shall receive this Notice before Franchisee Associate signs the Agreement. The effective date of the Agreement shall be not less than fourteen (14) days after the date of this Notice.

Franchisee Associate acknowledges receipt of this Notice at least fourteen (14) days prior to signing the Agreement.

Franchisee Associate acknowledges and agrees that (1) complying with the restrictions contained in the Agreement will not prevent Franchisee Associate from earning a living, and (2) such restrictions are necessary and reasonable to protect Franchisor’s valid interests (including, without limitation, relationships with customers, goodwill, the protection of trade secrets and other confidential information, protection from unfair competition, and other protectable interests).

Franchisee Associate understands and acknowledges that: (i) Franchisor's System, Marks, Proprietary Information, and Manual are unique to Franchisor and of great competitive value; (ii) Franchisor has invested and continues to invest substantial resources in developing its System, trade secrets, confidential information, and goodwill; and (iii) any loss of goodwill will cause significant and irreparable harm to Franchisor.

FRANCHISEE ASSOCIATE REPRESENTS AND WARRANTS THAT FRANCHISEE ASSOCIATE HAS HAD THE OPPORTUNITY TO REVIEW THE AGREEMENT WITH PRIOR NOTICE OF ITS RESTRICTIVE COVENANTS AND TO CONSULT AN ADVISOR OR ATTORNEY OF ITS CHOICE BEFORE SIGNING THE AGREEMENT. FRANCHISEE ASSOCIATE FURTHER ACKNOWLEDGES THAT IT UNDERSTANDS THE AGREEMENT AND IF IT SIGNS THE AGREEMENT, IT DOES SO KNOWINGLY AND VOLUNTARILY.

Signature: _____

Name: _____

Date: _____

Exhibit K

Notice of Restrictive Covenants

This is a Notice of Restrictive Covenants (“Notice”) that Payroll Vault Franchising, LLC, (“Franchisor”) requires _____, (the “Prospective Franchisee”) to sign, hereby acknowledging receipt of a Franchise Agreement (“Agreement”), the form of which is attached as Exhibit B to the Franchise Disclosure Document (“FDD”) provided to Prospective Franchisee as a condition of purchasing a franchise, on _____, 202 . This Notice is also attached to the FDD as an exhibit. Initial capitalized terms not defined in this Notice have the respective meanings set forth in the Agreement.

The Agreement contains covenants of confidentiality and not to compete by engaging in a similar business that could restrict Prospective Franchisee’s activities during the term of the Agreement and following the termination of the Agreement in Sections 15.1, 15.2, 15.3, and 15.4. Prospective Franchisee shall receive this Notice before Prospective Franchisee signs the Agreement or pays any nonrefundable consideration to Franchisor. The effective date of the Agreement shall be not less than fourteen (14) days after (i) the date of this Notice; and (ii) the date Prospective Franchisee signs the FDD Receipt.

Prospective Franchisee acknowledges receipt of this Notice at least fourteen (14) days prior to signing the Agreement.

Prospective Franchisee acknowledges and agrees that (1) complying with the restrictions contained in the Agreement will not prevent Prospective Franchisee from earning a living, and (2) such restrictions are necessary and reasonable to protect Franchisor’s valid interests (including, without limitation, relationships with customers, goodwill, the protection of trade secrets and other confidential information, protection from unfair competition, and other protectable interests).

Prospective Franchisee understands and acknowledges that: (i) Franchisor's System, Marks, Proprietary Information, and Manual are unique to Franchisor and of great competitive value; (ii) Franchisor has invested and continues to invest substantial resources in developing its System, Proprietary Information, trade secrets, confidential information, and goodwill; and (iii) any loss of goodwill will cause significant and irreparable harm to Franchisor.

PROSPECTIVE FRANCHISEE REPRESENTS AND WARRANTS THAT PROSPECTIVE FRANCHISEE HAS HAD THE OPPORTUNITY TO REVIEW THE AGREEMENT WITH PRIOR NOTICE OF ITS RESTRICTIVE COVENANTS AND TO CONSULT AN ADVISOR OR ATTORNEY OF ITS CHOICE BEFORE SIGNING THE AGREEMENT. PROSPECTIVE FRANCHISEE FURTHER ACKNOWLEDGES THAT IT UNDERSTANDS THE AGREEMENT AND IF IT SIGNS THE AGREEMENT, IT DOES SO KNOWINGLY AND VOLUNTARILY.

Signature: _____

Name: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending <u>April 22, 2024</u>
Hawaii	Pending
Illinois	August 16, 2023 <u>Pending</u>
Indiana	August 15, 2023 as amended <u>April 25, 2024</u> Pending
Maryland	Pending
Michigan	August 2, 2023 <u>Pending</u>
Minnesota	Pending
New York	May 28, 2024 <u>Pending</u>
North Dakota	June 5, 2024 <u>Pending</u>
Rhode Island	October 5, 2023 as amended <u>May 13, 2024</u> Pending
South Dakota	August 15, 2023 <u>Pending</u>
Virginia	Pending
Washington	November 1, 2023 as amended <u>May 23, 2024</u> Pending
Wisconsin	August 15, 2023 <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 J
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Payroll Vault Franchising LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Payroll Vault 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Date of Issuance: ~~April 19, 2024~~ June 28, 2023

The Franchisor is Payroll Vault Franchising, LLC, 1860 W. Littleton Blvd, Littleton, Colorado 80120. Our telephone number is 303-763-1828.

The franchise sellers for this offering are Sean Manning, Marilyn Manning, Tim Loehfelm, Tricia Petteys or Jessica Martin, each of whom is located at 1860 W. Littleton Blvd, Littleton, Colorado 80120. Our telephone number is 303-763-1828.

Payroll Vault Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for us in the particular state-

I received a disclosure document dated ~~April 19, 2024~~ June 28, 2023, that included the following Exhibits:

Exhibit A - List of State Agencies/Agents
for Service of Process
Exhibit B - Franchise Agreement
Exhibit C - Table of Contents
Exhibit D - Current Franchisees
Exhibit E - Franchisees That Have
Left the System
Exhibit F - Renewal Amendment
Exhibit G - State Specific Amendments
Exhibit H - Financial Statements
Exhibit I - General Release

~~Exhibit A - List of State Agencies/Agents
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~~Exhibit C - Table of Contents~~

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Left the System~~
~~Exhibit F - Renewal Amendment~~

~~Exhibit G - State Specific Amendments~~
~~Exhibit H - Financial Statements~~
~~Exhibit I - General Release~~

Exhibit J - Nondisclosure and Noncompetition Agreement
Exhibit K - Notice of Restrictive Covenants
Exhibit L - Receipts

Date

Prospective Franchisee

RECEIPT

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Left the System~~

~~Exhibit F - Renewal Amendment~~

~~Exhibit G - State Specific Amendments~~

~~Exhibit H - Financial Statements~~

~~Exhibit I - General Release~~

~~Exhibit J - Nondisclosure and Noncompetition
Agreement~~

~~Exhibit K - Notice of Restrictive Covenants~~

~~Exhibit L - Receipts~~

Date

Prospective ~~Franchise~~Franchisee

You should return one copy of the signed receipt by signing, dating, and returning it through electronic-signature software or by mailing it to 1860 W. Littleton Blvd, Littleton, Colorado 80120. Keep a copy for your records.

|