



# A Better Solution Caring Solutions

In Home Care In Home Care

## FRANCHISE DISCLOSURE DOCUMENT

### ABS FRANCHISE SERVICES, INC.

A California corporation  
8929 Complex Drive  
San Diego, California 92123  
619.585.9011

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

You will operate an agency that markets and provides supplemental non-medical and companion care to clients within their homes and to clients who are in assisted living or nursing facilities, operating under the A Better Solution In Home Care Brand (or in the states of Washington and Florida, the “Caring Solutions In Home Care” Brand) and using the Program.

The total investment necessary to begin operation of an A Better Solution In Home Care Brand (or in the states of Washington and Florida, the “Caring Solutions In Home Care” Brand) franchise is \$105,550 to \$226,350. This includes \$55,000 to \$82,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at 8929 Complex Drive San Diego, California 92123 (619) 585-9011.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully, including the attachments. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer's Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April 26, 2024 as amended June 12, 2024

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Franchisor's 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.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make minimum royalty and 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. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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.

**The State of Michigan requires us to include the following notice in the Disclosure Document:**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

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

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.”

Any questions regarding this notice should be directed to the Consumer Protection Division, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, Michigan 48913, Telephone (517) 373-7117.

# Table of Contents

Item 1. The Franchisor, Any Parents, Predecessors, and Affiliates .....	1
Item 2. Business Experience .....	3
Item 3. Litigation.....	3
Item 4. Bankruptcy .....	4
Item 5. Initial Fee.....	4
Item 6. Other Fees .....	5
Item 7. Estimated Initial Investment.....	10
Item 8. Restrictions on Sources of Products and Services.....	13
Item 9. Franchisee's Obligations.....	16
Item 10. Financing.....	17
Item 11. Franchisor's Assistance with Advertising, Training, Computer Systems and Training.....	17
Item 12. Territory.....	26
Item 13. Trademarks .....	27
Item 14. Patents, Copyrights and Proprietary Information.....	29
Item 15. Obligation to Participate in the Operation of the Franchised Business .....	29
Item 16. Restrictions on What the Franchisee May Sell.....	29
Item 17. Renewal, Termination, Transfer and Dispute Resolution .....	30
Item 18. Public Figures .....	35
Item 19. Financial Performance Representations.....	35
Item 20. Outlets and Franchisee Information.....	38
Item 21. Financial Statements .....	42
Item 22. Contracts.....	42
Item 23. Receipts .....	43

## **EXHIBITS:**

- A. Financial Statements
- B. Franchise Agreement
- C. List of Current and Former Franchisees
- D. Manual Table of Contents
- E. Agents for Service of Process
- F. State Agencies
- G. Management Services Agreement
- H. State Law Addendum
- I. Receipts for Franchise Disclosure Document

# **Item 1. The Franchisor, Any Parents, Predecessors, and Affiliates**

## **Definitions**

To simplify this Franchise Disclosure Document, "We", "Our" and "Us" refers to ABS Franchise Services, Inc., the franchisor. "You" means the person who buys the franchise. If You are a legal entity, "You" includes all owners of any equity interest in the entity. "Licensed Business" means the business you operate as our franchisee and is also sometimes referred to as your or the "Agency" as the context requires.

## **Our Parent, Predecessors and Affiliates**

We are a California corporation incorporated on November 5, 2014. We do not do business under any other name, except as described in this Franchise Disclosure Document. In the states of Washington and Florida only however, we will offer franchises under the name "Caring Solutions In Home Care." Our principal business address is 8929 Complex Drive San Diego, California 92123. We began franchising in this line of business effective November 2014. We have not offered franchises in any other line of business, and we currently do not conduct business of the type operated by our franchisees.

We have no parents or predecessors. One of our affiliates, A Better Solution In Home Care, Inc. established its business in 2000 and incorporated in California on March 21, 2002. The principal business address of A Better Solution In Home Care, Inc. is 8929 Complex Drive San Diego, California 92123. A Better Solution In Home Care, Inc. offers goods and services substantially similar to the business you will be operating and has done so since 2000. A Better Solution In Home Care, Inc. has never, and does not currently offer franchises in this or in any other line of business. A Better Solution In Home Care, Inc. currently conducts business of the type operated by our franchisees at 2 locations (San Diego, California and Phoenix, Arizona).

Compatible Home Care, Inc. dba Compatible Home Care ("CHC") is a California corporation incorporated on November 25, 2009 and is our affiliate. CHC's principal business address is 40 Washington Irvine, California 92606. CHC offers goods and services substantially similar to the business you will be operating and has done so since 2009. CHC sold two franchises in such line of business (which businesses are operating) but no longer offers or sells franchises. CHC may, in the future, open additional units in various markets, but they will not be physically located (e.g. officed) in the territory of a franchisee. We do business under our corporate name, ABS Franchise Services, Inc.

Caring Solutions Management and Staffing Services, Inc. ("CSMSS") is a California corporation incorporated on August 1, 2019 and is our affiliate. CSMSS's principal business address is 8929 Complex Drive San Diego, California 92123 and CSMSS provides management and administrative services to businesses that provide non-medical care, home health and skilled services to clients within their home or within other facilities. CSMSS offers management, coaching and basic supervision services to our franchisees, if they choose to engage CSMSS to do so. CSMSS has offered these services since 2019 and does not offer or sell franchises.

Our agent for service of process in California is Lillia Smith-Pratt at 8929 Complex Drive San Diego, California 92123, please refer to Exhibit E for information on the agent for service of process in other states where we may be registered.

## **Our Business and Franchises Offered.**

Under the franchise we offer, you will operate an agency that markets and provides supplemental non-medical care to clients within their home or within assisted living or nursing home facilities, according to the administrative and operational components of your Franchise Agreement. After you have operated your Agency for at least 1 year and other conditions we may impose from time to time at your request and with our permission, including execution of an amendment to your franchise agreement, you may be allowed to provide home health or "skilled" services. We base our franchise offering on our affiliate's 20 years of experience offering home care and more than 5 years offering home health care. We identify our brands by means of certain trade names, service marks, trademarks, logos, emblems,

**ABS FRANCHISE SERVICES, INC.**

FRANCHISE DISCLOSURE DOCUMENT

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and indicia or origin, including, but not limited to, the mark "A Better Solution In Home Care", and in the states of Washington and Florida, the mark "Caring Solutions In Home Care," distinctive trade dress, and other such trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use (the "Brand"). We continue to develop, use and control the use of the Marks (defined below) in order to identify for the public the source of services and products marketed under our agency program ("Program"), and to represent the Program's high standards of quality, appearance and service.

It is not necessary for you to have experience in the home care industry prior to acquiring your Licensed Business. You will market the business to referral sources that include but are not limited to hospitals, nursing homes, assisted living facilities, personal care homes, rehabilitation centers and clinics, etc. who make non-medical and companion care available to their residents. Your staff will provide services at the client's location thereby providing the client a reliable solution and reduced human resource costs associated with supplemental non-medical needs.

You will also market non-medical supplemental services directly to individuals of varying needs requiring care in their homes. You will design a customized non-medical care plan for each home care client after their needs have been evaluated by a case manager on your staff. Using our proprietary software and methods, you will match the client or the client's family member with a qualified, prescreened caregiver who is compatible with the client's needs. Additional services you offer include: supervision of medications, ambulation and exercise according to care plans, recording of vitals as instructed, bathing and personal care, physical and occupational therapy, transportation, travel companion services, light housekeeping, shopping, meal preparation and companionable activities.

You will have qualified homecare professionals available to your clients on a regular or intermittent basis, providing live-in and/or hourly care. Staffing services will be available to your clients and referral sources 24 hours a day, 7 days a week, 365 days per year. Live client support will be available to your clients at all times.

You will screen every member of your staff and all caregivers using our proprietary systems to meet our minimum standards. You will match every caregiver to each client, resident or customer using our proprietary software and system. This process ensures the recipient is likely to be comfortable with your staff in his/her home thereby increasing customer satisfaction, effective personal care and repeat visits. All staff and caregivers are paid directly by you. Independent contractors are not permitted under our business model. Positions that you will offer include certified nurse assistants, home health aides, drivers, case managers and companions.

The market for your products is primarily the general public and specifically that segment that needs in-home assistance in order to remain independent and/or living in their own homes. You will compete with other national, regional and local custodial home care agencies. We are one of several franchisors in this competitive industry. Your competitors include other franchised and independent companies offering similar services including well-established national or regional franchise systems. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

We may decide to offer a program in the future where employees and/or franchisees can receive a flat referral fee of \$2,500, for referring a third party franchise prospect to us, who ultimately becomes a franchisee. A franchisee is only authorized only to identify the prospect to our franchise sales staff. A franchisee that participates in this program is not permitted to act as our salesperson, agent or franchise broker. A franchisee that participates in the program is neither instructed or permitted to provide any information to prospects other than what we approve and complies with law. These franchisees are not authorized to provide earnings, profit or sales information. If a franchisee is entitled to receive a referral fee, notice will be given to the prospective franchisee receiving the Disclosure Document. In addition, we will notify the franchisee if he, she or it is entitled to receive a referral fee for an introduction to us. If and to the extent that we receive an introduction to the same or affiliated prospects from multiple franchisees, we will decide which franchisee is entitled to receive the referral fee. We retain the right in our sole discretion to modify or terminate this referral program at any time with or without notice.

**ABS FRANCHISE SERVICES, INC.**

FRANCHISE DISCLOSURE DOCUMENT

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## Specialized Industry Regulation

You must comply with all federal, state and local laws that apply to your operations, including state and federal health care industry standards, local health care regulations, licensing standards, workers compensation, corporate tax, sanitation, and insurance, no smoking policy, EEOC, OSHA, non-discrimination, employment and sexual harassment laws. You may also have to comply with the “Home Care Services Consumer Protection Act” in the state of California, this act provides for the licensure and regulation of home care organizations, as defined, by the State Department of Social Services and the registration of home care aides. You must obtain, maintain and own any health care or employment related permits, licenses or other indications of authority for your Agency that may be necessary for operation of your business. Some states require you to obtain a license to provide employment services. We may require you, in our sole and absolute discretion, to obtain a particular permit or license. If you are authorized to provide “skilled” services you may need to obtain additional or different permits and licenses and retain additional specially licensed or authorized personnel. You should consult with your attorney and investigate whether there will be other laws or regulations in your state that are specific to the services offered by Agencies and that may apply to the Licensed Business or its employees. You should also consider the effect of these laws and regulations and your cost of compliance.

## Item 2. Business Experience

### **CEO, Founder & Director of Franchise Marketing and Sales - Lillia Smith-Pratt**

Lillia Smith-Pratt founded ABS Franchise Services, Inc. in November, 2014. She currently serves as our CEO & Director of Franchise Marketing and Sales. From March 2000 through the present, Lillia Smith-Pratt has also served as CEO and President of A Better Solution In Home Care, Inc., a home care agency located in San Diego, California, which she founded. Ms. Smith-Pratt has also been CEO, Founder and Director of CHC since November 2010.

### **President Kurt Buske**

Mr. Buske became our President on August 17, 2015. Prior to joining us, he was Supervisor of Bereavement and Social Services for Sharp Hospice Care in La Mesa, California from December, 2014 to June, 2015. Since May of 2019, Mr. Buske has served as the Executive Director of the San Diego Brain Injury Foundation.

### **Vice President of Business Development – Weston Soto**

Mr. Soto joined us as Vice President of Business Development in October 2021. Prior to joining us, he was Senior Market Development Manager for Honor, a home care company in San Francisco, California from October 2018 until October 2021. Prior to that he was the Managing Director for 24-Hour Home Care, a home care company in Walnut Creek, California from August 2015 until October 2018.

## Item 3. Litigation

*Day Venture Enterprises, LLC, Pamela Day and Kenneth Day vs. A Better Solution in Home Care, Inc., et al., Superior Court of the State of California – County of San Diego, Case No. 37-2024-00025405:* ABS Franchise Services, Inc. (“ABS”) entered into a Franchise Agreement with Day Venture Enterprises, LLC on October 4, 2021, for the operation of A Better Solution In Home Care franchise in Nashville, Tennessee. On July 1, 2022, CSMSS and Day Venture Enterprises, LLC entered into a Management Services Agreement for management and administrative services for the franchise. On May 31, 2024, Day Venture Enterprises, LLC and its principals Pamela and Kenneth Day (collectively, the “Days”) filed a complaint in the Superior Court of California, San Diego County against ABS; A Better Solution In Home Care, Inc.; CSMSS; Lillia Smith-Pratt and Kurt Buske (collectively, the “ABS Parties”) asserting claims for: (i) promissory estoppel; (ii) breach of contract; (iii) breach of written contract; (iv) false advertising; (v) fraudulent inducement; (vi) fraud; (vii) constructive fraud; (viii) violation of California Bus. & Prof. Code § 17200; and (ix) negligence. The Days allege that they were fraudulently and negligently induced by the ABS Parties to enter into their Franchise Agreement with misrepresentations and false advertisements that the A Better Solution In Home Care franchise system offered a 100% passive business model; and that ABS and CSMSS breached an oral agreement, the Franchise

**ABS FRANCHISE SERVICES, INC.**

FRANCHISE DISCLOSURE DOCUMENT

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Agreement and the Management Services Agreement by failing to provide a 100% passive model business. The Days seek to rescind the Franchise Agreement and Management Services Agreement, unspecified monetary damages, punitive damages, and attorneys' fees and costs. The case is in the initial pleadings stage. The ABS Parties dispute the Days' allegations and intend to vigorously defend the matter.

Other than this action, 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 Fee**

### **Initial Fee.**

You must pay an initial franchise fee of \$55,000 ("Initial Franchise Fee"). The Initial Franchise Fee is not refundable, except as outlined below. The Initial Franchise Fee is payable in one lump-sum immediately available funds upon your signing of the Franchise Agreement deemed fully earned by us upon receipt. The Initial Franchise Fee is uniformly imposed in this state.

We offer a \$2,500 discount on the initial franchise fee to individuals who identify themselves to us at any Franchise Expo where we are promoting our franchise and obtain our franchise disclosure document at that Expo. We also offer a \$10,000 discount on the initial franchise fee to individuals who are current senior-level (manager and higher) employees of ours or any existing franchisee.

We offer a \$5,000 discount on the initial fee for qualified Veterans of the U.S. Armed Forces. In order to qualify, you must, among other business requirements, have received an Honorable Discharge and must own at least 50% of the Licensed Business. You must advise us of Veteran status (and provide evidence of qualification) before signing your Franchise Agreement.

Presently, if you are purchasing a franchise for your second or subsequent Agency, the Initial Franchise Fee will be \$20,000 for each additional franchise agreement.

During our fiscal year ended December 31, 2023, franchisees paid initial fees ranging from \$50,000 to \$55,000.

### **On-Site Training Fee**

If either at your request or our election we, we provide a portion of the initial training to you at your location, then you must, at our option, either advance us or reimburse for the travel, lodging and meal expenses of our trainer(s). We estimate that the cost of such travel, lodging and meal expenses will range from \$2,500 to \$5,000. During our fiscal year ended December 31, 2023, one of our franchisees reimbursed us for a trainer who provided additional training at the franchisee's request.

### **Licensing Assistance Fee**

At your option and at your request, we will assist you with obtaining your state home care organization license if it is required in your jurisdiction. You must pay us an additional, nonrefundable fee of \$3,000, in advance, for this service. During our fiscal year ended December 31, 2023, three of our franchisees paid us this fee.

### **Management Support Services Fee**

At your option, you may pay our affiliate, CSMSS to provide certain administrative, staffing, coaching and basic management and supervision services for your Agency. If you choose to do so, you must pay a nonrefundable \$20,000 initial fee to begin the services and sign the Management Services Agreement (a copy of which is attached as Exhibit G to this disclosure document). If you desire to have CSMSS continue to provide services to you, you must pay \$2,500 per month for the service. The monthly fees must be paid in advance on the first day of the month.

## Refund of Initial Franchise Fee.

Should we determine, in our sole opinion, that you did not successfully complete our training program within 6 months following the date of your Franchise Agreement, we may terminate your Franchise Agreement and refund the Initial Franchise Fee less any and all costs to our company associated with your application, approval, training and general support between the time of your application and the termination of this agreement.

## Item 6. Other Fees

Type of fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Royalty Fee</b>	<p>5% of Gross Revenues, or the minimum weekly royalty, whichever is greater.</p> <p>The minimum weekly royalty is \$250 per week (\$1,000 per month) starting 6 months after the Commencement Date.</p> <p>The "Commencement Date" shall be the day that you may (and/or your manager) completes the training program that Franchisor has designated as its pre-launch training.</p>	<p>Payable starting immediately and monthly by Electronic Funds Transfer. Funds must be in your designated bank account in time so that we can obtain them by the 10<sup>th</sup> of each month for the previous month's Royalty Fee.</p> <p>We may designate a different period (e.g., changing from monthly to another period or back to monthly) upon notice.</p>	<p>See Note A.</p> <p>We also offer a royalty fee reduction. If you achieve \$1,000,000 in a calendar year in Gross Revenues, the royalty rate will be reduced to 4.75% for the remainder of that year. If you achieve \$1,500,000 in a calendar year in Gross Revenues, the royalty rate will be reduced to 4.5% for the remainder of that year. The minimum weekly royalty continues to apply.</p> <p>Neither the royalty fee reduction nor the minimum royalty should be considered by you to be representative of the amount that you will actually pay, and may not be used to imply any particular level of Gross Revenues that may or should be achievable by a franchisee.</p>
<b>Marketing Fee</b>	<p>1% of Gross Revenues or the minimum monthly marketing fee, whichever is greater. Payment of the Marketing Fee starts on the Commencement Date. The minimum monthly Marketing Fee (\$250 per month) starts six months following the Commencement Date.</p>	<p>Payable monthly by Electronic Funds Transfer. Funds must be in your designated bank account in time so that we can obtain them by the 10<sup>th</sup> of each month for the previous month's Marketing Fee.</p> <p>We may designate a different period (e.g., changing from monthly to another period or back to</p>	<p>See Note B.</p>

Type of fee <sup>1</sup>	Amount	Due Date	Remarks
		monthly) upon notice.	
<b>Additional Training</b>	We charge a fee (currently \$750) for the training of additional personnel beyond the first three. In addition, you are solely responsible for all compensation, salaries, benefits and travel-related expenses for yourself or any employees.	In advance of the training program(s)	You or your manager and management personnel responsible for staffing (the staffer, must complete the initial training (cost included in the Initial Fee for you, or your manager and your scheduler). If you obtain a new or replacement manager or scheduler, you will be responsible for the cost of initial training for that person.  See Note C.
<b>Attorneys' Fees</b>	Varies	On Demand	In the event that legal action is properly commenced in court, by either party to enforce this Agreement or to determine the rights of any party, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys' fees and costs, including expert fees and fees on appeal.
<b>Indemnification</b>	Varies	On Demand	You must fully indemnify us for all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of you or your manager(s), employees or agents in connection with the performance or breach of any obligation under your Franchise Agreement.

Type of fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Relocation Costs</b>	We charge a fee of \$750 plus any expenses to approve the relocation of your Agency	Upon Invoice	
<b>Annual Conference</b>	You are solely responsible for registration, travel, room, board, etc. Registration fees cover planning, speakers, education, logistics, activities and some meals. Registration fees are estimated to be \$300 per attendee.	Upon registration and at the time of travel	
<b>Supplier Evaluation Service Fee</b>	\$175 plus expenses	At the time evaluation is requested	If you want us to approve for use, a new supplier of those materials or services that we have determined provide services which directly impact the quality of the brand or profitability of the franchise. Examples include suppliers for marketing, background checks, merchant fees, uniforms, etc.
<b>Transfer</b>	50% of then current franchise fee.	Before completing transfer	Payable if you transfer or assign your agency to an individual or entity who is a new franchisee. A fee of \$500 will be imposed for transfers to a corporation you form for the convenience of ownership. There are various other conditions you must meet for us to approve your transfer request.
<b>Examination or Audit of your Records</b>	Cost of examination/audit including accounting and legal fees, travel expenses, plus full amount of underpayment and 1.5% per month interest on amount of underpayment.	Immediately upon billing	Payable only if an audit reveals that you have under reported Gross Revenues, but by 2% or more.

Type of fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Late Fees</b>	Highest applicable legal rate for open account business credit not to exceed 1.5% per month.	Accrues immediately after due date if you fail to pay full obligation.	Interest is payable on entire overdue amount beginning with the date payment is due until you pay the arrearage, late charges and interest in full.
<b>Renewal</b>	25% of then current franchise fee	Due with signing of the new franchise agreement	You must request a renewal of your franchise agreement within six months of the end of the initial term of 10 years.
<b>Insurance premium</b>	Cost plus 25% of premium	Upon invoice	If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase such insurance for you must pay us the premiums plus 25%.
<b>Coaching</b>	You will be responsible for reimbursing us for our travel expenses for one person related to the quarterly coaching, quality assurance audits and "continuing education."	On Demand	After you complete certain milestones where you are legally permitted to operate your agency, we will provide you with the following on-site coaching; 4 days (which at our option may be separated into two visits) at your agency and (ii) one day every quarter for the first year, for quality assurance audits, coaching and "continuing education."
<b>Afterhours</b>	Currently, \$400.00 per week	Upon invoice	At your option, we may provide you with (or arrange to provide you with) afterhours on call staffing, and you can have your phones answered by our call center, if you need to take a break, or go on vacation.
<b>Management Support Services</b>	\$20,000  After initial six months, a monthly fee of \$2,500 would apply for additional/extended services.	Paid in advance of management support services.	At your option, you may pay our affiliate, CSMSS to provide certain administrative, staffing, coaching and basic management and supervision services for your Agency. Enhanced support services are intended to help set your business foundation up. CSMSS will assist with your business for a six month period of time. If additional support services are desired after the initial six month period, the fee would be \$2,500 per month.

1. Unless this disclosure document specifically provides otherwise, all fees and costs payable to us are uniform in this state and are non-refundable. You agree to comply with our payment instructions, and to

sign any and all documents and forms necessary to effectuate the automatic bank drafts, including the Electronic Transfer of Funds Authorization form attached to the Franchise Agreement.

### **Note A. Royalty Fees**

You will pay a weekly Royalty Fee. You will pay by electronic funds transfer. We may, upon 30 days prior written notice, require you to pay Royalties by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require you to pay your Royalty Fees on a different periodic basis.

Royalty fees shall be based upon a percentage of Gross Revenue, subject to the minimum weekly royalty (when applicable). "Gross Revenue" is, without duplication, defined as the aggregate of all amounts that have been invoiced and/or billed for goods or services rendered and/or provided during the applicable time period and other revenue from whatever source derived (whether from cash, credit, EFT, etc.) which arise from or are derived by you or any other person from business conducted by or originating from your business, regardless of the collection status of said revenue, invoices, billings and the like. Gross Revenue includes any monies received from business interruption insurance. Excluded from Gross Revenue calculations are sales tax deposits, refunds made to arms-length clients in good faith in accordance with the standards and policies for issuing such credits; reimbursed client expenses upon which you have not charged a service fee, the discount value of approved coupons, vouchers or other allowance that we authorize.

### **Note B. Marketing Fees**

You must pay, in addition to the Royalty, the Marketing Fee, subject to a \$250 per month minimum after 6 months. Marketing Fees are in addition to your local and regional marketing obligation and any assessments made by a local marketing cooperative. Affiliate or Franchisor-owned outlets will not participate in any marketing cooperatives and will have no voting power over fees imposed by franchisee cooperatives.

We may, upon notice, require you to pay your Marketing Fees on a different periodic basis.

### **Note C. Training Expense.**

Initially, you must have two people working the business. One must be responsible for business operations and management (i.e., a manager); the other must be a management level employee responsible for staff scheduling (the "scheduler"). Both persons must successfully complete our initial training program.

During your franchise term, we will provide initial training to you and up to two additional persons as part of your Initial Fee. After the first three persons, you must bear the cost of training additional schedulers or managers. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

We may require you, your manager or your scheduler to attend additional training at a location we determine. Generally, you must pay our usual fee(s) for mandatory training. In any event, you are solely responsible for all salaries, compensation, benefits and travel related expenses of trainees.

We may provide or make available training materials and equipment for you or your employees and may charge a fee. All training materials are Trade Secrets. You must require any of your employees to successfully complete any training program(s) if we designate them as mandatory.

If we elect to send our training staff to your location to provide on-site training, you will be responsible for travel and lodging expenses for our trainer(s).

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## Item 7. Estimated Initial Investment

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Fee*	\$55,000	\$55,000	Lump Sum	Upon signing	Us
On-Site Training	\$0	\$5,000	Lump sum	As Arranged	Us
Travel & Living Expenses While Attending Initial Training	\$2,500	\$5,000	As Incurred	Before, During & After Training	Vendors, Us, Airlines, Hotels, Car Rental Companies, etc.
Office & Real Estate Improvements See Note H	\$0	\$1,500	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender
Lease/Rent & Security Deposit(3 Months) See Note H	\$2,000	\$8,000	As agreed with Landlord	As Arranged	Landlord
Equipment See Note A	\$1,600	\$8,850	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Management Support Services	\$0	\$20,000	As Incurred	As Arranged	Our affiliate
Signage See Note B	\$500	\$1,500	As Arranged	As Arranged	Us, Vendors, Leasing Cos or Lender
Marketing	\$4,500	\$4,500	As Arranged; See Item 6.	As Arranged; See Item 6.	Us, Advertising Media Vendors
Professional & General Liability Insurance See Note D	\$3,000	\$7,000	At binding	At binding	Insurance Companies
Employment Practices Liability Insurance	\$1,500	\$6,500	At binding	At binding	Insurance Companies

<b>TYPE OF EXPENDITURE</b>	<b>LOW AMOUNT</b>	<b>HIGH AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Sexual Misconduct Insurance See Note D	\$1,500	\$6,000	At binding	At binding	Insurance Companies
Fidelity Bond Coverage	\$150	\$500	At binding	At binding	Insurance Companies
Workers Compensation Deposit	\$1,500	\$4,500	At binding	At binding	Insurance Companies
Business Licenses See Note E	\$50	\$2,500	City/county municipal authorities	As Required	Applicable Authority
Home Care Organization State Licensing Fee (if required) See Note E	\$500	\$8,500	As Incurred	As Incurred	Us, Applicable Authority
Legal Fees	\$500	\$7,500	As Incurred	As Incurred	Your Lawyer
Opening Inventory of Supplies (Note G)	\$4,000	\$7,500	As Arranged	As Arranged	Us and Vendors
Additional Funds (3 months) See Note F	\$25,000	\$60,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
Miscellaneous Opening Costs	\$1,000	\$5,000	As Incurred	As Incurred	Vendors, etc.
Total	\$105,550.00	\$226,350.00			

Except as otherwise described in the notes below, the preceding table provides an estimate of your initial investment and the costs necessary to begin operating the Licensed Business. Unless otherwise negotiated by you, all amounts are non-refundable.

\* See Item 5 for additional disclosures regarding the range of Initial Franchise Fees. Neither we, nor any of our affiliates, provide financing for any part of the initial investment.

## **Note A: Equipment**

You will need a minimum of an employee badge making machine, 2 computers and monitors, one or more printers, a copier a scanner, a fax machine and a phone system with a minimum of 3 line capability. In addition, you will need software, networking equipment and Wi-Fi equipment. We do not provide equipment leasing. See Addendum C - Required Equipment. The Generations Software provides a web-based system for customer relations management, scheduling, referral marketing, client marketing, billing and payroll. A monthly service fee (presently \$250) and telephony fee (presently \$25/month and \$.15 per clock in/out) are required and are directly payable to Generations. These fees may increase from time to time, but not more than 10% per year, compounded.

At your option, you may pay our affiliate, CSMSS to provide certain administrative, staffing, coaching and basic management and supervision services for your Agency. If you choose to do so, you must pay an initial \$20,000 to establish the services and sign the Management Services Agreement (a copy of which is attached as Exhibit G to this disclosure document). If you continue to use our affiliate to provide the services after an initial 6-month period, you must pay \$2,500 per month to continue the service. Monthly fees are payable in advance on the first day of the month based on the prior month's billings.

## **Note B: Signage**

All signage is subject to our approval.

## **Note C: Marketing**

This estimate includes the Marketing Fee of one (1%) percent of Gross Revenues and the minimum local or cooperative marketing requirement of at least two (2%) percent of Gross Revenues or \$1,000 per month, if greater.

## **Note D: Insurance**

We require you to purchase and maintain, at your expense, throughout the term of the Franchise Agreement, professional liability insurance and general liability insurance (including Personal & Advertising Injury, Products/Completed Ops Aggregate, Damage to Rented Premises, and Medical Expense). You must also purchase non-owned automobile coverage, special form property insurance, employment practices liability, workers' compensation and employer's liability insurance as required by state law. You must provide us with one or more certificates of insurance evidencing such coverages and naming us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverages under the respective policy(ies) may not be modified (except to increase coverage) or canceled without 30 days' written notice. Every insurance policy must be with an insurance company that meets our criteria as set forth in the Operations Manual. See Item 8, Restrictions on Sources of Products and Services, Insurance, for exact insurance details. The frequency of payments for each type of insurance will be determined at the time you bind your policy and will be based on the payment terms you choose.

## **Note E: Business Licenses**

State rules vary on home care staffing licensure. Many states require you to have both a state home care license and a local business license. Some states have additional requirements (and may require a state license to operate a home care organization) and it is your responsibility to obtain the proper licensing for your location. The estimates in the chart are based on research of average costs in a range of jurisdictions throughout the country.

## **Note F: Additional Funds**

Additional funds are defined as those that will be required for you to run your business for a "reasonable period." In this industry an acceptable "reasonable initial period" is 3 months. Additional Funds are used to pay such expenses as wages, lease payments, rent, marketing, utilities, etc. These funds do not include a salary and/or draw for owners. These funds do not include any amounts payable

to our affiliate CSMSS nor do they include management fees. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skills, experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. You must provide security deposits for utilities and rent (and possibly for other items). We cannot guarantee that you will not have additional expenses in starting an Agency. Additional operating expenses will be incurred in connection with the ongoing operation of your Agency. In compiling these estimates, we rely on the experience of the more than twenty years of experience of our founder and affiliate in the home health industry in Southern California. These amounts are the minimum recommended levels to cover your operating expenses for 3 months.

### **Note G: Opening Inventory of Supplies**

Your opening inventory consists of supplies including such items as brochures, masks, gloves and labels and will cost from \$4,000 to \$7,500, which are paid directly to third party vendors. These items differ from the equipment used in your business which includes label making machines, computers and phones.

#### General

In compiling these estimates, we rely on the experience of the more than twenty years of experience of our founder and affiliate in the home health industry in Southern California. These amounts are the minimum recommended levels to cover your operating expenses for 3 months.

### **Note H: Office & Real Estate**

We estimate any office improvements will cost between \$0 and \$1,500. The low end of the range represents if you choose to locate your office in your home. Due to the nature of the business, your Agency premises may not be located in your home for more than 1 year after opening, except with franchisor's prior written approval. In cases where you choose to operate administrative and back-office functions primarily out of your home, we require that a shared/flex/executive suites type of office arrangement or other suitable general/commercial office space is available to you for interviews and new hire orientations. The high end of the range represents any improvements made to a rented commercial space. If you choose to locate your office in a commercial space, we estimate three months' rent and a security deposit will cost from \$2,000 to \$8,000. A standard office in a commercial space is typically 150 to 750 square feet with room for two desks and access to a conference room accommodating up to 10 caregivers for new hire orientations.

## **Item 8. Restrictions on Sources of Products and Services**

You must operate your Agency in strict conformance with our methods, standards, and specifications which we describe in our confidential operating manual and various other confidential manuals and media prepared for use by you in operating an Agency. These materials are collectively known as the Operations Manual. They are proprietary materials and may be changed at our sole discretion. The Operations Manual covers nearly all aspects of establishing and running your Agency including, but not limited to general operations, health and home care procedures, marketing and accounting and finance.

Your grant of an Agency does not include the right to offer any products or services via ecommerce, or to obtain and market your Agency through an independent website or URL, or the right to market and distribute services in any channel of distribution not specifically authorized in the Franchise Agreement.

You may only offer approved services and products ("Approved Services and Products") at your Agency. We will provide you with a list of the Approved Services and Products upon signing your Franchise Agreement. Our affiliate, CSMSS, offers management, coaching and basic supervision services to our franchisees, if they choose to engage CSMSS to do so. Except as described in this paragraph, neither we nor our affiliates provide services or products. All Approved Services and Products

must meet our standards and specifications. In order to: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply or quality of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase certain Approved Services and Products only from us or other suppliers or distributors approved or designated by us. You must use the Generations Software, and use QuickBooks accounting software. We may also develop certain proprietary products which you must purchase from us and offer for sale at your Agency.

You must at all times maintain sufficient levels of inventory to adequately meet consumer demand and to adequately service your Agency's clients. You must offer services and products in the manner we prescribe, provide quality client service and otherwise operate the Agency in such a manner which will serve to emulate and enhance the image intended by us for the Program.

We formulate and modify our standards and specifications for products and services based upon the collective experience of our franchisees and our principals. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to supplies, fixtures, inventory and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement. We will notify you of any change to our standards and specifications by way of written amendments to the Operations Manual or otherwise in writing. We will provide names of approved suppliers, but we do not deliver or install equipment, signs, fixtures, opening inventory or supplies.

In the event you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. Our current evaluation service fee is \$175. In addition, if we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We are not required to approve any particular supplier. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our Program as a whole. You may submit to us a request for a new approved supplier. We will approve or disapprove a potential supplier no later than 90 days after you submit your request in writing to us.

We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Agency and not for any competitive business purpose. There are no approved or mandatory suppliers in which any of our officers hold an interest.

(a) Leases

If you are leasing the premises for your Agency, you must sign, and have the landlord of the Agency premises sign, the Lease Conditional Assignment Agreement, or a comparable document, a copy of which is attached to the Franchise Agreement as Addendum E. This document gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason.

(b) Insurance

You must carry insurance covering the risks and meeting the minimum coverage conditions that we prescribe in the Operations Manual protecting you and naming us as an additional insured. We require you to purchase professional liability insurance on an occurrence or claims made basis with limits not less than \$1,000,000 per occurrence /\$3,000,000 aggregate per policy year; in addition if a

claims-made form is selected, you must provide for the purchase of an extended reporting endorsement ("tail") of no less than 1 year in the event you close your franchise Licensed Business. You must also purchase general liability insurance on an occurrence basis with limits not less than \$1,000,000 per occurrence/\$3,000,000 aggregate per policy year, including the following sub-limits: (i) \$1,000,000 Personal & Advertising Injury, (ii) \$1,000,000 Products/Completed Ops Aggregate, (iii) \$100,000 Damage to Rented Premises, and (iv) \$5,000 Medical Expense. Your liability policy must also have non-owned automobile coverage of not less than \$1,000,000 combined single limit per each accident. This coverage applies as an "excess" limit above your employee's primary personal auto insurance if he/she is involved in an accident while conducting business for your Licensed Business. You must purchase special form property insurance in an amount appropriate for your business personal property. Business Income and Extra Expense must be included in an amount equal to 3 months gross margin or \$50,000, whichever is greater. You must also purchase employment practices liability insurance. You must purchase workers' compensation and employer's liability insurance as required by state law. You must also purchase a First-Party and Third Party Fidelity Bond with a \$10,000 minimum limit per incident, and any other insurance not listed here but required by applicable law, rule, regulation, ordinance or licensing requirements; and any updates as made from time to time in the operations manuals. You must name us and any party we may designate as additional insured on your professional and general liability insurance policies at your own expense.

The equipment, furnishings, products and supplies required to be purchased or leased in accordance with our specifications represent approximately 17% to 25% of your total purchases in connection with the establishment of a franchise and less than 7% of your total purchases in operating the Licensed Business.

Currently there are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you as a result of your making purchases from particular suppliers of particular products or services.

During our fiscal year ending December 31, 2023, our total revenue was \$960,386, none of which was derived from required purchases or leases from franchisees. We may derive revenue or other material consideration from required purchases or leases by franchisees. We do not currently have any purchasing arrangements with suppliers.

We reserve the right: (1) to include a reasonable markup in the price of any items we or our affiliate(s) sell to you; (2) derive a profit from the items we or our affiliates sell to you; and (3) receive revenue or other material benefits as a result of your purchases or leases from us, our affiliates or others.

In operation of the Licensed Business, you must purchase from us or a supplier we approve certain equipment, supplies and inventory necessary to start or operate the Licensed Business. As to other equipment, supplies and inventory, you may purchase them from the vendor(s) of your choice, but the item(s) must meet our specifications. We issue specifications in writing and incorporate them in the Operations Manual. These specifications include quality, accuracy, preparation, installation, application, delivery, performance, design and appearance. In some instances, you must purchase items that comply with our reasonable subjective determination of whether they meet the standards and comport with the A Better Solution In Home Care Brand image. If we have not provided specifications, you may purchase any items that reasonably meet the requirements of the Licensed Business.

## 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 franchise disclosure document.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Articles 1, 6, 12 & 17 Addendums E & H (if applicable)	Items 7 & 11
b. Pre-opening purchases/leases	Articles 1, 6, 12 & 17 Addendums E & H (if applicable)	Items 7 & 8
c. Site development and other pre-opening requirements	Articles 6 & 7	Items 7 & 11
d. Initial and ongoing training	Articles 1, 4, 5, 7, 12 & 20b Addendums I & K	Item 11
e. Opening	Articles 2 & 6	Item 11
f. Fees	Articles 2, 3, 5, 8, 9, 12, 16, 19 & 21 Addendums G, I, J, L & M	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Articles 1, 2, 6, 7, 8, 9, 12, 17 & 19 Addendum K	Item 11
h. Trademarks and proprietary information	Articles 1, 5, 6, 7 & 17 Addendum I	Items 13 & 14
i. Restrictions on products/services offered	Article 7	Items 8 & 16
j. Warranty and customer service requirements	Articles 4, 6, 7 & 21	Item 11
k. Territorial development and sales quotas	Articles 9 & 15	Item 12
l. Ongoing product/service purchases	Article 7	Item 8
m. Maintenance, appearance and remodeling requirements	Articles 7 & 9	Item 11
n. Insurance	Articles 8 & 15	Item 7

Obligation	Section in Agreement	Item in Disclosure Document
o. Advertising	Articles 1, 2, 7 & 8	Items 6, 7 & 11
p. Indemnification	Articles 7, 8 & 12 Addendums K & M	Item 13
q. Owner's participation/management/staffing	Articles 2 & 7	Item 15
r. Records and reports	Articles 3 & 11	Item 6
s. Inspections and audits	Article 3	Item 6
t. Transfer	Articles 6, 7, 22, 23, 24, 25, 26 & 21 Addendums I & M	Items 6 & 17
u. Renewal	Articles 9, 10, 12 & 13 Addendum G	Items 6 & 17
v. Post-termination obligations	Article 15, 16 & 17	Item 17
w. Non-competition covenants	Article 16 Addendum G	Item 17
x. Dispute resolution	Articles 13, 17 & 19 Addendum J	Item 17
y. Other: Guarantee of franchisee obligations	Article 11.03	

## Item 10. Financing

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

## Item 11. Franchisor's Assistance, Advertising, Computer Systems and Training

Except as listed below, ABS Franchise Services, Inc. is not required to provide you with any assistance.

### Pre-opening Obligations.

Before you open your Licensed Business, We will:

1. License you to use our Marks and System in connection with your Licensed Business. (Franchise Agreement, Section 1.01)

2. Designate Your Territory. (Franchise Agreement, Section 1.02)
3. Loan you one set of the Operating Manuals. We may modify the Operating Manuals by written or on-line supplements of which you will receive copies or receive links to print the document. A copy of the table of contents for our Operations Manuals is attached to this Franchise Disclosure Document as Exhibit D. There is a total of 346 pages in the Operating Manuals. (Franchise Agreement, Section 1.05)
4. Provide specifications on the size, layout and floor plan of the Licensed Business' office. Review the proposed lease for your Licensed Business premises prior to its execution to determine that it meets our standards. (Franchise Agreement, Section 6.02)
5. Provide a Grand Opening kit complete with essential marketing materials for the launch of your business. You will receive a Grand Opening Packet with \$500 worth of collateral material including brochures and business cards. (Franchise Agreement, Section 2.07)
6. Provide assistance in ordering of business cards, letterhead and initial recruiting and marketing materials as listed in the Operations Manual. (Franchise Agreement, Section 7.19)
7. Provide copy of job descriptions for all key positions to assist in hiring. (Franchise Agreement, Section 7.18)
8. Provide a checklist of office supplies to be purchased for the Licensed Business. (Franchise Agreement, Section 7.19)
9. Provide an intranet website permitting access to our senior management through email on an ongoing basis. (Franchise Agreement, Section 1.04)
10. Design and provide an external website for you, customized to your location. (Franchise Agreement, Section 7.19)
11. Assist you in establishing a financial forecast to manage business expectations, and suggest pay scale and billing rates. (Franchise Agreement, Section 7.19)
12. Provide 5 days of training at Franchisor's headquarters for up to three members. The Manager of the Licensed Business must attend and satisfactorily complete this program. Your owner will not have to attend "owner" training during the period that you are a party to a management agreement with our affiliate. (Franchise Agreement, Section 4.01) We may offer you assistance in the regulatory process (i.e., licensing).

During the operation of the Licensed Business, we will make the following assistance available to you (citations are to sections in the Franchise Agreement):

1. Provide initial on-site training for 4 days within the first 120 days of opening but only after the staff has been hired. We may reduce this requirement if you are signing a management agreement (Exhibit G; Franchise Agreement, Section 4.06)
2. Consultation and advice as needed, in our judgment, in response to your inquiries about specific administrative, operating and sales issues. We may decide how best to communicate this consultation and advice to you, whether by telephone, in writing, electronically or in person. The method chosen by us may be different than the methods used by us for other franchisees. (See Franchise Agreement Section 4.06 On-Going Consultation & Advice)
3. Provide on-site coaching (including quality assurance audits, coaching and continuing education) by senior support staff to provide an evaluation and assessment of your operation and cooperatively create an annual business development plan as follows: (i) four days (which at our option may be separated into multiple visits) at your Agency for the first year. During the second and subsequent years during the term of your franchise agreement, the coaching, quality assurance audits and continuing education may or may not be on-site at your Agency. (Franchise Agreement, Section 4.06)

4. Provide on-going analysis and recommendations regarding billing and pay scale rates. (Franchise Agreement, Section 7.19)
5. Administer the Marketing Fund and approve or reject advertising that you create for your local use. (See Franchise Agreement Sections 2.03 and 2.06.03 Marketing Fund)
6. Periodically revise the Operations Manual to incorporate new developments and changes in the Program and franchise, and provide you with a hard copy or electronic copy of all updates. (See Franchise Agreement Section 1.05 Operations Manual)
7. Provide suggestions on staffing matters, including recommended organizational charts for different levels of revenue; detailed position descriptions for all positions and interview guides for all positions. (See Franchise Agreement Sections 7.17.01 Staffing Requirements)
8. At our discretion, hold an annual conference (the "Annual Conference") at a location to be selected by us. We may require you to attend the Annual Conference. You must pay our then current registration fee for attendance. All expenses, including you and your employees' transportation to and from the Annual Conference, lodging, meals, and salaries during the Annual Conference, are your sole responsibility. (Franchise Agreement, Section 7.27)
9. Offer, in our sole discretion, additional refresher training courses which we may require you to attend if the refresher training program is mandatory for all current franchisees or if we determine in our sole discretion that your Agency is operating below the required standards. Additional refresher training is provided on an as-needed basis at the then current training fee plus travel, room and board expenses. (Franchise Agreement, Section 7.17)
10. In our discretion make goods and services available to you either directly or through approved suppliers. (See Franchise Agreement Section 6.09 Good and Services)
11. After you complete certain milestones where you are legally permitted to operate your agency, we will provide you with the following on-site coaching; 4 days (which at our option may be separated into multiple visits) at your agency. (Franchise Agreement, Section 4.06)
12. Coaches for various aspects of your Agency including personalized goal setting to ensure you are on track, a cost of goods analysis, referral source appreciation, caregiver training ideas and assistance with promotional ideas and discounts that will help you ramp up sales, as well as client care, marketing and ownership. You will be able to speak to any one of your coaches weekly for your first 6 months, and then monthly check in calls for up to 1 year at no charge. (Franchise Agreement, Section 4.06)
13. At your option, we may provide you with (or arrange to provide you with) afterhours on call staffing (currently at a cost of \$400.00 per week), and you can have your phones answered by our call center, if you need to take a break, or go on vacation. (Franchise Agreement, Section 7.29)
14. At your option and for the fees described in Item 6 (for a minimum term of one year from the date initial staff is hired by the Company or the date the Company is open for business, whichever is later), you may engage our affiliate CSMSS to provide certain general management supervisory services and administrative services. A copy of the Management Services Agreement is attached as Exhibit G to this disclosure document. You will be responsible for paying the salaries of all of your employees. Either you or CSMSS can terminate this service at any time with at least 60 days' prior written notice. If this service is terminated you will need to engage personnel that have successfully completed training. (Franchise Agreement, Section 2.04)
15. We will make recommendations as to the range of prices that you may charge for various services; however we will not restrict the prices at which you sell services.

## **ADVERTISING**

### **A. Marketing Fund**

You must pay a Marketing Fee in the amount of 1% of Gross Revenues or the minimum monthly marketing fee, whichever is greater. The minimum monthly marketing fee is \$250 per month six months following the date you commence operating your business, subject to a \$250 per month minimum after 6 months. Marketing Fees are in addition to your local and regional marketing obligation and any assessments made by a local marketing cooperative. We may, upon notice, require you to pay your Marketing Fees on a different periodic basis. All franchisees must contribute to the Marketing Fund. We will allocate for each Agency operated by us or any affiliate the amount that would be required to be contributed to the Marketing Fund if it were a franchised Agency.

We or our designee will exclusively maintain and administer the marketing fund. We have the right to use Marketing Fund contributions, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations which promote the services offered by our franchisees. We may use the Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing and producing sales, advertising and marketing materials including the cost of preparing and producing brochures, newspaper, radio, television, magazine, billboard, internet ads, direct mail, promotions, and public relations and advertising agency fees. In addition, the Marketing Fund will be used to maintain a strong website and internet presence, including lead-generating SEO. Nevertheless, not all System Franchisees will benefit directly or on an equal basis from such expenditures. We are not obligated to spend any amount on advertising in a franchisee's area or territory.

We use a portion of the Marketing fees paid by franchise owners to generate client leads. We may also use this money principally to solicit new franchise sales. The franchise agreement does not require us to benefit you with every marketing program. We may charge our marketing research, development and production expenses against the marketing funds.

In 2022, we formed a Franchisee Advisory Council (which may include a National Marketing Committee). Members are selected for participation in the Advisory Council based on financial/business performance, significant contribution to the system and peer review. The Council generally meets quarterly, but no less than once per year. The advisory council provides insight, feedback and recommendation to help improve the franchise system in an advisory capacity only. The advisory board does not have decision-making power. We have the right to form, change or dissolve any advisory council.

With 30 days' notice, we have the right to decrease or discontinue the Marketing Fee at any time. If and at such time as we have formed a Franchisee Advisory Council, we will not increase the Marketing Fee without the prior approval of the Franchisee Advisory Council (or committee thereof) or the approval of a majority of our franchise owners that operate the under the System.

We are not obligated to collect a Marketing Fee or to conduct a Marketing Program. Any decision to terminate or resume the Marketing Fund will apply equally to all franchisees that are required to pay a Marketing Fee.

During our fiscal year ended December 31, 2023 the following percentages of advertising expenditures were made in the areas described below:

**Category Percentage of Expenditures**

Production, media, research	25%
Media Placement	10%
Marketing Department	50%
Public Relations	15%
Management of Fund	0%
<b>Total</b>	<b>100%</b>

**B. Accounting for Marketing Fund**

We will administratively segregate all contributions to each Fund described in Article 2 of the Franchise Agreement on our books and records. All contributions to the Funds may be deposited in our general operating account and may be commingled with our general operating funds. Contributions to the Funds are neither held in a “trust” nor do we hold them as a fiduciary or in a similar special capacity or relationship. At your written request, we will furnish you an un-audited report in a form determined by us no later than 120 days after the close of our fiscal year on each Fund to which you contributed during the preceding year. Such written request must be made within 180 days following the close of our fiscal year. We may, in our sole discretion, elect to accumulate monies in the Funds for periods of time as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during the same fiscal year. If our expenditures for marketing in any one fiscal year shall exceed the total amount contributed to the applicable Fund during that fiscal year, we have the right to be reimbursed for any excess contributions from any amounts contributed after that to the applicable Fund or to use the excess as a credit against any future contributions.

**C. Local Advertising.**

You must spend a minimum of 2% or \$1,000 of your monthly Gross Revenues on local advertising. You may only use advertising, identification and promotional materials and programs which we have either furnished or approved in writing in advance. You must use the advertising materials developed by us, unless we permit you to use substitute materials. You will submit to us, at least fifteen (15) days prior to publication or use, samples of all sales, promotional, and advertising materials you desire to use, including but not limited to print, sales brochures, print, radio and television advertising and signs. Presently, for print and electronic advertising (non-video or audio) we require you to submit a “master” or “camera ready” artwork with specifications and/or separate samples of the media upon which it will be printed. Within fifteen (15) days of our receipt of any request, we will attempt to notify you in writing of our approval or disapproval of the request, but if we fail to provide such notice, the request will be deemed disapproved.

When two or more of our franchisees operate within a marketing area, we may at our sole discretion form a local marketing cooperative in which all franchise owners in the area must participate. The purpose of a local marketing cooperative is to provide more cost effective marketing programs to its participants. By majority vote of its members with each member receiving one vote, the local marketing cooperative will approve the contributions to and programs run by the cooperative. Each local marketing cooperative will be autonomous, administer its own funds and operate under the rules and procedures for local marketing cooperatives contained in our Operations Manual. When applicable, we may collect regional cooperative marketing fees from franchise owners.

All local advertising must be in media we approve in advance and must be conducted in a dignified manner conforming to standards and requirements that we specify. You may not use any advertising or promotional plans or materials unless and until you have received written approval from us as provided in Article 2 of the Franchise Agreement.

#### D. Other Information on Advertising Programs.

You may not engage in sales through alternative distribution channels or the Internet.

Advertising materials that we supply according to the programs described above will be produced by us or an independent advertising agency.

You may not maintain a Web Site, as defined below, or otherwise maintain a presence or advertise your Agency using any public computer network other than on the Web Site hosted by us. "Web Site" means any part of the Internet used as a commercial computer network by the public, and any successor technology, whether now existing or developed after the date of your Franchise Agreement, which enables the public to purchase services or goods by means of electronic commerce.

#### Advertising Cooperatives

As of the date of this disclosure document, local or regional advertising cooperatives have been established ("Co-op"). You must participate in any advertising Co-op for the region in which your Licensed Business is located. We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions. We determine the area of each advertising cooperative.

Each advertising cooperative must adopt written governing documents as provided in the Manual. A copy of the governing documents (if one has been established) is available upon request. At all meetings of cooperative advertising regions, each participating franchisee is entitled to one vote per Licensed Business that franchisee operates in the cooperative region.

Your minimum contributions to the advertising cooperative will be determined by the cooperative, except that there will not be an assessment of more than 4% of gross revenues unless all franchisees in the area agree. We or our affiliate, as applicable, will contribute to the advertising cooperative for each of our company- or affiliate-owned agencies located in the cooperative region on the same basis as franchisees.

At this time, the advertising cooperative is not required to prepare quarterly and annual financial statements prepared by an independent CPA and be made available to all franchisees in that advertising cooperative. Contributions to a Co-op will reduce franchisee's expenditures for local marketing. Contributions to a Co-op will not reduce national marketing fee.

Affiliate or Franchisor-owned outlets will not contribute to marketing cooperatives and will have no voting power over fees imposed by franchisee cooperatives.

## **TRAINING**

We have a training program and before opening your Licensed Business, you or your manager of your Licensed Business (if other than you), and your scheduler must successfully complete our initial training program at our headquarters or at our affiliate's business in San Diego, California. If your manager will be operating your Licensed Business, your manager must satisfy our minimum standards and successfully complete our initial training program. We will decide whether the persons attending training successfully complete the initial training program based upon knowledge test results and our observations of the person's ability to use the knowledge effectively. We will schedule the initial training program so that the designated persons will complete the pre-opening training within 60 days of signing the agreement or within 60 days of obtaining state licensure (if required), whichever is later. There is no additional fee for the first three persons attending initial training. You are responsible for all salaries, compensation and travel related expenses of persons receiving training, both initial training and on-going training.

## TRAINING PROGRAM

Subject	Hours of Classroom Training*	Hours of On The Job Training*	Location
Overview, home care services and the role of the home care aide	4	NA	San Diego, CA or other location as arranged
Service delivery process	4	NA	San Diego, CA or other location as arranged
Marketing and relationship selling	4	NA	San Diego, CA or other location as arranged
Preliminary considerations and day-to-day operations	4	NA	San Diego, CA or other location as arranged
Orientation to ABS policies / procedures (intake/quality assurance), ABS Care Management processes, full-service Staffing Department functions, Generations Software	8	NA	San Diego, CA or other location as arranged
Marketing field training	4	NA	San Diego, CA or other location as arranged
Billing and payroll	4	NA	San Diego, CA or other location as arranged
Staffing and scheduling	4	NA	San Diego, CA or other location as arranged
Client quality assurance visits	4	NA	San Diego, CA or other location as arranged
Operations, marketing, business development, client interaction and caregiver interaction	NA	40	Franchise territory / offices
<b>TOTAL</b>	<b>40</b>	<b>40</b>	

\* All times are approximate and we may adjust them based upon your experience and rate of learning. The Operations Manual will be the primary instructional training material. Your owner will not be required to complete “owner” training for so long as you and our affiliate have signed a management agreement.

Lia Smith-Pratt, oversees our training program and personally selects our training personnel. She founded ABS Franchise Services, Inc. in 2014. Lia has served as CEO of our affiliate, Compatible Home Care, Inc., since 2009. She has 20 years' experience managing day to day operations in the field of home health care in addition to expertise in home health care sales. In addition to successfully running her home care business, Lia Smith-Pratt actively lobbies on behalf of favorable Home Care legislations in Sacramento, is a frequent speaker for CASHA, and has been featured as a home care expert on talk radio shows and at home care conventions throughout California. We will offer and provide the training

**ABS FRANCHISE SERVICES, INC.**

FRANCHISE DISCLOSURE DOCUMENT

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program as needed. We may make optional or required additional training available or required in the future. Presently, there are not required additional training and/or conferences that you must attend.

## **COMPUTERS AND TECHNOLOGY**

To operate your business you will need to use certain computer equipment and software. You may select any computer hardware that meets or exceeds our current minimum requirements. You are responsible to maintain and repair your hardware and to update or upgrade your software. We may recommend or require additional hardware. We may require you to purchase specified equipment and software and/or portable hand-held devices.

Currently, you must obtain 1-3 windows-based desktop or laptop computers (or one for each office employee) and 17" (minimum) flat screen monitors with built in speakers and web cams (for video meetings). You will also need a printer; a digital camera; a minimum of one smart phone mobile device with email capability for use by the on call staffer and/or marketing coordinator; an external hard drive; QuickBooks Plus online edition or newer software (single user/triple user version); antivirus software (i.e. Norton, Windows Defender, etc.); multi-line phone system. You will also need a DSL or cable internet connection (or other high-speed connection) which you can get from your local phone or cable company. We do not provide any support for computer hardware and we (nor any affiliate or third party) and we have no obligation to provide ongoing maintenance, repairs, upgrades or updates. We estimate that the cost of the systems will range from \$1,600 to \$8,850. At this time, we cannot estimate the annual cost of any optional maintenance, updating, upgrading or support contracts. We do require such contracts, except as otherwise noted.

As scheduling, report preparation and processing software and office management programs become more sophisticated, you may need to upgrade or supplement hardware and related items. You must upgrade your computers, modems and printers, other peripherals, software, and purchase any additional equipment we specify to accommodate our software, or to improve the overall effectiveness and competitiveness of your business. Presently, we estimate the annual cost to upgrade your computers, modems and printers, other peripherals, software and other equipment not to exceed \$2,000 per year. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade and update the computer systems in conformance with our directives.

The Generations Software provides a web-based system for customer relations management, scheduling, referral marketing, client marketing, billing and payroll. A monthly service fee (presently \$250) and telephony fee (presently \$25/month and \$.15 per clock in/out) are required and are directly payable to Generations. These fees may increase from time to time, but not more than 10% per year, compounded. New releases and upgrades may be provided from time to time at an additional cost, but we are not required to provide new releases or upgrades.

Via the Generations software, we have independent access to the information and data generated described above. There are no contractual limitations on our rights to access the information and data. You are obligated by the Franchise Agreement to install and use any upgrades and updates that we may designate as mandatory. There are no limits on the frequency or cost of such upgrades or updates.

We currently require Cable, DSL or Fiber Optic Internet connection that is always on. We require you to have a static IP address—it is required for the security system. We recommend that you obtain your internet access from a major supplier.

We have no contractual obligation to provide support for Microsoft software, Adobe software, Intuit software, or other 3<sup>rd</sup> party vendors of required software programs. You may be able to obtain support from your computer hardware manufacturer or directly from Microsoft. We cannot estimate the cost of updates and upgrades and there is no limit to the frequency with which you may require them or the amount of the cost. Those factors are determined by Microsoft pricing and service policies. The contact information for the applicable vendors can be found in the Operations Manual. Currently, ABS uses Microsoft Office 365 for email, file storage, Skype and other applications. All franchise locations

must use our Microsoft Office 365 platform. Currently, we pay the subscription fees for franchise locations for key and appropriate staff members. We reserve the right to change this current offering at any time.

Although we require you to have a computer with a network interface card that will run the required software, we do not impose additional technical requirements at this time except that your computers must be less than one year old at the time you begin using it in the Licensed Business. We may, in the future, impose additional requirements on new or replacement computer hardware. Based upon current market prices, you should be able to obtain an adequate new computer for less than \$1,000 including: monitor, keyboard, mouse, printer and other peripheral devices. The required computer hardware and software will assist you in running your business as well as gathering, analyzing and reporting data and service results. The required computer hardware and software will also collect and make available to you and to us extensive information about your business, including purchases, customer data, inventory, receipts, cost of goods, profitability and expenses, including payroll and employee expense and scheduling. Under the Franchise Agreement, we have unlimited independent access to the information for any proper purpose. Unless otherwise required by law, we will not provide the information to any other person except in summary or statistical formats—and with your identifying information removed.

## **FRANCHISEE SITE SELECTION**

### **A. Methods Used to Select Agency Site**

We do not typically own any premises that will be leased by you for your Agency. Written site selection criteria identifying the important demographic and physical characteristics for the premises of your Agency is included in the Operations Manual. You must investigate and evaluate potential sites for their overall suitability and compatibility with our site selection criteria. A typical Agency office will be approximately 500 square feet and may be in an office setting or have street exposure.

The Agency Premises may not be located in a person's home for more than 1 year after opening, except with our prior written approval. In cases where you choose to operate administrative and back office functions primarily out of a person's home, we require that a shared/flex/executive suites type of office arrangement or other suitable general/commercial office space is available to you on a regular basis for interviewing and orienting new staff. We consider the following general criteria in approving an Agency Premises request: (i) proximity to geographical center of Territory; (ii) proximity to the largest hospital in the Territory that will use the Agency's services; (iii) accessibility of the proposed Agency Premises to public transportation; (iv) population concentration; (v) access to viable workers; (vi) proximity to schools that offer CNA, LPN and or RN programs; (vii) amount and quality of competition; (viii) appearance of location; (ix) total square footage, (x) other amenities including access to DSL; (xi) interior space plan and floor layout; and (xii) building, sign and other applicable codes, ordinances, regulations and restrictions.

Within 60 days after the date that we both sign the Franchise Agreement you must locate an Agency Premises and that site must be approved by us within the 60 day period. We have 10 calendar days to approve or disapprove your site after you ask for approval. If you do not have approved Agency Premises within the 60 day period, we will give you 30 days' notice to cure the default, or a longer time as may be required by applicable law. As noted in Item 17 below, we may terminate your Franchise Agreement if you have not cured the default at the expiration of the applicable cure period and no fees will be refunded to you. If you and we cannot agree on a site, we may terminate the Franchise Agreement.

### **B. Typical Length of Time before Opening**

The typical length of time between signing the Franchise Agreement and commencing business is approximately no later than 180 days of signing the Franchise Agreement. This time may vary

depending upon a variety of factors including procurement of satisfactory Agency Premises, installation of equipment and furniture, satisfactory completion of training, licensure with applicable regulatory agencies, and printing/mailling lead time for pre-opening marketing and recruitment materials.

Unless we agree to an extension in writing, we may terminate your Franchise Agreement if you do not open your Agency within 180 days of the signing of the Franchise Agreement, without refund.

## **Item 12. Territory**

We will grant you a geographic territory ("Territory") which is described in Exhibit B to the Franchise Agreement. Provided you are in good standing with us, we will not locate, open a competitive business under the Marks and using the System in your Territory, either company-owned, affiliate owned or franchised, during the term of the Agreement. Neither we nor any of our affiliates will use other channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing to make sales for our benefit inside the territory of a franchise owner. You are permitted to operate the Licensed Business only at the location stated in the franchise agreement and only within your Territory. You may only engage in direct marketing within your Territory or through a Regional Marketing Cooperative of which you are a member. There are no restrictions on where customers may come from. Your grant of an Agency does not include the right to offer any products or services via ecommerce, or to obtain and market your Agency through an independent website or URL, or the right to market and distribute services in any channel of distribution not specifically authorized in the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Together we will agree upon the exact location of your Territory. That definition will include zip codes and physical boundaries. The typical Territory includes a population of approximately 500,000 people. In determining the original size and boundaries of your Territory, we will consider demographic and other factors that we deem appropriate, including the number of people living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Your Territory will not be identical to that of any other franchisee. In addition to other rights, we may terminate your Franchise Agreement if by the second anniversary of the effective date of your Franchise Agreement, Franchisee's aggregate Gross Revenue during such two year period does not equal or exceed \$250,000 (the "Performance Standard"). The Performance Standard is a measure of performance and does not represent a representation or warranty that you will attain or surpass such amount.

If you have achieved at least \$1,000,000 of Gross Revenues during your second full year of operating your Agency, we will notify you that you may expand your Territory to include 100,000 additional people in a continuous geographic area, if available. In order to expand your territory as described you must notify us within 90 days following our notice to you and pay us \$5,300. We will only offer you additional territory if we deem it to be available and the boundaries of territory will be defined by us.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

You may accept customers located anywhere, but you may not use alternative distribution channels. We and our affiliates may offer services under the Marks or any other trademarks, regardless of proximity to your agency, through any method of distribution; including through catalogs, mail order, independent retail outlets, and through electronic media, including television, radio, the "Internet" and through other new or emerging commercial technological media (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales and you will receive no compensation for our sales through alternative distribution channels. We and our affiliates and other franchisees may solicit or accept orders from customers located anywhere, without compensation to you.

Currently, except as disclosed regarding our use of the “Caring Solutions In Home Care” Brand in the states of Washington and Florida, neither we nor our affiliates operate or intend to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell.

We charge a fee of \$750 plus any expenses to approve the relocation of your Licensed Business, and you may not relocate your Licensed Business without our prior written approval.

**Item 13. Trademarks**

We give you the limited right to use the Marks we establish for use in conjunction with your Agency, and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve (the “Marks”) in the Licensed Business. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

Our affiliate, A Better Solution In Home Care, Inc. has licensed us to offer and sell franchises, and to sublicense the right to use the principal marks in connection with the operation of A Better Solution In Home Care businesses. The license is for a period of 50 years commencing in November, 2014 and continuing from year to year unless either of us elects not to renew at the end of the initial 50 year term or any one year renewal term. The licensor may terminate it if we become insolvent, upon certain transfers, or if we materially default and fail to cure within a 60-day period. Upon expiration or termination of the license, the licensor will honor all existing franchise agreements in good standing for their remaining terms. Other than the license agreements referred to above, no agreements presently limit our right to use or license the use of these trademarks. The following marks are registered by our A Better Solution In Home Care, Inc. on the Principal Register of the United States Patent and Trademark Office (“PTO”):

All required affidavits for the below trademarks have been filed.

Mark	Registration Number	Registration Date
<p style="text-align: center;">A Better Solution In Home Care</p>	<p style="text-align: center;">3501373</p>	<p style="text-align: center;">September 16, 2008 (Renewed September 16, 2018)</p>
	<p style="text-align: center;">4840892</p>	<p style="text-align: center;">October 27, 2015</p>

Mark	Registration Number	Registration Date
 <p data-bbox="354 401 704 478"><b>A Better Solution</b> Home Care &amp; Nursing</p>	5240205	July 11, 2017
 <p data-bbox="256 789 802 919"><b>Caring Solutions</b> In Home Care</p>	5689830	March 5, 2019

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding; or any pending material federal or state court litigation involving the trademarks. As of the date of this disclosure document, we know of no prior rights or infringing uses that could materially affect your use of the principal trademarks.

There are no agreements that significantly limit our rights to use or license you to use the Marks in any manner material to the Licensed Business.

You must inform us if you become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without our prior written approval. We may take whatever action we deem appropriate to protect or defend the Marks or System, but we need not take any action.

If a third party sues you claiming that you are infringing the trademark or trade name of the third party by using the Marks, you must inform us immediately. We will indemnify you as to that claim only and have the right to control the litigation.

It may become necessary in our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, you must immediately adopt the new or revised Marks and our maximum liability, including for any purported goodwill, is to reimburse you for the actual out-of-pocket costs of changing the principal signs identifying your Premises.

We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect your use of the Marks.

We reserve the right to change or substitute different marks for use in identifying the Licensed Business. In such an event you are responsible to modify or discontinue using all prior Marks and implementing use of the new Marks within 90 days, at your expense.

## **Item 14. Patents, Copyrights and Proprietary Information**

We do not currently own any rights to or licenses in any patents. We claim copyrights and will continue to claim copyrights in the Operations Manual and revisions of all Operations Manuals, Handbooks, Forms, and Templates, and all training materials we provide or sell to you and your employees. We have not registered any copyrights, but may in the future.

The Operations Manual(s), the contents of each, and certain other information we will provide to you, including certain promotions and annual reports on marketing funds expenditures, if required, are all confidential trade secrets. All information we provide to you or which you develop in the course of performing under the Franchise Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets. If we designate something as a "Trade Secret", you must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret". You are responsible for protecting all trade secrets and you cannot transfer them or sell them to anyone at any time. You must require staffers(s) and other employees who have access to Trade Secrets to comply with your obligations under the Franchise Agreement to protect our Trade Secrets. We require your employees to sign a Confidentiality Agreement as part of their on-boarding paperwork. The confidentiality agreement that they sign must be similar to our Confidentiality Agreement (Addendum I). These agreements provide us equitable rights against breach of Confidentiality by you or your employees.

We have copyrighted and will continue to copyright all licensed materials including Manuals, advertising, promotional ideas and products, sales practices, letters, scripts, public relations materials which we have created for the exclusive use of our Franchisees. You may use these materials only to publicize your Licensed Business during the term of the franchise agreement, and in a manner which we authorize.

## **Item 15. Obligation to Participate in the Operation of the Franchised Business**

You or your manager must devote his/her full time and effort to managing and operating the business, unless you sign the Management Services Agreement (a copy of which is attached as Exhibit G to this disclosure document), in which case you must actively assist the manager in the performance of its duties under the management agreement. If the manager of the agency is not you (or a principal owner of you if you are an entity), that person must satisfy our minimum standards and complete our training program. Your on-premises manager, if not you (or a principal owner of you if you are an entity) is not required to have any equity interest in the franchisee, if the franchisee is a business entity. You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business. If you are a corporation or other entity, each owner must personally guaranty the Franchise Agreement and one owner must be the designated manager. Your spouse must personally guaranty the Franchise Agreement by signing the spousal consent attached as Addendum P to the Franchise Agreement and the personal guaranty attached as Addendum G. You must, at all times, employ at least one staff member.

You must require each manager and employee to whom you disclose our trade secrets to be subject to the trade secrets section of the Franchise Agreement. You must require every manager and employee with access to trade secrets to sign a confidentiality agreement.

## **Item 16. Restrictions on What the Franchisee May Sell**

You may offer for sale only products and services we approve. You must offer custodial home care services under our Marks and following our System and of a type, quality and variety consistent with our image. You must obtain your uniforms and supplies from suppliers we select or approve. We have sole discretion in determining what constitutes our image. The image is constantly evolving as

markets change and evolve. You may provide only non-medical and companion care and you may not provide medical care and services.

You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval.

We will make recommendations as to the range of prices that you may charge for various services; however we will not restrict the prices at which you sell services.

Your Licensed Business must comply with all state and federal laws. You must investigate what laws apply to your business and for ensuring your compliance with them.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether we, you or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating you. If we modify the System, you must, at your own expense, adopt and use the modification(s) as if they were part of the System at the time you signed the Agreement. There are no restrictions on our right to modify the types of goods and services you will offer except that we will remain primarily a seller of custodial home care services.

## Item 17. Renewal, Termination, Transfer and Dispute Resolution

### THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Article 1	10 years.
b.	Renewal or extension of the term	Article 9	First renewal option is 10 years and second renewal option is 5 years.
c.	Requirements for Franchisee to renew or extend	Article 9	Be in good standing with Us, sign new agreement, update or replace signage and equipment, retain Premises, give 12 months' notice and pay our then current renewal fee. The new Franchise Agreement may contain terms and conditions materially different from those in your previous Franchise Agreement.
d.	Termination by Franchisee	No provision for termination by you	N/A
e.	Termination by Franchisor without cause	No provision for termination	N/A
f.	Termination by Franchisor with cause	Article 15	We may terminate only for cause.
g.	"Cause" defined—defaults which can be cured	Article 15	We have the right to terminate the Franchise Agreement if you fail to cure a material breach within 5 business days of notification. Material breach includes: failure to pay Us or Our affiliate or another ABS Franchise Services, Inc. franchisee; unauthorized assignment;

	Provision	Section in Franchise Agreement	Summary
			<p>failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of the Licensed Business; refusal to permit an audit; violation of any law or rule (including any health codes, rules or regulations); failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; failure to timely deliver estoppel certificate; failure to open your operation and generate revenue within 7 months of signing the Franchise Agreement, failure to successfully complete training within 6 months of signing the Franchise Agreement; failure to properly supervise your operation, failure to conduct business in a manner which professionally represents the company image, failure to procure or maintain proper licenses for your Licensed Business, failure to maintain quality control standards. In addition to other rights, we may terminate your Franchise Agreement if by the second anniversary of the effective date of your Franchise Agreement, Franchisee's aggregate Gross Revenue during such two year period does not equal or exceed the Performance Standard.</p> <p>You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.</p>
	h. "Cause" defined—defaults which cannot be cured	Article 15	<p>Non-curable defaults: repeated defaults, even if cured; your business is adjudicated bankrupt; assignment for benefit of creditors; abandonment of business (failure to operate the business for 5 consecutive days); convicted or plead guilty to violating law relating to the Licensed Business, You purport to sell, transfer or otherwise dispose of your interest in the Franchise without our written approval. You participate in any criminal acts, commit fraud in the operation of the Franchise, you offer unauthorized products or services, and you fail to comply with any state and federal laws.</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination / non-renewal	Articles 16 & 17	Upon termination, non-renewal, or transfer, you must, at your cost and expense: (i) cease immediately all operations under the franchise agreement; (ii) pay us immediately all unpaid fees and pay us, our affiliates, and our suppliers and vendors, all other monies owed; (iii) discontinue immediately the use of our trademarks, including the Marks; (iv) immediately return the Manual, along with all other manuals, confidential information and trade secrets we loaned to you, and immediately and permanently cease use of the confidential information and trade secrets; (v) immediately cease using all telephone numbers and listings used in connection with the operation of the Licensed Business and direct the telephone company to transfer all such numbers and listings to us or our designee or, if we direct, disconnect the numbers; (vi) immediately vacate the premises if we exercise our rights under the Conditional Lease Assignment Agreement; (vii) promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Marks, and all items which are a part of the trade dress of the System, as we direct; (viii) cease to hold yourself out as our franchisee; (ix) take the necessary actions required to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other trademarks we licensed to you, and provide us with evidence of this within 30 days after the termination, expiration or transfer of your franchise agreement; (x) permit us to make final inspection of your financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer; (xi) comply with the post-termination covenants set forth in your Franchise Agreement; (xii) cease to use in advertising or in any other manner, any methods, procedures or techniques

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			associated with us or the System; and (xii) execute from time to time any necessary papers, documents, and assurances to effectuate any of the post termination obligations listed in your Franchise Agreement.
j.	Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on our right to assign except that if our assignee assumes all of our obligations to you then we are free of further liability to you.
k.	“Transfer” by Franchisee— definition	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Licensed Business, the assets of your business, the Premises, or of any ownership interest in the Licensed Business if you are a corporation, partnership or limited liability company or other form of entity.
l.	Franchisor’s approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.
m.	Conditions for Franchisor’s approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to us; You are not in material breach of the Agreement; You have paid all debts of your business; new Franchisee signs release of claims against us for representations you made; You sign a mutual termination and release of the Agreement; We receive the then current transfer fee; new Franchisee signs the then-current form of Agreement; new Franchisee applies and is qualified by franchisor: new Franchisee successfully completes initial training program; new Franchisee obtains rights to your premises lease, if applicable; and We receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$500.
n.	Franchisor’s right of first refusal to acquire Franchisee’s business	Article 12 & 17	We may match any offer for your business.
o.	Franchisor’s option to purchase Franchisee’s business	Article 17	On termination, we may purchase any part of your business at the fair market value of the tangible personal property purchased.
p.	Franchisee’s death or disability	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement

	Provision	Section in Franchise Agreement	Summary
			except that no transfer fee will be payable, or (ii) sell the Licensed Business to a third party, subject to Article 12 (assignment) of the Agreement. If we deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial. The same applies if you become incapacitated as defined in Article 13 of the Agreement. If you or your heirs fail to sell the business within 180 days we can terminate the Franchise Agreement and exercise our right to buy the assets of the franchise operation.
q.	Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 16 & 18 (if applicable)	For 24 months, You must not compete with us within 20 miles of the boundaries of any franchise owner solicit or divert any of our customers, referral sources, caregivers or vendors or customers, referral sources, caregivers or vendors or customers of any other franchisee, disclose any trade secrets. For 24 months, you will not be employed by or in business with any person or entity that engages in business activities that are in competition with the Licensed Business.
s.	Modification of the agreement	Article 21	Only by written agreement; we may modify the Agreement at any time.
t.	Integration/merger clause	Article 21	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or marketing fees or to enforce trademark or trade secret rights and covenants against competition, we will settle all disputes with you by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
v.	Choice of forum	Articles 19 & 21	Subject to state law, litigation or arbitration must be in the state of California.
w.	Choice of law	Article 21	Subject to state law, California state law applies

## Item 18. Public Figures

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

## Item 19. Financial Performance Representations

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

This financial performance representation discloses certain 2023 sales information and cost and expense in formation of the one of two affiliate-owned Agencies and is a historic representation based on the past performance of existing outlets. One affiliate owned Agency has been excluded from this financial performance representation because it was not open for the full 12 months of 2023.

This financial performance representation also discloses 2023 gross revenues (as defined below) information for the twenty (out of a total of twenty-five) franchisee-owned Agencies that had been open and in operation for 12 full calendar months as of December 31, 2023. The other five franchisee-owned Agencies had not been in operation for 12 full consecutive calendar months as of December 31, 2023.

The affiliate-owned Agency has been open and operating for over 20 years and the franchise locations in this item have been open and operating for between 1 and 8 years. The affiliate-owned Agency reflects a business operation that operates four typical contiguous franchise territories as one integrated business. Our affiliate also offers health and “skilled” services, which are services that you may be permitted to offer once you have operated your business for at least one year.

The franchisee-owned Agencies included in this financial performance representation are substantially similar to the Agencies for which we are offering franchises in this disclosure document and, as of the date of this disclosure document, the goods and services offered are substantially similar to those that are to be offered and sold by our franchisees.

Agencies operating under the management agreement model include Fresno, California; Burbank, California; Redondo/Lomita, California; Denver, Colorado; Boca Raton, Florida; Cincinnati, Ohio; West Dallas, Texas; Greenville, South Carolina. No agencies have been given permission to offer skilled services.

<b>Franchisee-Owned Agencies (2023)</b>	
<b>Unit</b>	<b>Gross Revenue*</b>

<b>Franchisee-Owned Agencies (2023)</b>	
1.	<b>\$2,355,306.23</b>
2.	<b>\$2,033,176.92</b>
3.	<b>\$1,382,338.24</b>
4.	<b>\$1,001,169.60</b>
5.	<b>\$981,148.22</b>
6.	<b>\$891,232.22</b>
7.	<b>\$735,796.61</b>
8.	<b>\$594,669.68</b>
9.	<b>\$496,720.63</b>
10.	<b>\$351,826.33</b>
11.	<b>\$311,320.20</b>
12.	<b>\$278,371.67</b>
13.	<b>\$253,833.50</b>
14.	<b>\$212,537.99</b>
15.	<b>\$197,289.00</b>
16.	<b>\$191,995.14</b>
17.	<b>\$156,579.75</b>
18.	<b>\$152,194.99</b>
19.	<b>\$152,072.38</b>
20.	<b>\$84,079.79</b>

\* “Gross Revenue” is comprised of the total revenue derived from the sale of services from the Agency

<b>Franchisee-Owned Agencies Key Statistics – 2023 Fiscal Year</b>	
<b>High Gross Revenue</b>	\$2,355,306.23
<b>Median Gross Revenue*</b>	\$331,573.27
<b>Average Gross Revenue**</b>	\$640,682.95
<b>Low Gross Revenue</b>	\$84,079.79

\* “Median Gross Revenue” means the middle revenue number in a sorted, ascending or descending list of revenues (and when there is an even number of units, the median is the average (mean) of the two Agencies in the middle of the dataset).

\*\* “Average Gross Revenue” means the sum of Gross Revenue of the Agencies identified in this Item 19 divided by the total number of Agencies reported in this Item 19.

<b>Certain Financial Results of Affiliate-Owned Agency (2023)</b>	
<b>Gross Revenue*</b>	\$6,764,841.42

<b>Certain Financial Results of Affiliate-Owned Agency (2023)</b>	
Cost of Goods Sold (caregiver compensation and client supplies)	\$3,506,752.80
Gross Profit (Gross Revenue minus Cost of Goods Sold)	\$3,258,088.62
Expenses (excluding Owner Distributions and Officer Salaries)	\$1,896,492.81
Net Ordinary Income	\$1,361,595.81
Annual Franchise Expenses Not Included in Table Above (assuming affiliate-owned agency gross revenues):	
Assumed Royalty (5% of first \$1 million; 4.75% of next \$500,000 and 4.5% thereafter)	\$310,667.86
Assumed Marketing Fee	\$67,648.41
<b>Adjusted Net Ordinary Income (excluding Owner Distributions and Officer Salaries)</b>	<b>\$983,279.53</b>

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

The gross revenues financial performance representation figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenues figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the disclosure document may be one source of this information.

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

Except as provided in this Item, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kurt Buske at 8929 Complex Drive San Diego, California 92123 (619) 585-9011, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20. Outlets and Franchisee Information

TABLE NO. 1

System Wide Outlet Summary  
For years 2021-2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	9	19	+10
	2022	19	27	+8
	2023	27	25	-2
Company Owned	2021	1	1	0
	2022	1	1	0
	2023	1	2	+1
Total	2021	10	20	+10
	2022	20	28	+8
	2023	28	27	-1

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2021-2023

State	Year	Number of Transfers
California	2021	0
	2022	0
	2023	1
Colorado	2021	1
	2022	0
	2023	0
Texas	2021	0
	2022	1
	2023	0

State	Year	Number of Transfers
Total	2021	1
	2022	1
	2023	1

TABLE NO. 3

Status of Franchised Outlets  
For years 2021-2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
AZ	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	2	0	1	0	0
CA	2021	5	2	1	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	2	0	0	0	0	9
CO	2021	1	1	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
FL	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
ID	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KS	2021	1	1	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
NC	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NV	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	1	0	0	0	1
OH	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
SC	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
TX	2021	1	2	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
VA	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
WI	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
TOTALS	2021	9	13	3	0	0	0	19
	2022	19	9	1	0	0	0	27
	2023	27	3	0	4	1	0	25

TABLE NO. 4

Status of Company-Owned Outlets  
For years 2021-2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AZ	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
CA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	1	0	0	2

TABLE NO. 5

Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
California	1	2	0
Florida	1	3	0
Texas	2	2	0
Indiana	1	2	0
Michigan	1	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Oklahoma	1	1	0
Total	7	12	0

The preceding table contains our goals and is not a representation that we will actually achieve our goals. In some instances, because of management, legal or other considerations, we may elect to offer no franchises in some listed state(s).

Exhibit C to this franchise disclosure document contains a list of current and former franchisees. If you buy this franchise, your contact information may be provided to other buyers when you leave the franchise system. Neither we nor any of our affiliates have entered into any confidentiality clauses with a franchisee that would restrict their ability to discuss his or her personal experience as a franchisee.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

## Item 21. Financial Statements

Exhibit A contains the following financial statements: Audited Financial Statements dated, December 31, 2021, December 31, 2022, and December 31, 2023.

## Item 22. Contracts

Attached is a list of all agreements proposed for use in this state in conjunction with the offer and sale of our franchises. We urge you to read all of the contracts and agreements carefully. This Franchise Disclosure Document cannot possibly contain all of the terms of the various agreements. It is important that you understand all of those terms. We have attached the following contracts and agreements:

### EXHIBIT B - Franchise Agreement with:

- Addendum A. LOCATION OF AGENCY
- Addendum B. TERRITORY
- Addendum C. REQUIRED EQUIPMENT
- Addendum D. ITEMS SUBJECT TO SPECIFICATIONS
- Addendum E. LEASE CONDITIONAL ASSIGNMENT AGREEMENT
- Addendum F. ASSIGNMENT OF TELEPHONE NUMBERS
- Addendum G. PERSONAL GUARANTY
- Addendum H. MASTER LEASE
- Addendum I. TRADE SECRETS & CONFIDENTIALITY AGREEMENT
- Addendum J. MUTUAL TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
- Addendum K. CONSENT, WAIVER AND RELEASE FOR TRAINING
- Addendum L. RELEASE FROM CONTINUING OBLIGATIONS
- Addendum M. CONFIDENTIALITY AGREEMENT – ADDITIONAL INFORMATION
- Addendum N. FRANCHISEE OWNERSHIP AND MANAGEMENT INFORMATION
- Addendum O. AUTHORIZATION TO INITIATE DEBIT ENTRIES FOR FRANCHISE FEES
- Addendum P. SPOUSAL CONSENT

### EXHIBIT G – Management Services Agreement

## **Item 23. Receipts**

Exhibit I is a detachable receipt for this Franchise Disclosure Document, in duplicate. This document acknowledges your receipt of the Franchise Disclosure Document. Please sign both copies of the receipt and retain one copy for your records. Return the other copy to: ABS Franchise Services, Inc. 8929 Complex Drive San Diego, California 92123; or fax it to: 619-585-9011.

## EXHIBIT A – FINANCIAL STATEMENTS

ABS FRANCHISE SERVICES, INC.  
FINANCIAL STATEMENTS

DECEMBER 31, 2023

(AUDITED)



CASHUK, WISEMAN, GOLDBERG, BIRNBAUM, & SALEM, LLP  
Certified Public Accountants

ABS FRANCHISE SERVICES, INC.  
TABLE OF CONTENTS  
December 31, 2023 and 2022

	PAGE
Independent Auditor's Report	1,2
Balance Sheets	3
Statements of Income	4
Statements of Stockholders' Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-12



Certified Public Accountants  
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Michael Selamet Kwee, CPA

OFFICE MANAGER

Tanya Davis

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of  
ABS Franchise Services, Inc.

**Opinion**

We have audited the accompanying financial statements of ABS Franchise Services, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABS Franchise Services, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABS Franchise Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABS Franchise Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABS Franchise Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Cashuk, Wiseman, Kohl, Birnbaum & Salem, LLP*

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California  
April 8, 2024

**ABS FRANCHISE SERVICES, INC.**  
**BALANCE SHEETS**  
**December 31, 2023 and 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note B)	\$ 205,391	\$ 39,019
Accounts Receivable (Note B)	68,101	47,100
Prepaid Expenses	15,888	996
Due from Stockholders (Note D)	108,640	108,640
Due from Related Parties (Note D)	28,316	17,878
	<u>28,316</u>	<u>17,878</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 426,336</u></b>	<b><u>\$ 213,633</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 34,036	\$ 12,671
Income Taxes Payable (Note C)	-	15,000
Due to Related Parties (Note D)	129,648	75,638
	<u>129,648</u>	<u>75,638</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>163,684</b>	<b>103,309</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock - 1,500 Shares Authorized 1,500 Issued and Outstanding	33,000	33,000
Additional Paid in Capital	311,211	311,211
Retained Earnings (Accumulated Deficit)	(81,559)	(233,887)
	<u>(81,559)</u>	<u>(233,887)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>262,652</u></b>	<b><u>110,324</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 426,336</u></b>	<b><u>\$ 213,633</u></b>

The accompanying notes are an integral part of these financial statements.



**ABS FRANCHISE SERVICES, INC.**  
**STATEMENTS OF INCOME**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>	\$ 960,386	\$ 530,029
<b>OPERATING EXPENSES</b>	<u>800,551</u>	<u>608,890</u>
<b>INCOME (LOSS) BEFORE TAXES</b>	159,835	(78,861)
Income Tax Expense (Note B)	<u>3,128</u>	<u>16,888</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 156,707</u>	<u>\$ (95,749)</u>

The accompanying notes are an integral part of these financial statements.



**ABS FRANCHISE SERVICES, INC.**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2023 and 2022**

	<u>Common Stock</u>		<u>Additional Paid In Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Beginning Balance, January 1, 2022</b>	1,500	\$ 33,000	\$ 250	\$ 28,621	\$ 61,871
Prior Period Adjustment (Note J)	-	-	-	(166,759)	(166,759)
Contributions	-	-	310,961	-	310,961
Distributions	-	-	-	-	-
Net Income (Loss)	-	-	-	(95,749)	(95,749)
<b>Ending Balance, December 31, 2022</b>	1,500	\$ 33,000	\$ 311,211	\$ (233,887)	\$ 110,324
Prior Period Adjustment (Note J)	-	-	-	(3,238)	(3,238)
Contributions	-	-	-	-	-
Distributions	-	-	-	(1,141)	(1,141)
Net Income (Loss)	-	-	-	156,707	156,707
<b>Ending Balance, December 31, 2023</b>	<u>1,500</u>	<u>\$ 33,000</u>	<u>\$ 311,211</u>	<u>\$ (81,559)</u>	<u>\$ 262,652</u>

The accompanying notes are an integral part of these financial statements.



**ABS FRANCHISE SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 156,707	\$ (95,749)
Adjustments to Reconcile Net Income to Net Cash		
Prior Period Adjustment to Retained Earnings	(3,238)	(166,759)
Cash Provided(Used) by Changes in		
Operating Assets and Liabilities:		
Accounts Receivable	(21,001)	51,774
Prepaid Expenses	(14,892)	(996)
Due from Stockholders	-	3,217
Due from Related Parties	(10,438)	(14,478)
Accounts Payable and Accrued Expenses	21,365	(107,428)
Income Taxes Payable	(15,000)	10,749
Due to Related Parties	54,010	(147,474)
	167,513	(467,144)
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
	167,513	(467,144)
<b>FINANCING ACTIVITIES</b>		
Proceeds from Additional Paid in Capital	-	310,961
Distributions to Stockholders	(1,141)	-
	(1,141)	310,961
<b>CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
	(1,141)	310,961
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	166,372	(156,183)
<b>Cash and Cash Equivalents at Beginning of Year</b>	39,019	195,202
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 205,391	\$ 39,019
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Income Taxes Paid	\$ 3,128	\$ 6,139
Interest Expense	340	-

The accompanying notes are an integral part of these financial statements.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE A-NATURE OF OPERATIONS:

ABS Franchise Services, Inc. (the Company) was incorporated under the laws of the State of California on November 5, 2014. The Company has adopted a calendar year end for reporting requirements. The Company was formed as a franchisor for the purpose of selling A Better Solution in Home Care franchises.

As a franchisor, the Company enters into agreements with franchisees in the United States. Under the terms of the franchise agreements, each franchisee receives training, a grand opening marketing program and an exclusive territory in which to operate A Better Solution in Home Care franchise. In return, the franchisees pay an initial franchise fee and continuing royalties to the Company.

A Better Solution in Home Care franchisees provide supplemental nonmedical and companion care to clients within their homes and to clients who are in assisted living or nursing facilities.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting-The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.
2. Franchise Agreements-The Company began selling franchise agreements in December 2015. At December 31, 2023, the Company held 30 franchise agreements. The franchise agreements are for terms up to ten years and provide for, among other items, required duties of the franchisor and franchisee and provide remedies for both in case either duty is breached.
3. Cash & Cash Equivalents for purposes of the statement of cash flows, include cash in checking account with a bank. All short-term debt securities with a maturity of three months or less are considered cash equivalents. There were no cash equivalents as of December 31, 2023.
4. Accounts Receivable represents revenue receivable from franchisees. Balance as of December 31, 2023 was fully collected in 2024.
5. Use of Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.
6. Concentration of Cash and Credit Risk-The Company maintains corporate cash balances which, at times, may exceed federally insured limits. Management believes it is not exposed to any significant risk on its cash balances. At year end, the Company had no uninsured cash balance.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

7. Revenue Recognition-The Company accounts for revenue using the accounting method prescribed under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topics 606, "*Revenue from Contracts with Customers*" which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019.

Under the new guidance, the Company determines if the pre-opening activities contain any distinct goods or services. A good or service that is promised to a franchisee is distinct if both of the following criteria are met: (a) the franchisee can benefit from the good or service either on its own or together with other resources that are readily available to the franchisee, and (b) the Company's promise to transfer the good or service to the franchisee is separately identifiable from other promises in the contract. The transaction is then allocated to distinct performance obligations based on standard selling prices.

In January 2021, FASB issued Accounting Standards Update No. 2021-02, "*Franchisor-Revenue from Contracts with Customers*", creating a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. The Company made the election to use this practical expedient to recognize the pre-opening services as a single performance obligation.

Pre-opening services are defined as follows:

- a. Assistance in the selection of a site
- b. Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and lease negotiation
- c. Training of the franchisee's personnel or the franchisee
- d. Preparation and distribution of manuals and similar materials concerning operations, administration, and record keeping
- e. Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business
- f. Inspection, testing, and other quality control programs

As provided by the practical expedient, pre-opening services provided by the Company to a franchisee are accounted for as a single performance obligation, distinct from franchisee license. Accordingly, initial fees allocated to pre-opening services are recognized when those services are performed consistent with current GAAP.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

Royalty fees are charged up to 5% of gross sales on a weekly basis. Based on the guidance, the Company does not estimate the royalties for the entire franchise period. These ongoing fees are recognized as royalty fees monthly over the term of the agreement as those amounts become payable. The royalty is allocated entirely to the license because the variable payment relates specifically to an outcome from the performance obligation to transfer the license.

Additionally, franchisees contribute 1% of their gross sales to a marketing fund. Marketing fees expended during 2023 and 2022 were \$13,983 and \$8,900, respectively.

8. Leases-Effective January 1, 2022, the Company adopted the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, "*Leases (Topic 842)*" and all related amendments. The Company elected the practical expedients permitted under transition guidance to not reassess leases entered into prior to adoption. As permitted under ASC 842, the Company made an accounting policy election to exempt leases with an initial term of 12 months or less from balance sheet recognition. Instead, short-term leases are expensed over the lease term with no impact to the balance sheet. Under this approach, operating leases are measured and recorded as operating leases as of January 1, 2022, and existing capital leases are carried over at their carrying value and classified as finance leases. The Company had no operating leases or finance leases as of December 31, 2023.
9. Fair Value of Financial Instruments- FASB ASC Topic 820, "*Fair Value Measurements and Disclosures*", defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

Cash and Cash Equivalents, Accounts Receivable, Accrued Liabilities and Other Payables-The carrying amounts reported in the balance sheets for these items are a reasonable estimate of fair value.

NOTE C-INCOME TAXES:

ABS Franchise Services, Inc. has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholder is taxed on the Company's taxable income.

Accordingly, no provision for federal income taxes has been recorded. The State of California imposes a tax of 1 ½% of taxable income or \$800, whichever is greater. Deferred income tax assets and liabilities related to state income tax timing differences are not considered material and have not been presented.

Provision for state income taxes for the years ended December 31, 2023 and 2022 were \$3,128 and \$16,888, respectively.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE C-INCOME TAXES-CON'T:

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for income tax purposes may differ from net income in these financial statements.

The Company follows FASB ASC 740-10-25, which provides detailed guidance for the financial statement recognition measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with FASB ASC 740, "*Accounting for Income Taxes*". FASB ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance and recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The income allocable to the stockholder is subject to examination by federal and state taxing authorities. In the event of an examination of the income tax returns, the tax liability of the stockholders could be changed if an adjustment in the income is ultimately determined by the taxing authorities.

The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

NOTE D- RELATED PARTY TRANSACTIONS:

Office Facilities

The Company shares office space with A Better Solution Home Care and Nursing, Inc., a related entity. The Company was not charged for rent for the years ended December 31, 2023 and 2022.

Due from Stockholders

As of December 31, 2023 and 2022, the Company had outstanding receivables from its stockholders in the amount of \$108,640 and \$108,640 respectively. These receivables do not accrue interest and are payable on demand.

Due from Related Parties

As of December 31, 2023 and 2022, the Company also had outstanding receivables from a related companies in the amount of \$28,316 and \$17,878, respectively. These advances are non-interest bearing and are payable within the next twelve months.

Notes Payable to Related Parties

As of December 31, 2023 and 2022, the Company had related party notes payable of \$129,648, and \$75,638, respectively. These loans are unsecured, bear no interest, and are payable on demand.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE E-LEASES:

The Company currently has no operating or finance lease.

NOTE F-SUBSEQUENT EVENT:

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 8, 2024, the date the financial statements were available to be issued. There were no subsequent events that require disclosures in the financial statements as of and for the year ended December 31, 2023.

NOTE G-FAIR VALUE MEASUREMENTS:

FASB ASC Topic 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC Topic 820, the following summarizes the fair value hierarchy:

Level 1 Inputs—Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs—Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs—Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC Topic 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2023, there were no assets and liabilities measured at fair value.

NOTE H-CHANGE IN ACCOUNTING POLICIES:

On January 01, 2019, the Company adopted ASU No. 2014-09 “*Revenue Recognition (Topic 606), Revenue from Contracts with Customers*” using the full retrospective transition method. Under ASU No. 2014-09, revenue is recognized in an amount that reflects the consideration an entity expects to receive for the transfer of goods and services. The standard also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE H-CHANGE IN ACCOUNTING POLICIES-CON'T:

Under the new standard, initial franchise fees and renewal fees are allocated over the term of the franchise agreement.

In January 2021, the Financial Accounting Standard Board issued Accounting Standards Update No. 2021-02, "*Franchisor-Revenue from Contracts with Customers*", creating a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. This amendment is effective during interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company elected to use this practical expedient to recognize the pre-opening services as a single performance obligation with full retrospective transition beginning January 01, 2019.

NOTE I-NEW ACCOUNTING STANDARDS:

In March 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. Accounting for lessors remains largely unchanged from current GAAP.

Effective January 1, 2022, the Company adopted the requirements of ASU 2016-02 and all related amendments. As presented in Note E, the Company had no operating or finance leases as of the implementation date, thus the adoption of ASU 2016-02 had no impact on the Company's financial statements.

NOTE J-PRIOR PERIOD ADJUSTMENT:

A prior period adjustment was made to Retained Earnings as of December 31, 2021, to recognize the various 2021 operating expenses totaling \$166,759 that were paid by a related entity on ABS Franchise Services, Inc.'s behalf. The adjustment reduced Retained Earnings by \$166,759.

A prior period adjustment was also made to Retained Earnings as of December 31, 2022, to recognize various 2022 operating expenses totaling \$3,238 that were not reported in the 2022 statement of income. The adjustment reduced Retained Earnings by \$3,238.



ABS FRANCHISE SERVICES, INC.  
FINANCIAL STATEMENTS

DECEMBER 31, 2022

(AUDITED)



CASHUK, WISEMAN, GOLDBERG, BIRNBAUM, & SALEM, LLP  
Certified Public Accountants

ABS FRANCHISE SERVICES, INC.  
TABLE OF CONTENTS  
December 31, 2022 and 2021

	PAGE
Independent Auditor's Report	1,2
Balance Sheets	3
Statements of Income	4
Statements of Stockholders' Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-12



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OFFICE MANAGER

Tanya Davis

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of  
ABS Franchise Services, Inc.

**Opinion**

We have audited the accompanying financial statements of ABS Franchise Services, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABS Franchise Services, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABS Franchise Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABS Franchise Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABS Franchise Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Cashuk, Wiseman, Koble, Birnbaum & Salem, LLP*

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California

April 5, 2023

**ABS FRANCHISE SERVICES, INC.**  
**BALANCE SHEETS**  
**December 31, 2022 and 2021**

**ASSETS**

	2022	2021
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note B)	\$ 39,019	\$ 195,202
Accounts Receivable (Note B)	47,100	98,874
Prepaid Expenses	996	-
Due from Stockholders (Note D)	108,640	111,857
Due from Related Parties (Note D)	17,878	3,400
<b>TOTAL ASSETS</b>	<b>\$ 213,633</b>	<b>\$ 409,333</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 12,671	\$ 120,099
Income Taxes Payable (Note C)	15,000	4,251
Due to Related Parties (Note D)	75,638	223,112
<b>TOTAL CURRENT LIABILITIES</b>	103,309	347,462
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock - 1,500 Shares Authorized 1,500 Issued and Outstanding	33,000	33,000
Additional Paid in Capital	311,211	250
Retained Earnings (Accumulated Deficit)	(233,887)	28,621
<b>TOTAL STOCKHOLDERS' EQUITY</b>	110,324	61,871
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 213,633</b>	<b>\$ 409,333</b>

The accompanying notes are an integral part of these financial statements.



**ABS FRANCHISE SERVICES, INC.**  
**STATEMENTS OF INCOME**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>	\$ 530,029	\$ 1,167,193
<b>OPERATING EXPENSES</b>	<u>608,890</u>	<u>914,545</u>
<b>INCOME (LOSS) BEFORE TAXES</b>	(78,861)	252,648
Income Tax Expense (Note B)	<u>16,888</u>	<u>5,051</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (95,749)</u>	<u>\$ 247,597</u>

The accompanying notes are an integral part of these financial statements.



ABS FRANCHISE SERVICES, INC.  
 STATEMENTS OF STOCKHOLDERS' EQUITY  
 Years Ended December 31, 2022 and 2021

	<u>Common Stock</u>		<u>Additional Paid In Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Beginning Balance, January 1, 2021</b>	1,500	\$ 33,000	\$ 250	\$ (142,976)	\$ (109,726)
Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
Net Income (Loss)	-	-	-	247,597	247,597
<b>Ending Balance, December 31, 2021</b>	1,500	\$ 33,000	\$ 250	\$ 28,621	\$ 61,871
Prior Period Adjustment (Note J)	-	-	-	(166,759)	(166,759)
Contributions	-	-	310,961	-	310,961
Distributions	-	-	-	-	-
Net Income (Loss)	-	-	-	(95,749)	(95,749)
<b>Ending Balance, December 31, 2022</b>	<u>1,500</u>	<u>\$ 33,000</u>	<u>\$ 311,211</u>	<u>\$ (233,887)</u>	<u>\$ 110,324</u>

The accompanying notes are an integral part of these financial statements.



**ABS FRANCHISE SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ (95,749)	\$ 247,597
Adjustments to Reconcile Net Income to Net Cash		
Prior Period Adjustment to Retained Earnings	(166,759)	-
Cash Provided(Used) by Changes in		
Operating Assets and Liabilities:		
Accounts Receivable	51,774	(16,082)
Prepaid Expenses	(996)	-
Due from Stockholders	3,217	-
Due from Related Parties	(14,478)	(114,257)
Accounts Payable and Accrued Expenses	(107,428)	108,368
Income Taxes Payable	10,749	4,251
Due to Related Parties	(147,474)	(8,540)
Deferred Franchise Fees	-	(8,208)
	(467,144)	213,129
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
	(467,144)	213,129
<b>FINANCING ACTIVITIES</b>		
Proceeds from Additional Paid in Capital	310,961	-
Distributions to Stockholders	-	(76,000)
	310,961	(76,000)
<b>CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
	310,961	(76,000)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(156,183)	137,129
<b>Cash and Cash Equivalents at Beginning of Year</b>	195,202	58,073
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 39,019	\$ 195,202
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Income Taxes Paid	\$ 6,139	\$ 800
Interest Expense	-	-

The accompanying notes are an integral part of these financial statements.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE A-NATURE OF OPERATIONS:

ABS Franchise Services, Inc. (the Company) was incorporated under the laws of the State of California on November 5, 2014. The Company has adopted a December 31 calendar year end for reporting requirements. The Company was formed as a franchisor for the purpose of selling A Better Solution in Home Care franchises.

As a franchisor, the Company enters into agreements with franchisees in the United States. Under the terms of the franchise agreements, each franchisee receives training, a grand opening marketing program and an exclusive territory in which to operate A Better Solution in Home Care franchise. In return, the franchisees pay an initial franchise fee and continuing royalties to the Company.

A Better Solution in Home Care franchisees provide supplemental nonmedical and companion care to clients within their homes and to clients who are in assisted living or nursing facilities.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting-The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.
2. Franchise Agreements-The Company began selling franchise agreements in December 2015. At December 31, 2022, the Company held 29 franchise agreements. The franchise agreements are for terms up to ten years and provide for, among other items, required duties of the franchisor and franchisee and provide remedies for both in case either duty is breached.
3. Cash & Cash Equivalents for purposes of the statement of cash flows, include cash in checking account with a bank. All short-term debt securities with a maturity of three months or less are considered cash equivalents. There were no cash equivalents as of December 31, 2022.
4. Accounts Receivable represents revenue receivable from franchisees. Balance as of December 31, 2022 was fully collected in 2023.
5. Use of Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.
6. Concentration of Cash and Credit Risk-The Company maintains corporate cash balances which, at times, may exceed federally insured limits. Management believes it is not exposed to any significant risk on its cash balances. At year end, the Company had no uninsured cash balance.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

7. Revenue Recognition-The Company accounts for revenue using the accounting method prescribed under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topics 606, "*Revenue from Contracts with Customers*" which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019.

Under the new guidance, the Company determines if the pre-opening activities contain any distinct goods or services. A good or service that is promised to a franchisee is distinct if both of the following criteria are met: (a) the franchisee can benefit from the good or service either on its own or together with other resources that are readily available to the franchisee, and (b) the Company's promise to transfer the good or service to the franchisee is separately identifiable from other promises in the contract. The transaction is then allocated to distinct performance obligations based on standard selling prices.

In January 2021, FASB issued Accounting Standards Update No. 2021-02, "*Franchisor-Revenue from Contracts with Customers*", creating a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. The Company made the election to use this practical expedient to recognize the pre-opening services as a single performance obligation.

Pre-opening services are defined as follows:

- a. Assistance in the selection of a site
- b. Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and lease negotiation
- c. Training of the franchisee's personnel or the franchisee
- d. Preparation and distribution of manuals and similar materials concerning operations, administration, and record keeping
- e. Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business
- f. Inspection, testing, and other quality control programs

As provided by the practical expedient, pre-opening services provided by the Company to a franchisee are accounted for as a single performance obligation, distinct from franchisee license. Accordingly, initial fees allocated to pre-opening services are recognized when those services are performed consistent with current GAAP.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

Royalty fees are charged up to 5% of gross sales on a weekly basis. Based on the guidance, the Company does not estimate the royalties for the entire franchise period. These ongoing fees are recognized as royalty fees monthly over the term of the agreement as those amounts become payable. The royalty is allocated entirely to the license because the variable payment relates specifically to an outcome from the performance obligation to transfer the license.

Additionally, franchisees contribute 1% of their gross sales to a marketing fund. Marketing and advertising fees expended during 2022 and 2021 were \$8,900 and \$25,929, respectively.

8. Leases-Effective January 1, 2022, the Company adopted the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, "*Leases (Topic 842)*" and all related amendments. The Company elected to apply the practical expedient of foregoing the restatement of comparative periods. In addition, the Company elected the practical expedients permitted under transition guidance to not reassess leases entered into prior to adoption. As permitted under ASC 842, the Company made an accounting policy election to exempt leases with an initial term of 12 months or less from balance sheet recognition. Instead, short-term leases are expensed over the lease term with no impact to the balance sheet. Under this approach, operating leases are measured and recorded as operating leases as of January 1, 2022, and existing capital leases are carried over at their carrying value and classified as finance leases. The Company had no operating leases or finance leases as of December 31, 2022.
9. Fair Value of Financial Instruments- FASB ASC Topic 820, "*Fair Value Measurements and Disclosures*", defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

Cash and Cash Equivalents, Accounts Receivable, Accrued Liabilities and Other Payables-The carrying amounts reported in the balance sheets for these items are a reasonable estimate of fair value.

NOTE C-INCOME TAXES:

ABS Franchise Services, Inc. has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholder is taxed on the Company's taxable income.

Accordingly, no provision for federal income taxes has been recorded. The State of California imposes a tax of 1 ½% of taxable income or \$800, whichever is greater. Deferred income tax assets and liabilities related to state income tax timing differences are not considered material and have not been presented.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE C-INCOME TAXES-CON'T:

Provision for state income taxes for the years ended December 31, 2022 and 2021 were \$16,888 and \$5,051, respectively.

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for income tax purposes may differ from net income in these financial statements.

The Company follows FASB ASC 740-10-25, which provides detailed guidance for the financial statement recognition measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with FASB ASC 740, "Accounting for Income Taxes". FASB ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance and recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The income allocable to the stockholder is subject to examination by federal and state taxing authorities. In the event of an examination of the income tax returns, the tax liability of the stockholders could be changed if an adjustment in the income is ultimately determined by the taxing authorities.

The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

NOTE D- RELATED PARTY TRANSACTIONS:

Office Facilities

The Company shares office space with A Better Solution Home Care and Nursing, Inc., a related entity. The Company was not charged for rent for the years ended December 31, 2022 and 2021.

Due from Related Stockholders

As of December 31, 2022 and 2021, the Company had outstanding receivables from its stockholders in the amount of \$108,640 and \$111,857 respectively. These receivables do not accrue interest and are payable on demand.

Due from Related Parties

As of December 31, 2022 and 2021, the Company also had outstanding receivables from a related companies in the amount of \$17,878 and \$3,400, respectively. This receivable is non-interest bearing and is payable within the next twelve months.

Notes Payable to Related Parties

As of December 31, 2022 and 2021, the Company had related party notes payable of \$75,638, and \$223,112, respectively. These loans are unsecured, bear no interest, and are payable on demand.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE E-LEASES:

The Company currently has no operating or finance lease.

NOTE F-SUBSEQUENT EVENT:

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 5, 2023, the date the financial statements were available to be issued. There were no subsequent events that require disclosures in the financial statements as of and for the year ended December 31, 2022.

NOTE G-FAIR VALUE MEASUREMENTS:

FASB ASC Topic 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC Topic 820, the following summarizes the fair value hierarchy:

Level 1 Inputs—Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs—Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs—Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC Topic 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2022, there were no assets and liabilities measured at fair value.

NOTE H-CHANGE IN ACCOUNTING POLICIES:

On January 01, 2019, the Company adopted ASU No. 2014-09 “*Revenue Recognition (Topic 606), Revenue from Contracts with Customers*” using the full retrospective transition method.

Under ASU No. 2014-09, revenue is recognized in an amount that reflects the consideration an entity expects to receive for the transfer of goods and services. The standard also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers.



ABS FRANCHISE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

NOTE H-CHANGE IN ACCOUNTING POLICIES-CON'T:

Under the new standard, initial franchise fees and renewal fees are allocated over the term of the franchise agreement. There were no new franchisee applications and renewals for the year ended December 31, 2021. The net cumulative effect of the retrospective adoption of ASU No. 2014-09 was also not material, and therefore no prior period adjustment was presented in the financial statements as of December 31, 2021.

In January 2021, the Financial Accounting Standard Board issued Accounting Standards Update No. 2021-02, "*Franchisor-Revenue from Contracts with Customers*", creating a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. This amendment is effective during interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company elected to use this practical expedient to recognize the pre-opening services as a single performance obligation with full retrospective transition beginning January 01, 2019.

NOTE I-NEW ACCOUNTING STANDARDS:

In March 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. Accounting for lessors remains largely unchanged from current GAAP.

Effective January 1, 2022, the Company adopted the requirements of ASU 2016-02 and all related amendments. As presented in Note E, the Company had no operating or finance leases as of the implementation date, thus the adoption of ASU 2016-02 had no impact on the Company's financial statements.

NOTE J-PRIOR PERIOD ADJUSTMENT:

A prior period adjustment was made to Retained Earnings as of December 31, 2021, to recognize the various 2021 operating expenses totaling \$166,759 that were paid by a related entity on ABS Franchise Services, Inc.'s behalf. The adjustment reduced Retained Earnings by \$166,759.

NOTE J-NET LOSSES:

For the year ended December 31, 2022, the Company incurred a net loss of \$95,749. The 2022 net loss was primarily attributed to strategically pausing sales of new franchise locations to ensure effective onboarding of numerous locations sold in 2021. We have reorganized our support infrastructure and eliminated certain staff positions to better balance expenses vs revenue. As these moves were strategic in nature, the company believes we are in a stronger position as a result and there is no doubt about our ability to continue as a going concern and support franchisees at a high level.



**EXHIBIT B – FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT

**ABS Franchise Services, Inc.  
Table of Contents**

*Article 1 - License and System* ..... 2

    1.01 *Grant of License* ..... 2

    1.02 *Location And Territory* ..... 2

    1.03 *Agency* ..... 3

    1.04 *System And Marks* ..... 3

    1.05 *Manual* ..... 4

*Article 2 - Franchise Fees* ..... 4

    2.01 *Initial Fee* ..... 4

    2.02 *Royalties* ..... 4

    2.03 *National Marketing Fee* ..... 5

    2.04 *Management Assistance* ..... 5

    2.05 *Gross Revenues* ..... 5

    2.07 *Grand Opening* ..... 6

    2.08 *Generations Software System* ..... 6

    2.09 *Chargeback Related to Telephony, Phone Usage and Benefit* ..... 6

    2.10 *Supplier Evaluation Fee* ..... 6

    2.11 *Rebates, Discounts and Allowances* ..... 6

    2.13 *Method of Payment and Electronic Funds Transfer* ..... 7

*Article 3 - Reports And Audits* ..... 7

    3.01 *Records And Reports* ..... 7

    3.02 *Failure to Report* ..... 8

    3.03 *Audits And Inspections* ..... 8

    3.04 *Contact With Others* ..... 8

*Article 4 - Training* ..... 8

    4.01 *Initial Training* ..... 8

    4.02 *Manager and Scheduler Training* ..... 9

    4.03 *Employee Training* ..... 9

    4.05 *Subsequent Training* ..... 9

    4.06 *On-going Consultation & Advice* ..... 9

    4.07 *Training Materials* ..... 9

    4.08 *No Warranty of Success* ..... 10

*Article 5 - Trade Secrets and Confidentiality* ..... 10

*Article 6 - Pre-Opening Obligations* ..... 10

    6.01 *Premises And Lease* ..... 10

    6.02 *Specifications* ..... 11

    6.03 *Appearance Of Premises* ..... 11

    6.04 *Required Equipment* ..... 11

*Article 7 - Operation of Agency* ..... 12

    7.01 *Independent Contractor* ..... 12

    7.02 *Personal Participation* ..... 12

    7.03 *Retail Prices* ..... 12

    7.04 *Compliance With Laws* ..... 12

    7.05 *Franchisee Business Operation* ..... 12

    7.06 *Restrictions on Sources of Products And Services* ..... 13

    7.07 *Minimum Hours* ..... 14

    7.08 *Signs* ..... 14

    7.09 *Computer System* ..... 14

    7.10 *Communications Equipment and Systems* ..... 15

    7.11 *Equipment Maintenance* ..... 15

    7.12 *Warranties* ..... 15

    7.13 *Marketing* ..... 15

    7.14 *Leads and Service Area* ..... 15

    7.15 *New Developments* ..... 15

    7.16 *Staffing Requirements* ..... 15

*Article 8 - Indemnity and Insurance* ..... 19

    8.01 *Indemnity* ..... 19

*Article 9 - Renewal* ..... 20

    9.01 *Conditions of Renewal* ..... 20

Article 10 - Continuation .....	20
Article 11 - Entity Franchisee .....	21
11.01 Entity Definition .....	21
11.02 Founding Document Restriction .....	21
11.03 Liability of Owner(s) .....	21
11.04 Restriction on Certificates of Ownership .....	21
11.05 Additional Requirements of Entity Franchisee .....	21
Article 12 - Assignment or Transfer .....	21
12.01 Prior Consent .....	21
12.02 Conditions Of Assignment .....	21
12.03 Assignment to an Entity .....	22
12.04 Approval Process .....	22
12.05 Transfer by Franchisor .....	23
12.06 No Sublicensing .....	23
Article 13 - Death or Incapacity .....	23
13.01 Alternatives Upon Death Or Incapacity .....	23
13.02 Effect of Failure to Comply .....	23
13.03 Incapacity Defined .....	23
Article 14 - Successors and Assigns .....	23
Article 15 - Termination .....	23
Article 16 – Competing Business Activities .....	25
16.01 Competing Business Activities During Term .....	25
16.02 Competing Business Activities After Term .....	25
Article 17 - Effect of Termination .....	26
17.01 Loss Of Rights .....	26
17.02 Change of Identity .....	27
17.03 Changeover Procedure .....	28
17.04 Continuing Royalties .....	28
17.05 Option to Purchase Certain Assets .....	28
17.06 Payment and Terms .....	28
17.07 Survival of Terms .....	28
Article 18 – Release From Franchisee Obligations .....	28
18.01 Release From Continuing Obligations .....	28
Article 19 - Arbitration of Disputes .....	29
19.01 Agreement to Arbitrate .....	29
19.02 Conduct of Arbitration .....	29
19.03 Conditions Precedent to Arbitration .....	29
19.04 Limited Exceptions to Arbitration and Mediation .....	29
Article 20 - Representations of Franchisee .....	30
20.01 Representations .....	30
Article 21 - Miscellaneous Provisions .....	31
21.01 Non-waiver .....	31
21.02 Attorneys' Fees .....	31
21.03 Severability .....	31
21.04 Warranty of Authority .....	31
21.05 Estoppel Certificate .....	31
21.06 Paragraph Headings .....	32
21.07 Recitals .....	32
21.08 No Third Party Beneficiary .....	32
21.09 Spousal Consent .....	32
21.10 Choice Of Law .....	32
21.11 Notices .....	32
21.12 Entire Agreement .....	32
21.13 Modification .....	32
21.12 Effective Date .....	32
21.13 Time of Essence .....	33
Article 22 - Business Risk .....	33
22.01 No Promises .....	33
22.02 Receipt For Disclosure Document .....	33

## **ADDENDUMS**

Addendum A, Location of Agency;  
Addendum B, Territory;  
Addendum C, Required Equipment;  
Addendum D, Items Pursuant to Specifications  
Addendum E, Lease Conditional Assignment Agreement  
Addendum F, Assignment of Telephone Numbers  
Addendum G, Personal Guaranty  
Addendum H, Master Lease (if applicable)  
Addendum I, Trade Secrets and Confidentiality Agreement  
Addendum J, Mutual Termination and Release Agreement  
Addendum K, Consent, Waiver and Release for Training  
Addendum L, Release from Continuing Obligations  
Addendum M, Confidentiality Agreement—Additional Information  
Addendum N, Franchisee Ownership and Management Information  
Addendum O, Authorization to Initiate Debit Entries for Franchise Fees  
Addendum P, Spousal Consent



# Franchise Agreement

Franchise Agreement No.: \_\_\_\_\_

DATED: \_\_\_\_\_ ("Effective Date")

BETWEEN: **ABS FRANCHISE SERVICES, INC.** ("Franchisor")

AND: \_\_\_\_\_ ("Franchisee")

\_\_\_\_\_  
\_\_\_\_\_

TERRITORY:

## RECITALS

WHEREAS Franchisor has developed a distinctive system for identifying, operating and marketing businesses offering and selling non-medical care to elderly, infirm and disabled persons needing companion and custodial care, operating under the Marks and using the System (hereinafter the "System");

WHEREAS Franchisor owns the trade names and trademarks "A Better Solution In Home Care," "Caring Solutions In Home Care" and related logos and marks and trade dress as more fully described in this Agreement (hereinafter the "Marks");

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges;

WHEREAS Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license for a "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" business to be located only at the location specified in Addendum A hereto, or at such other location within the Territory as Franchisor may approve in writing;

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time; and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material;

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

## **Article 1 - License and System**

### *1.01 Grant of License.*

1.01.01 Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license to operate one (1) Agency using the System and Marks for a period of ten (10) years (the "Term") from and after the Effective Date of this Agreement, said Agency to be located only at the location specified in Addendum A hereto, or at such other location within the Territory as Franchisor may approve in writing and operated only within the Territory. Franchisee, based upon Franchisee's own research and knowledge, shall select a location within 90 days after signing this Agreement and that location shall be accurately stated in Addendum A. Notwithstanding anything herein to the contrary, if the Agency is to be located upon real property subject to a master lease under which Franchisor or a related company is the primary lessee, this Agreement shall terminate without further notice upon the earlier termination or expiration of the current term of any applicable master lease for the Premises. Franchisor is under no obligation to extend or exercise any option to extend any master lease. If a master lease is involved, a copy of the master lease is attached as Addendum H to this Agreement. If there is no master lease, this Agreement shall terminate upon expiration or termination of Franchisee's lease (a) upon Franchisee's written election; or (b) upon Franchisor's election if Franchisee does not obtain an acceptable lease at an approved location at least 90 days before expiration of Franchisee's lease. Franchisee shall not move Franchisee's Premises without Franchisor's prior written approval. Franchisee may not, without Franchisor's prior written consent, operate the Agency, in whole or in part, from Franchisee's residence.

### *1.02 Location And Territory.*

1.02.01 Except as specifically permitted by this Agreement, the Agency shall be the only "A Better Solution In Home Care" or, in the states of Florida and Washington the only "Caring Solutions In Home Care" agency, the physical premises of which are within the geographical territory described in Addendum B hereto (the "Territory"). Franchisor will not locate or open a competitive business providing non-medical staff to care for elderly, infirm, and disabled persons needing companion and custodial care in the Territory, either company-owned, franchised or operated by an affiliate, during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. However, there shall be no geographic restrictions upon where customers may come from for any "A Better Solution In Home Care" or, in the states of Florida and Washington a "Caring Solutions In Home Care" agency, company-owned or franchised, but patients and clients may only be located within the Territory. Franchisee shall not distribute or publish advertising or otherwise market outside Franchisee's Territory except in compliance with this Agreement and the Manual.

1.02.02 Exclusions from Territory. The following, and any substantially similar locations, shall be excluded from Franchisee's Territory: Home shows, trade fairs, exhibitions and online sales of related products or services. As to such excluded locations, Franchisor shall have the right, directly or indirectly, to sell and distribute goods and services, including those normally offered by Franchisee and using the Marks, without compensation to Franchisee or any other franchisee(s). Franchisor may, directly, indirectly, or through a franchisee or licensee offer products and services under the same or a different trade name or trademark, including within Franchisee's Territory through alternative distribution methods, including through catalogs, mail order, independent retail outlets, and through electronic media, including television, radio, the "Internet" and through other new or emerging commercial technological media. Franchisor shall have no obligation to share any revenues from alternative distribution activities with Franchisee. Without limiting the foregoing, Franchisee shall not, without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever, use the Marks or any part of the Marks or anything similar to the Marks as part of a domain name or in any other manner in connection with any commerce on the Internet or similar media. Franchisee shall not use the Marks in or market through alternative distribution methods without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever.

1.02.03 Modifications of Territory. The parties agree that the estimated population of the Territory contained in Addendum B is a reasonable estimate of the population of the Territory based upon available governmental data.

1.02.04 Bonus Territory. If Franchisee has achieved at least \$1,000,000 of Gross Revenues during its second full year of operating its Agency, Franchisor will notify Franchisee that the Territory may be expanded to include 100,000

additional people in a continuous geographic area, if available. In order to expand the Territory as described, Franchisee must notify Franchisor within 90 days following Franchisor's notice to Franchisee and pay Franchisor \$5,300. Franchisor will only offer Franchisee additional territory if Franchisor deems it to be available and the boundaries of territory will be defined by Franchisor.

### *1.03 Agency.*

1.03.01 The term "Agency" means a business in which the Franchisee engages in the business of providing non-medical care to elderly, infirm and disabled persons needing companion and custodial care business at the location specified in Addendum A hereto and locations within, and only within, the Territory. Franchisee will provide these services to both residential and in health care institutions such as skilled nursing facilities, board and cares, rehabilitation centers, etc., operating under the Marks and using the System (hereinafter the "System"). Franchisor shall have the right to add or delete or change product and service offerings at any time and Franchisee agrees to comply with such changes.

### *1.04 System And Marks.*

1.04.01 Franchisee agrees to operate the Agency only according to the System and only under the Marks pursuant to the Manual. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Operating Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Agency. Franchisor's unique trade dress is part of the Marks.

1.04.02 Unless otherwise first approved by Franchisor in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "A Better Solution In Home Care" or, in the states of Florida and Washington under the name "Caring Solutions In Home Care". Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use.

1.04.03 Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor has the right and option to take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever. Franchisee agrees to fully cooperate with Franchisor in any action anticipated by or taken by or on behalf of Franchisor. Franchisee understands that it may become necessary, at Franchisor's right and option, to change, totally or in part, the Marks, as a result of litigation or otherwise. In that event, Franchisee agrees to immediately adopt the new or revised Marks, and Franchisor's maximum liability, including for any purported goodwill, shall be to reimburse Franchisee the actual out-of-pocket costs of changing the principal signs identifying the Premises.

1.04.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement. Subject to the satisfaction of each of the following conditions and with Franchisor's consent, which may be granted or withheld in Franchisor's business judgement, Franchisee may provide "skilled" or "clinical" care within the Territory: (1) Franchisee shall have operated the Agency in full compliance with this Agreement for at least one year; (2) Franchisee provides Franchisor at least 90 days' prior written notice of its desire to offer such services; (3) Franchisee and its designated managerial employees complete, to Franchisor's satisfaction, such additional training as Franchisor may require and subject to Franchisee paying Franchisor's additional training fee therefore, and (4) Franchisee and Franchisor enter into an amendment to this Agreement in a form prescribed by Franchisor that contains such provisions as Franchisor deems necessary to authorize and regulate the provision of additional services by Franchisee.

1.04.05 Franchisor shall provide information on improvement and developments to the System in the form of regular announcements via main menu page or website and email bulletins.

1.04.06 Franchisee agrees to operate no other business whatsoever, including coin-operated devices, in or about the Premises of the Agency or otherwise in connection with the System or Marks without first obtaining Franchisor's written approval; provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual. Franchisee acknowledges that Franchisor owns, in connection with the Marks, all goodwill associated with

or to become associated with the telephone numbers and telephone listings and agrees to execute an Assignment of Telephone Numbers in the form of Addendum F, attached.

#### *1.05 Manual.*

Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals (the "Manual"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee. Franchisor may make any changes or modifications in the Manual as in Franchisor's sole judgment are desirable. Franchisor will provide Franchisee with a hard copy or electronic copy of all updates. Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Franchisor's offices, the terms of the master copy shall prevail. Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so. The Manual is and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or non-renewal of this Agreement for any reason. Franchisee agrees not to make it available to or permit another to make any copies of the Manual or any portion thereof without Franchisor's prior written consent. Franchisee acknowledges and agrees that the fair value of the Manual is at least Ten Thousand Dollars (\$10,000).

## **Article 2 - Franchise Fees**

### *2.01 Initial Fee; Licensing Assistance Fee.*

2.01.01 Franchisee must pay Franchisor an "Initial Fee" of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The Initial Fee is payable upon execution of the Franchise Agreement.

(a) If Franchisee acquires an existing Agency from Franchisor or an affiliate in connection with this franchise, Franchisee will pay the fair market going concern value of the assets purchased pursuant to a separate asset purchase and sale agreement to be negotiated, in addition to the Initial Fee. If the parties are unable to reach an agreement on the purchase and sale of assets within 90 days following the date of this Agreement, either party may terminate this Agreement by giving not less than ten business days' notice to the other. Termination shall be pursuant to the terms of Articles 17 and 18.

(b) If Franchisor determines that Franchisee has not successfully completed the initial training to Franchisor's satisfaction within 180 days following the Effective Date, Franchisor may terminate this Agreement and refund Initial Fee that Franchisee has paid, less any and all costs to Franchisor associated with Franchisee's application. If Franchisee has not paid the Initial Fee as of such termination, Franchisee must reimburse Franchisor for said costs. Franchisor will determine whether Franchisee has successfully completed the initial training based upon knowledge test results and Franchisor's observations of Franchisee's ability to use the knowledge effectively.

2.01.02 At Franchisee's option and at Franchisee's request, prior to commencing business, Franchisor will assist Franchisee to obtain, if legally required, a home healthcare license for the applicable jurisdiction. If Franchisee requests such assistance then Franchisee must pay Franchisor a fee of \$3,000 in advance.

### *2.02 Royalties.*

Franchisee shall pay to Franchisor a monthly (or other period designated from time to time by Franchisor) royalty in an amount equal to five percent (5%) of Gross Revenues during the applicable period; provided however, that commencing on the date that is six months following the Commencement Date (as defined below) of, the royalty ("Royalty") payable by Franchisee shall be no less than \$250 per week (\$1,000 per month), and starting on the date that is 6 months following the Commencement Date. If Franchisee achieves \$1,000,000 in a calendar year in Gross Revenue the royalty rate will be reduced to 4.75% of Gross Revenue for the remainder of that year. If Franchisee achieves \$1,500,000 in a calendar year in Gross Revenue the royalty rate will be reduced to 4.5% of Gross Revenue for the remainder of that year. The minimum Royalty will continue to apply. The minimum royalty or the threshold to achieve the royalty fee reduction should not be considered by Franchisee to be representative of the amount that Franchisee will actually make in Gross Revenue, and may not be used to imply any particular level of Gross Revenues that may or should be achievable by Franchisee. All Royalties are fully earned when paid and are payable without setoff. The Royalties are payable monthly (or other period designated from time to time By Franchisor) by Electronic Funds Transfer. Funds must be in Franchisee's designated bank account in time so that Franchisor can obtain them on or before close of business on Tuesday of the week following the week on which the Royalties are based. Franchisor may, upon 30 days' prior written notice require Franchisee to pay Royalties by check, pre-authorized check, electronic funds transfer or other mechanism or to pay on a different periodic basis. If Franchisee owns more than one "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" franchise, Franchisee shall report and pay royalties for each franchise independently, unless otherwise directed

by Franchisor. All thresholds in this Section are determined for each franchise / Agency independently. For purposes of this Agreement, the "Commencement Date" shall be the day that Franchisee (and/or its manager) completes the training program that Franchisor has designated as its pre-launch training.

### *2.03 National Marketing Fee.*

2.03.01 Franchisee shall pay to Franchisor, in addition to the Royalty, a monthly (or other period designated by Franchisor) National Marketing Fee equal to one percent (1%) of Gross Revenues during the applicable period; provided however, that commencing 6 months following the Commencement Date, the National Marketing Fee paid by Franchisee for any calendar month shall be no less than \$250. Franchisor may reduce or discontinue the National Marketing Fee at any time and may, thereafter, reinstate it upon a new thirty day Notice. Franchisee shall pay the National Marketing Fee at the same time and in the same manner as Royalties. If and at such time as Franchisor has formed a Franchisee Advisory Council, Franchisor will not increase the Marketing Percentage Rate without the prior approval of the Franchisee Advisory Council (or committee thereof) or the approval of a majority of Franchisor's franchise owners that operate the under the System. If Franchisee owns more than one "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" franchise, Franchisee shall report and pay the National Marketing Fee for each franchise independently, unless otherwise directed by Franchisor.

2.03.02 Franchisor shall maintain all National Marketing Fees collected, net of any taxes Franchisor is required to pay on account of having collected the National Marketing Fees, in one or more bank accounts separate from Franchisor's regular account(s). Franchisee authorizes Franchisor to commingle Franchisee's National Marketing Fees with those paid by other Franchisees. At Franchisee's written request, Franchisor will provide an un-audited annual accounting to all Franchisees as to the aggregate amount of National Marketing Fees collected and their use and application by general category, which accounting will be prepared within 120 days following the end of Franchisor's fiscal year. Franchisee must provide such written request within 180 days following the end of Franchisor's fiscal year. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law.

2.03.03 Franchisor shall use National Marketing Fees collected, net of taxes and governmental fees, for advertising, marketing and promotion for the benefit of Franchisor's System. Selection of marketing, advertising and promotion location, scope, content, copy, timing and approach shall be by Franchisor and at Franchisor's right and option. Franchisor may use some of the funds, at its option, for market research, production and administration of the advertising program. Franchisor will attempt to benefit all of Franchisor's franchisees through the marketing program over all; however, not every element of the marketing and promotion program will necessarily directly benefit any specific franchisee. In making its marketing decisions, Franchisor will consider but not be bound by advice from any advisory committee(s) of franchisees recognized by Franchisor.

2.03.04 Franchisor shall have no duty to conduct any marketing program and if Franchisor does conduct a program, Franchisor makes no representations or warranties regarding the nature of the marketing to be conducted or about how it will affect Franchisee's revenue.

### *2.04 Management Assistance.*

In the event Franchisee requests Franchisor or its affiliate to provide extraordinary management or support services at Franchisee's location or in Franchisee's Territory Franchisee shall pay Franchisor's or such affiliate's (as the case may be) usual fee for such extraordinary services, which shall be due and payable no later than the second date for payment of royalties following the date of the services. All such extraordinary services shall be arranged as provided in the Manual or provided by an affiliate of Franchisor.

### *2.05 Gross Revenues.*

The term "Gross Revenue" is, without duplication, defined as the aggregate of all amounts that have been invoiced and/or billed for goods or services rendered and/or provided during the applicable time period and other revenue from whatever source derived (whether from cash, credit, EFT, etc.) which arise from or are derived by Franchisee or any other person from business conducted by or originating from the Agency, regardless of the collection status of said revenue, invoices, billings and the like. Gross Revenue includes any monies received from business interruption insurance. Excluded from Gross Revenue calculations are sales tax deposits, refunds made to arms-length clients in good faith in accordance with the standards and policies for issuing such credits; reimbursed client expenses upon which Franchisee has not charged a service fee, the discount value of approved coupons, vouchers or other allowance that Franchisor authorizes.

### *2.06 Local and Cooperative Marketing.*

Franchisee shall spend, on a monthly basis, not less than the greater of: (a) two percent (2%) of Gross Revenues or (b) One Thousand Dollars (\$1,000) on local marketing. Local and cooperative marketing expenditures shall be in addition to the National Marketing Fee paid pursuant to paragraph 2.03. Franchisor may direct Franchisee to contribute up to four percent (4%) of Gross Revenue to a Local Marketing Cooperative. Contributions to a Local Marketing Cooperative will correspondingly reduce, on a dollar-for-dollar basis, Franchisee's local marketing expenditure requirements. Company-owned outlets do not participate in any marketing cooperatives and do not have voting power over fees imposed by Franchisee cooperatives.

**2.06.01 Local Marketing.** In addition to complying with any specific marketing requirements of Franchisor, Franchisee shall place and pay for such other marketing as Franchisee deems necessary and appropriate. Franchisee shall be responsible to assure that all marketing so placed complies with the Manual and serves to enhance and not detract from or harm the Marks and the goodwill attached and to become attached thereto. Franchisee shall promptly send to Franchisor copies of all marketing copy and media used. In the event Franchisor deems any advertisement or marketing technique to be not in compliance with this paragraph, Franchisee shall, immediately upon receipt of a written notice from Franchisor, cease using the subject advertisement or marketing technique and shall thereafter fully comply with this paragraph. If Franchisee violates this paragraph more than two times in any 12 month period, Franchisor may, in addition to all other remedies available pursuant to this Agreement, require Franchisee to obtain prior written approval of copy and marketing technique for all or certain categories of marketing.

**2.06.02 Regional Marketing Cooperative.** If there are two or more "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" franchisees in a marketing area, as determined by Franchisor, the franchisees shall form a Regional Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative. No Regional Marketing Cooperative shall make assessments of more than four (4%) percent of Gross Revenues unless all members of the Marketing cooperative are in agreement. Funds contributed to any local marketing cooperative shall be in addition to the National Marketing Fee paid pursuant to paragraph 2.03. Each Regional Marketing Cooperative shall be organized and operate as specified in the Manual.

**2.06.03 National Marketing Fund.** Franchisor will administer the National Marketing Fund and accept or reject advertising that Franchisee creates for Franchisee's local use.

#### *2.07 Grand Opening.*

Franchisee shall, within three months after the date that Franchisee is open for business, publicize and conduct a grand opening consistent with Franchisor's guidelines. The grand opening shall be appropriate for Franchisee's territory, location, community, competitive environment and similar factors. Franchisor will provide Franchisee with a Grand Opening Packet with \$500 worth of collateral material including brochures and business cards.

#### *2.08 Generations Software System*

Upon satisfactory completion of Franchisee Training, Franchisee will license the Generations Software, which provides a web-based system for customer relations management, scheduling, referral marketing, client marketing, billing and payroll. A monthly service fee (presently \$250) and a telephony fee (presently \$25/month and \$.15 per clock in/out) apply and are directly payable to Generations. These fees may increase from time to time. Franchisor may require Franchisee to use and license other or additional software from time to time.

#### *2.09 Chargeback Related to Telephony, Phone Usage and Benefit*

Franchisee agrees to pay Franchisor the chargeback's and other service fees attributable to Franchisee's usage of, and other benefits received from, Franchisor's phone-in system (telephony system for caregiver phone-in time cards and national toll-free number usage) and website phone number upon receipt of Franchisor's invoices for the same.

#### *2.10 Supplier Evaluation Fee*

Franchisee agrees to pay Franchisor \$175 for each evaluation of an outside supplier that Franchisee requests. This fee must be paid in advance of the evaluation, does not guarantee acceptance of the supplier and is nonrefundable. Franchisor reserves the right to modify this service fee at any time upon notice to the Franchisee.

#### *2.11 Rebates, Discounts and Allowances.*

Franchisee authorizes Franchisor to collect all available rebates, discounts and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Franchisor's reasonable business judgment, it is appropriate to collect them. Franchisor shall place all collected RDAs in either the National Marketing fund or in a separate account and shall apply all such funds for purposes of subsidizing the cost of franchisee conventions, meetings and incentive programs. Franchisee authorizes Franchisor to commingle Franchisee's RDA funds with

those received on account of business conducted by other franchisees. Franchisor is authorized to pay from the collected RDA funds any taxes and assessments payable on account of having received the funds and a reasonable portion of the administrative and marketing costs of securing, managing and disbursing such funds. Franchisor will provide an un-audited annual accounting as to the aggregate amount of RDA funds collected and their use and application by general category, which accounting will be prepared within 90 days following the end of Franchisor's fiscal year and will be provided to Franchisee upon written request. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law.

#### *2.12 Annual Increase in Fixed Fees or Fixed Payments.*

Franchisor reserves the right and option, to increase the amount of a fixed fee or fixed payment, e.g., the Generations Home Care Software System Monthly Service Fee and minimum monthly National Marketing Fee, due Franchisor or an affiliate under this Agreement or a related agreement ("Annual Increase"), subject to any limitations set forth in this Agreement. An Annual Increase to each particular fixed fee or fixed payment may occur only once during any calendar year.

#### *2.13 Method of Payment and Electronic Funds Transfer.*

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

#### *2.14 Payment and Interest on Late Payments.*

Except as may otherwise be provided in this Agreement, fees and other amounts due under this Agreement, shall be payable 15 days after the date of the invoice from Franchisor. Franchisor will initiate payment on all invoices from Franchisee's bank account 15 days after the date of the invoice by electronic funds transfer as provided in Section 2.13, above. If any fee or other amount due under this Agreement is not paid when it is due, Franchisee shall pay interest on any balance due from the date due until such amount is paid in full at the highest then-applicable legal rate for open account business credit not to exceed one and one-half percent (1.5%) per month. This charge shall accrue whether or not Franchisor or Franchisee exercise their respective rights to terminate this Agreement pursuant to Article 13 hereof.

#### *2.15 Application of Payments.*

All payments by Franchisee pursuant to this Article 2 shall be applied in such order as Franchisor may designate from time to time, Franchisee agrees that it may not designate an order for application of any fees different from that designated by Franchisor and expressly acknowledges and agrees that Franchisor may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by Franchisor, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

### **Article 3 - Reports And Audits**

#### *3.01 Records And Reports.*

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, reports of Gross Revenues, Gross Revenues, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection

reports, and weekly or monthly sales summary. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within 90 days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, Franchisee shall provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor has the right to use data from the reports and financial documents in composite or statistical form for any purpose at Franchisor's option. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law

### *3.02 Failure to Report.*

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and National Marketing Fees for each relevant week or month and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average weekly Royalties and National Marketing Fees over the prior 12 months or (b) the average weekly Royalties and National Marketing Fees of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

### *3.03 Audits And Inspections.*

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three (3) percent or more for any week, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of the Agency, Franchisee shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor.

### *3.04 Contact With Others.*

Franchisor shall have the right, at Franchisor's option and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

## **Article 4 - Training**

### *4.01 Initial Training.*

4.01.01 As a condition subsequent to this Agreement, Franchisee and Franchisee's designated manager in charge of operating the Agency, if applicable, and the member of Franchisee's management staff responsible for scheduling staff (the "Scheduler") shall successfully complete Franchisor's initial training program. The initial training program will be approximately 40 hours in length and shall be conducted at such location(s) as Franchisor specifies. The initial training may be conducted, in whole or in part, in an existing "A Better Solution In Home Care" agency owned by Franchisor, an affiliate of Franchisor, another franchisee, or at or around Franchisee's agency. If Franchisor elects to provide any such initial training program at a location at or around Franchisee's Agency, then Franchisee must, at Franchisor's option, either reimburse or advance Franchisor for the costs and expenses incurred (or expected to be incurred) in connection with its trainers travel, lodging and food expenses. Franchisee and Franchisee's manager, if applicable, and Scheduler will be required to execute a consent, waiver and release in the form of Addendum K before beginning training, relieving Franchisor or other franchisees who might be involved in the training of liability for wages, benefits, and for injury, damages or harm that might occur while training in the facilities of Franchisor or another franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated

manager, if applicable, and Scheduler do not satisfactorily complete the initial training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement.

#### *4.02 Manager and Scheduler Training.*

(a) At all times, Franchisee or Franchisee's personnel in charge of operating the Agency shall be an individual who has successfully completed Franchisor's manager training program and who otherwise meets Franchisor's minimum manager criteria. Any new manager shall successfully complete Franchisor's manager training program within 60 days after assuming the role of manager. Unless otherwise agreed in writing by Franchisor, Franchisee or Franchisee's manager(s) shall bear the reasonable cost of training additional managers after the first manager trained. In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits and living and travel expenses of trainees.

(b) At all times, Franchisee's Scheduler in charge of scheduling caregivers to serve client needs shall be an individual who has successfully completed Franchisor's Scheduler training program and who otherwise meets Franchisor's minimum Scheduler criteria. Any new Scheduler shall successfully complete Franchisor's Scheduler training program within 30 days after assuming the role of Scheduler. Scheduler training is always available online and periodically held at a location deemed appropriate by Franchisor. Unless otherwise agreed in writing by Franchisor, Franchisee or Franchisee's staffers(s) shall bear the reasonable cost of training staffers. In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits and living and travel expenses of trainees.

#### *4.03 Employee Training.*

At all times, Franchisee shall employ only persons who have successfully completed Franchisor's proprietary training program. Franchisee and Franchisee's Manager are required to attend a train-the-trainer program at a location determined by Franchisor. Franchisee is responsible for conducting or overseeing and ensuring the appropriate training and assessment of all other employees of the Franchisee within the timeframes outlined in the Manual. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

#### *4.04 Mandatory Advanced Training*

Franchisor may provide mandatory advanced training for Franchisee's key management personnel designated by Franchisor at Corporate headquarters or another location designated by Franchisor. There may be a charge for this mandatory advanced training, and Franchisee must pay all of Franchisee's travel expenses (transportation, hotel, meals, etc.) and related salary expenses. Franchisor will not require more than two persons to attend more than three days of additional mandatory advanced training during any running 12 month period.

#### *4.05 Subsequent Training.*

Franchisor may make additional optional training available on an as-needed basis for an additional \$750 per day per trainer plus travel, room and board expenses for each trainer. At Franchisee's request and subject to Franchisor's availability, may provide additional training to Franchisee and its management personnel for an additional \$750 per day per trainer plus travel, lodging and food expenses for each trainer.

#### *4.06 On-going Consultation & Advice*

Franchisor shall make available (in its discretion) periodic consultation and advice in response to inquiries about specific administrative, operating and sales issues. Franchisor may decide how best to communicate this consultation and advice to Franchisee, whether by telephone, in writing, electronically or in person. The method chosen by Franchisor may vary from Franchisee to Franchisee. After Franchisee has completed certain pre-opening milestones, as communicated in writing to Franchisee, Franchisor will provide Franchisee with on-site coaching (including quality assurance audits, coaching and continuing education) to be provided as follows: (i) four days (which at Franchisor's option may be separated into multiple visits) at Franchisee's Agency during the first 120 days following opening, for quality assurance audits, coaching and "continuing education." During the second and subsequent years during the Term of this Agreement, the coaching, quality assurance audits and continuing education may or may not be on-site at the Franchisee's Agency. Franchisee will be responsible for reimbursing Franchisor for its travel expenses for one person related to the coaching, quality assurance audits and continuing education.

#### *4.07 Training Materials.*

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager(s) and employees. Franchisor may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement.

Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

#### *4.08 No Warranty of Success.*

Franchisor's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the Agency or any aspect thereof.

### **Article 5 - Trade Secrets and Confidentiality**

Franchisee will have access during the course of this Agreement to trade secrets that are the property of Franchisor. Trade Secrets include, but are not limited to, the System, the Manual, formulas, methods, customer lists and related information, vendor and pricing lists and policies, the Training, sales techniques, marketing and promotions and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this article. Franchisee shall cause every manager and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement in the form prescribed by Franchisor, the current form of which is Addendum I hereto. Franchisee agrees that Franchisor shall have the right and option to determine what items or information are Trade Secrets and that any items or information designated Trade Secrets by Franchisor in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes. In addition to all other remedies available to Franchisor, upon proof of violation of this Article by Franchisee, Franchisee agrees that Franchisor shall be entitled to liquidated damages in an amount equal to the greater of: (a) the sum of the average Royalty Fees and the average National Marketing Fees paid or payable by Franchisee during the preceding 12 months, multiplied by the number of months, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent of the gross revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty.

### **Article 6 - Pre-Opening Obligations**

#### *6.01 Premises And Lease.*

6.01.01 Franchisee shall be solely responsible for selecting the location for its Agency that complies with the Manual (hereinafter "the Premises"). Franchisee, within 90 days after signing this Agreement, shall select a location, subject to Franchisor's approval. Franchisor will attempt to provide to Franchisee any information in its possession regarding the Premises, proposed Premises and any known alternative Premises within Franchisee's Territory. Such information is provided by Franchisor without warranty as to its accuracy or completeness or otherwise. Franchisor has no special expertise in such matters. Franchisee shall not sign a lease, sub-lease or other obligation until after Franchisee has received Franchisor's approval of the Premises and lease or sub-lease in writing, which approval shall be deemed to have been given if Franchisor has not notified Franchisee within ten business days following Franchisor's receipt from Franchisee of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as Franchisor may require. Approval of the Premises or the lease or sub-lease by Franchisor does not constitute a representation or warranty by Franchisor that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease. Franchisor reserves the right, at Franchisor's option to, condition approval upon execution of the Lease Conditional Assignment Agreement by Franchisee and Franchisee's landlord in the form of Addendum E, attached. If Franchisee fails to select an approved location within 90 days, Franchisor shall have the option of terminating this Agreement. Franchisee acknowledges and agrees that failure to select an approved location within 90 days is cause for Termination of this Agreement. Notwithstanding Franchisor's right to terminate for failure to select an approved location within 90 days, Franchisor will reasonably

extend the selection period if Franchisee has made best efforts to select a location and for valid reasons has been unsuccessful.

6.01.02 If Franchisee requests Franchisor to send a person to Franchisee's Territory to assist in identifying, selecting or negotiating the terms of a lease or purchase of or otherwise in connection with Franchisee's selection of Premises, upon Franchisor's request, Franchisee shall arrange for appropriate transportation, hotels and meals and reasonable expenses not to exceed the current per diem rate for federal employees all at Franchisee's expense. Except for the per diem allowance, Franchisee shall pay such expenses directly to the transportation and other providers.

6.01.03 In some instances, Franchisor may have already entered into a master lease for the Premises. In such event, Franchisee shall execute a sublease or assignment agreement, as appropriate, subject to the same terms and conditions as the master lease. The sublease or assignment may provide that Franchisee shall pay rent and other obligations directly to the master landlord.

6.01.04 Franchisee may not relocate the Agency without Franchisor's prior written consent. Franchisee must pay a fee of \$750 plus any expenses to Franchisor to consider the relocation of the Agency.

#### *6.02 Specifications.*

The Agency shall operate only from Premises meeting Franchisor's specifications, including appropriate office and training space. Franchisee understands and agrees that, although all "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" agency will follow a consistent theme, the details of their design will differ in many cases, based upon location requirements, landlord requests, and unique features of the community. Franchisor will consider Franchisee's requests for features for Franchisee's office, but is not obligated to follow those requests. Franchisee shall be obligated to update the design of Franchisee's office at Franchisee's expense not more than once every three years. Franchisee may change or update the design of Franchisee's office, subject to Franchisor's prior written approval, at any time, at Franchisee's expense. If Franchisor approves any changes in the plans or designs at Franchisee's request (or to comply with governmental codes, rules or ordinances), Franchisor shall own all rights to such plans as modified without further compensation to Franchisee or any other person. Franchisee shall sign and obtain signatures of necessary third parties on any documents requested by Franchisor to transfer any and all copyrights or other proprietary interests of any person in and to such modified plans or designs.

#### *6.03 Appearance Of Premises.*

Franchisee acknowledges that not every "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" agency will be required to have identical decor, color schemes and layout. Franchisee agrees to accept Franchisor's subjective evaluation as to what would keep the Premises in compliance with Franchisor's standards. Franchisee agrees, at Franchisee's sole cost and expense, to maintain the Premises, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance Franchisor's standards throughout the term of this Agreement

#### *6.04 Required Equipment.*

Franchisee shall acquire install and use, at Franchisee's sole expense the Required Equipment. The current list of Required Equipment is contained in Addendum C. Franchisee understands that the specific list of Required Equipment may be different for the Agency than for other franchisees or company-owned "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" agencies on account of differences in the Premises, lease terms, demographics or otherwise and that Franchisor shall have the right to modify the list of Required Equipment in the Manual or otherwise in writing. All Required Equipment shall meet or exceed Franchisor's specifications. Franchisee shall purchase the Required Equipment only from vendors approved by Franchisor.

#### *6.05 Signage.*

Subject to compliance with applicable laws and regulations, Franchisee shall acquire all signs as required by Franchisor for use at or in connection with the Agency.

#### *6.06 Agency Opening.*

Franchisee agrees to open its Agency for business within 180 days of signing this Agreement. The Agency shall be opened to the public only after receipt of authorization to do so by Franchisor.

#### *6.07 Right to Cure.*

Franchisee authorizes Franchisor the right to enter the premises to make any modification necessary to protect the Licensed Marks and a "Lease Conditional Assignment Agreement" in the form attached hereto as Addendum E, executed by Franchisee and the lessor of the Premises, providing Franchisor notice of Franchisee's default of the lease, a right to cure such default and the right to assume the lease, as well as the further right to sublease or assign to another franchisee of Franchisor (and ii Franchisor exercises its rights under the Collateral Assignment of Lease, Franchisor shall have the option to acquire all fixtures, equipment and other leasehold improvements on the Premises at fair market value).

#### *6.08 Appropriate Place of Business.*

Due to the nature of the business, the Agency premises may not be located in a person's home for more than 1 year after opening, except with Franchisor's prior written approval. In cases where Franchisee chooses to operate administrative and back office functions primarily out of a person's home, Franchisor requires that a shared/flex/executive suites type of office arrangement or other suitable general/commercial office space is available to Franchisee on a regular basis for interviewing and orienting new staff.

#### *6.09 Good and Services*

Franchisor shall make good and services available to Franchisee either directly or through approved suppliers.

### **Article 7 - Operation of Agency**

#### *7.01 Independent Contractor.*

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), equity partners, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Agency is independently owned and operated in such form as Franchisor may specify.

#### *7.02 Personal Participation.*

Throughout the term of this Agreement, Franchisee shall either devote Franchisee's full time and effort to actively managing the Agency or delegate its management to a responsible managerial employee. Notwithstanding any delegation of authority hereunder, Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Agency. If Franchisee employs a manager to run the day to day operations, the manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at Franchisee's sole cost and expense (except for Franchisee's first manager whom Franchisor will train at no additional charge to Franchisee for the training—but Franchisee shall be solely responsible for all travel and living costs of trainees). Franchisee shall devote such time and effort to the Agency as Franchisee determines, but shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Agency.

#### *7.03 Retail Prices.*

Franchisor may recommend prices and pricing strategies for products and services. Franchisee is obligated to follow such price recommendations to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing franchisee's own retail prices at such levels as franchisee deems appropriate.

#### *7.04 Compliance With Laws.*

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Agency. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Agency, including, but not limited to, licensing, health, safety, environmental, consumer and labor regulations. Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof; provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

#### *7.05 Franchisee Business Operation.*

Franchisee understands and acknowledges that every detail of the System and of the operation of the Agency is important to Franchisee, Franchisor and other franchisees of Franchisor in order to maintain and further develop high and uniform operating standards, to increase the demand for goods and services sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.05.01 Compliance with Manual. Franchisee shall operate the Agency in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment and software required by Franchisor for operation of the Agency. Franchisee shall offer all of the goods and services designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason. Franchisee shall assure that all telephone calls are answered live and in compliance with the Manual.

7.05.02 Image. Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Agency whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor has the sole right to determine what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.05.03 Business Dealings. Franchisee shall not, at any time, engage in any business dealings in relation with the Agency or the Franchise which is are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.05.04 Maintenance. Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including without limitation, such periodic cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment as Franchisor may reasonably direct. Franchisee shall maintain all landscaping and other outside areas of the premises in an attractive and clean condition.

7.05.05 Refurbishing. At Franchisor's request, which shall not be more often than once every three (3) years, Franchisee shall replace or update the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image, including, without limitation, such internal changes and redecoration and such modifications to existing equipment as may be necessary in Franchisor's sole judgment.

7.05.06 Advisory Committees. Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchisee advisory committees or councils if established or sanctioned by Franchisor.

#### *7.06 Restrictions on Sources of Products And Services.*

7.06.01 Specifications. As to all equipment, fixtures, supplies and inventory ("Items") necessary to operate the Agency, except as otherwise specified herein, Franchisee may purchase them from the vendor of Franchisee's choice, but the Item(s) must meet Franchisor's specifications, if any. The current list of Items subject to specifications is included as Addendum D. Franchisor reserves the right to change the list of Items that Franchisee must purchase in accordance with specifications. Franchisor reserves the right to require Franchisee to purchase only from suppliers that Franchisor has approved.

7.06.02 Items Bearing Marks and Proprietary Items. At Franchisor's request, Franchisee shall purchase only from Franchisor or a supplier approved by Franchisor all Items used to start or operate the Agency that contain or bear the Marks or that are proprietary to Franchisor. At Franchisor's request, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Agency, but otherwise all signs must meet Franchisor's specifications.

7.06.03 Other Suppliers. Franchisor will approve other suppliers of non-proprietary items if Franchisee or the supplier request the approval in writing and if the supplier demonstrates to the satisfaction of Franchisor that it is financially capable and can provide Item(s) or service(s) that meet Franchisor's standards and that it is willing and able to protect Franchisor's proprietary information. Franchisor may charge a reasonable fee to cover its costs in evaluating a proposed supplier. Franchisor will normally make its decision within 30 days after it receives all of the requested information and any requested samples. Franchisor reserves the right to withdraw approval of any supplier whose performance falls below Franchisor's standards.

7.06.04 Unspecified Products. Franchisee may obtain any Item used in the Agency that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.06.05 Inventory. Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Agency can operate at optimal capacity.

7.06.06 Training and Other Services. Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the usual price for any of these services, unless otherwise provided in this Agreement.

7.06.07 Proprietary Items. Proprietary Items are Items that contain one or more unique characteristics or ingredients which are either not known to the general public or which are subject to protection as intellectual property or Trade Secrets, and can include packaging, trademarks or containers. Patented or patentable Items are Proprietary Items. Franchisor or its Affiliate(s) may develop Proprietary Items. Franchisor or an Affiliate will (i) manufacture, supply and sell Proprietary Items to franchisees of Franchisor, and/or (ii) disclose the formulae for and methods of preparation of the Proprietary Items to one or more supplier(s) who will be authorized by Franchisor to manufacture Proprietary Items to Franchisor's precise specifications and sell Proprietary Items to franchisees of Franchisor and/or (iii) license Franchisee to use them pursuant to this Agreement. If required, Franchisee shall purchase and use Proprietary Items from Franchisor or from supplier(s) so authorized by Franchisor. Franchisor or its Affiliate(s) will derive revenue and profits from Franchisee's purchases of any Proprietary Items. Franchisor or its Affiliate(s) may distribute Proprietary Items through alternative channels of distribution, including near Franchisee's location.

7.06.08 Proprietary Software. Franchisor will arrange for Franchisee to license certain software, which may include proprietary software. The Software, and any additions or modifications or further developments are and will be Trade Secrets of Franchisor. Franchisee shall comply with Franchisor's requirements and specifications regarding the Software. Franchisor will license the Software to Franchisee at its current rates. Franchisor may require Franchisee to sign a separate license agreement for some software. Franchisor or its Affiliate(s) may distribute Proprietary Software through alternative channels of distribution, including near Franchisee's location and to competitors of Franchisee.

#### *7.07 Minimum Hours.*

Franchisee shall keep the Premises open to the public every day of the year except Christmas, New Years Day, Thanksgiving, Memorial Day, and July 4<sup>th</sup>, unless otherwise specified by Franchisor or agreed in writing by Franchisor or unless required by law or by a lease approved pursuant to this Agreement. The normal hours of operation shall be from 8:00 a.m. to 5:00 p.m., every day, subject to seasonal adjustments; however, Franchisor, reserves the right to, from time to time specify different hours of operation so long as the business is open to the public a minimum of 6 hours per day between the hours of 7 a.m. and 7 p.m., at its option. Franchisee may request different hours for good cause. The dates and hours of operation may not be the same for all agencies or all franchisees, even in the same general area, because of local conditions. Franchisee shall have not less than ten business days to adjust to any increase in the minimum hours required by Franchisor for Franchisee's location. Franchisee shall maintain a live on-call staffer 24 hours per day, seven days per week, 365 days per year. On-Call personnel need not work from the office, but must have access to phone and email at all times and must answer any calls that come into the office during non-operating hours. There are no exceptions to this policy.

#### *7.08 Signs.*

Franchisee agrees to obtain, install and maintain on the Premises and on certain vehicles used in the Agency, appropriate signs bearing the Marks as specified by Franchisor. Any deviation from the required signage shall be subject to Franchisor's prior written approval.

#### *7.09 Computer System.*

Franchisee shall purchase specified computer hardware and software ("Computer System") for use in operation of the Agency as required by Franchisor. In addition, Franchisee may be required, from time to time, to purchase replacement hardware or software or software upgrades, all of which Franchisee shall install and use as required by Franchisor, including, without limitation, point of sale and communications software and hardware. If required, Franchisee will install and maintain and use, at Franchisee's expense, a dedicated telephone or other data line or transmission facility as specified by Franchisor. Franchisee may obtain a Computer System and related components and services from any source as long as the equipment, software and service meets or exceeds Franchisor's specifications. Franchisee shall be solely responsible for maintenance, repair and replacement of the Computer System. Without limiting the applicability of this paragraph, Franchisee shall, at all times, use and maintain the

software as required by Franchisor. Franchisee shall not block or attempt to block or limit Franchisor's access, including electronically, to any data or programs contained on Franchisee's Computer System and Franchisee shall maintain information relating to the Agency only on the Computer System(s) to which Franchisor has access.

#### *7.10 Communications Equipment and Systems.*

Franchisee shall purchase and use in the Agency communications equipment or systems and service as required by Franchisor and shall update or replace such equipment, systems and service as required, but Franchisor will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Franchisor in communicating with Franchisor and other franchisees relating to the Agency. Franchisor shall have a proprietary interest in all communications made through any communications systems maintained or provided by Franchisor. Franchisee acknowledges that the provisions of this paragraph 7.10 are reasonable and necessary and beneficial to the franchise system. Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual.

#### *7.11 Equipment Maintenance.*

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all equipment required, recommended or permitted pursuant to this Agreement.

#### *7.12 Warranties.*

Franchisee shall not represent to any customer or the public that Franchisor provides any warranty as to the quality of any product or service, unless Franchisor has specifically authorized such warranty in writing. If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials that the warranty is available and will be honored only by Franchisee. Franchisee hereby indemnifies holds harmless and agrees to defend Franchisor, its related companies and all other franchisees of Franchisor from any and all claims of whatever nature arising from any such additional warranties made by Franchisee. Franchisee shall participate in and comply with any warranty program that Franchisor may adopt from time to time.

#### *7.13 Marketing.*

Franchisee shall, at all times, comply with the Manual in all advertising, including, but not limited to using exclusively Franchisor's toll free number when required.

7.13.01 Franchisee shall not use television, radio or Internet advertising unless in full compliance with the Manual.

#### *7.14 Leads and Service Area.*

Except as specifically permitted by the Manual, Franchisee shall not engage in marketing outside of Franchisee's Territory. There are no restrictions on where Franchisee may provide services, provided Franchisee is in full compliance with all applicable laws, ordinances and regulations, for customers who may contact Franchisee directly. Franchisor shall make a reasonable effort to channel calls received on its toll free number(s) to the franchisee in the territory where the customer needs services. Franchisor may adopt and follow non-discriminatory policies for distributing calls and leads if Franchisee does not respond or perform in compliance with the Manual which may result in another franchisee being permitted to perform work in Franchisee's Territory.

#### *7.15 New Developments.*

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Agency. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

#### *7.16 Staffing Requirements.*

Franchisee shall, at all times, comply with the minimum staffing requirements specified in the Manual, which shall be not less than one Operations Manager and one Scheduler. Each employee shall, at all times meet or exceed the qualifications set forth in the Manual.

7.16.01 Staffing Support. Franchisor shall offer support on staffing matters, including recommended organizational charts for different levels of revenue, detailed position descriptions for all office and field positions with interview guides for all positions.

### *7.17 Training.*

Prior to opening the Agency for business, Franchisee shall have completed Franchisor's new owner training within 60 days of signing this Agreement or within 60 days of obtaining state licensure, if required, whichever is later. Franchisee and his/her Agency manager, if applicable, and Scheduler shall have completed Franchisor's applicable opening training program to the satisfaction of Franchisor within 60 days of signing this Agreement, or within 60 days of obtaining state licensure, if required. If Franchisee is the owner or operator of an existing Agency, within 120 days of signing this Agreement for an additional territory the owner shall attend multi-unit training. Replacement Agency managers and Schedulers shall likewise complete such applicable training programs to the satisfaction of Franchisor promptly after they are hired by Franchisee. Franchisee shall pay Franchisor's then-applicable fee for all such training and shall be responsible for all personnel expenses relating to such training programs.

7.17.1. To assist Franchisee in the operation of Franchisee's Agency, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's manager and/or Franchisee's other managerial employees. Franchisor may require Franchisee's attendance at these programs and/or courses. Franchisee is responsible for the expenses of Franchisee, Franchisee's agency manager, and other employees, including transportation to and from the training site and lodging, meals, and salaries during such training. The additional training programs and refresher courses will be at Franchisor's then-current tuition for such training.

7.17.2 Notwithstanding the foregoing, if Franchisee has engaged Franchisor's affiliate to provide certain management and administrative services, then Franchisee's owner shall not be required to attend and successfully complete Franchisor's new owner training.

### *7.18 Hiring and Supervision.*

7.18.1 Franchisee must hire a sufficient number of qualified, competent personnel, in order to offer prompt, courteous and efficient service to the public, and otherwise operate the Agency in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees, engaged in the operation of Franchisee's Franchised Business during working hours shall dress conforming to Franchisor's minimum standards, shall present a neat and clean appearance (wearing Franchisor's uniforms, if required) in conformance with Franchisor's reasonable standards and shall render competent, empathetic service to the customers of Franchisee's Agency.

7.18.2 The Agency shall be under the supervision of the Franchisee (or, if the Franchisee is a business entity, the Franchisee's Agency manager) who will devote his or her full time and energy to the operation of the Agency. If the Franchisee is an individual, then when the Franchisee is unable to be present during business hours, the Franchisee will, at all times while the Agency is open for business, have an Agency manager on duty who has successfully completed the franchisor's training program and who shall be responsible for the business operations of the Agency.

7.18.3. Franchisor must approve Franchisee's Agency manager prior to hiring. In the event that Franchisee operates more than one Agency or more than one Agency location, Franchisee shall have a properly trained Agency Manager at each Agency Location. Franchisee shall keep Franchisor informed at all times of the identity of any employee required to enter into the confidentiality and non-competition covenants as required under Section 11 of this Agreement.

7.18.4. Franchisee is responsible for all employment decisions of the Agency, including hiring, firing, training, promotion, wage and hour requirements, recordkeeping, supervision and discipline of employees. Franchisee shall conduct criminal background checks on all prospective employees and employees of the Agency to determine whether there is a history of elder abuse or crimes involving elders or similar crimes that are ascertainable on the public record. All employees must pass any applicable tests required by any governmental entity, submit to pre-employment and random drug tests, have a criminal background investigation performed and participate actively in safety training seminars and programs. Franchisee is responsible and assumes liability for all hiring decisions.

### *7.19 Operation of Agency.*

Franchisee agrees to comply with all Agency Program rules, regulations, policies and standards which are by their terms mandatory including, without limitation, those contained in the Operations Manual. Franchisee shall operate and maintain the Agency solely in the manner and pursuant to the standards prescribed herein, in the Operations Manual or in other written materials provided by Franchisor to Franchisee from time to time and shall make such repairs and replacements to the Premises and the Agency as Franchisor may require to ensure that Franchisor's required degree of quality, service and image is maintained and shall refrain from deviating there from and from otherwise operating in any manner which adversely reflects on Franchisor's name and goodwill or on the Licensed Marks. Without limiting the generality of the foregoing, Franchisee specifically agrees as follows:

7.19.1 To purchase, install and use, at Franchisee's expense, all such fixtures, furnishings, signs and equipment, all as may be required by Franchisor, and meet the specifications of the approved site layout and plan, and all other such items as Franchisor may prescribe from time to time and to refrain from purchasing, installing or using on, about or in connection with the Premises or the Agency any such item not meeting Franchisor's standards and specifications. Notwithstanding anything in this Section to the contrary, Franchisee shall replace all signs within one week of receiving notice to do so from Franchisor.

7.19.2 To maintain in sufficient supply, and use at all times, only operating products, materials, supplies and expendables, as conform with Franchisor's then-current standards and specifications and to refrain from using non-conforming items without Franchisor's prior consent.

7. 19.3 To sell and to offer for sale all such services and products as Franchisor may, from time to time require, and only those which Franchisor may, from time to time approve, which are not subsequently disapproved, as meeting its quality standards and specifications. In addition to any remodeling, repairs, replacement and redecoration required by this Article 6, in order to introduce new services and products, Franchisee may be required to expend additional amounts on new, different or modified software, equipment or fixtures necessary to offer such new services or products.

7. 19.4 To only use software approved by Franchisor in the operation of all aspects of the Agency. Franchisee may not use any other software without Franchisor's prior written consent. Franchisor reserves the right to withdraw any such written consent at any time.

7. 19.5 To use such standardized accounting forms, reporting forms and other forms as may be developed from time to time by Franchisor and to file such forms with Franchisor in a timely manner as may be required by Franchisor.

7. 19.6 To record all billings and maintain all business information and records associated with the Agency using the reporting systems and associated equipment specified by Franchisor in the Operations Manual and to maintain, without alteration, all information and categories required by Franchisor to be programmed into the billing reporting system unless Franchisor provides prior written approval or instructions to the Franchisee to alter such categories. Franchisee hereby authorizes Franchisor has the right to access all information from such reporting systems and associated equipment whether by inspection on the Premises or via retrieval by modem or other method of retrieval, as Franchisor, at its option, deems necessary. The reporting systems and associated equipment shall be accessible to Franchisor 24 hours per day, for every day of the year, including Sundays and holidays, for electronic access, and during normal business hours for personal access, and Franchisee agrees not to inhibit Franchisor's access to the reporting system or associated equipment.

#### *7.20 Participation in Promotions.*

Franchisee agrees to participate in system-wide and applicable regional promotions and advertising campaigns that Franchisor originates or approves. These may include promotions via the Internet, e-commerce, electronic media or other technologically advanced media. Franchisee also agrees to participate at its sole expense in all client loyalty, gift certificate and similar programs created by Franchisor. Franchisee also agrees to participate in secret shopper program and client satisfaction program as directed by Franchisor to ensure the highest quality of services.

#### *7.21 Printed Materials*

Franchisee shall use only brochures, business cards, marketing materials, advertising materials, printed materials or forms which have been approved in advance by Franchisor. Any and all supplies or materials purchased, leased or licensed by Franchisee shall always meet those standards specified by Franchisor in the Operations Manual or otherwise in writing.

#### *7.22 Identification of Agency*

In all advertising displays and materials and at the Agency, Franchisee shall, in such form and manner as may be specified by Franchisor in the Operations Manual, notify the public that Franchisee is operating the business licensed hereunder as a Franchisee of Franchisor and shall identify its Agency in the manner specified by Franchisor in the Operations Manual.

#### *7.23 Client Complaints*

Franchisee shall respond promptly to client complaints and shall take such other steps as may be specified by Franchisor in the Operations Manual or otherwise to ensure positive client relations.

#### *7.24 Third Party Actions*

Franchisee shall notify Franchisor in writing within five days of any written threat or the actual commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Agency.

#### *7.25 Inspection of Agency Premises*

Franchisee hereby grants to Franchisor and its agents the right to enter upon the Premises, without notice, at any reasonable time for the purpose of conducting inspections of the Premises, Franchisee's books, records, computer hardware and software, and other business equipment, and Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of Franchisor or its agents.

#### *7.26 Possible Variation in Certain Standards*

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its option and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

#### *7.27 Attendance at Annual Meeting*

As provided herein Franchisee and/or Franchisee's representative shall attend at least all annual meetings of franchisees held by Franchisor to address subjects relevant to the Agency Program, including recruiting, service line matters, client relations, personnel administration, advertising programs, and billing control systems. If held, Franchisor may use the annual meeting to offer continuing or advanced-level training instruction. If an annual meeting is held, Franchisor will determine its length and place and the persons who must attend. Franchisor reserves the right to charge a registration fee, and Franchisee must pay all of its travel expenses (transportation, hotel, meals, etc.) and related salary expenses. The parties understand and agree that Franchisee shall be required to be in attendance for no more than two business days of each annual meeting.

#### *7.28 Step In Rights.*

In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to meet any of the requirements of this Section 7 or cure any default within the applicable time period (if any), Franchisor has the right and option, but not the obligation, to enter upon the Agency premises and exercise complete authority with respect to the operation of the Agency until such time as Franchisor determines, that the default has been cured, and Franchisee is otherwise in compliance with this Agreement.

#### *7.29 Afterhours On Call Staffing.*

Franchisor may from time to time make available to Franchisee for its optional use, an afterhours call answering service. Franchisee may elect from time to time to use such service on such terms as Franchisor or its authorized vendor requires from time to time. Presently, Franchisor charges up to \$400 per week.

#### *7.30 Performance Standard.*

By not later than the second anniversary of the Effective Date, Franchisee's aggregate Gross Revenue during such two year period must equal or exceed \$250,000 (the "Performance Standard"). If Franchisee fails to meet the Performance Standard, then Franchisor may, at its sole option, exercise any or all of the following rights: (a) require Franchisee to attend additional or supplemental training; (b) reduce or eliminate Territory, as determined by Franchisor in its reasonable discretion; (c) refuse to renew this Agreement; or (d) terminate this Agreement. Franchisee acknowledges that the Performance Standard is a measure of performance and does not represent a representation or warranty that Franchisee will attain or surpass such amount. Franchisee further acknowledges that the success of the Agency is dependent upon various factors that are outside of the Franchisor's control or influence.

## **Article 8 - Indemnity and Insurance**

### *8.01 Indemnity.*

Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, shareholders, agents, employees, landlords and related companies from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees or agents in connection with the performance or breach of any obligation under this Agreement. Franchisor shall indemnify and hold harmless Franchisee, its officers, directors and shareholders from any losses, claims, damages, liabilities or expenses of any kind or nature, arising from the wrongful acts or omissions of Franchisor in connection with the performance or breach of any obligation under this Agreement.

### *8.02 Insurance*

Lines of Insurance. Franchisee shall, at its expense and no later than upon commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement the lines of insurance enumerated in the Operation Manual which shall be in at least such minimum amounts as may from time to time be required by Franchisor, and which shall name Franchisor and any parties it may designate as additional insured's, including the following:

8.02.1 Professional Liability on an occurrence or claims-made basis with limits not less than \$1,000,000 per occurrence / \$3,000,000 aggregate per policy year. If a claims-made form is selected, Franchisee must provide for the purchase of an extended reporting endorsement ("tail") of no less than 3 years in the event Franchisee closes its Agency.

8.02.2 General Liability on an occurrence basis with limits not less than \$1,000,000 per occurrence / \$2,000,000 aggregate per policy year. The following minimum sub-limits must be met: \$1,000,000 Personal & Advertising Injury, \$1,000,000 Products/Completed Ops Aggregate, \$100,000 Damage to Rented Premises, and \$5,000 Medical Expense.

8.02.3 Non-Owned Automobile coverage not less than \$1,000,000 combined single-limit each accident. This coverage applies as an "excess" limit above Franchisee's employee's primary personal auto insurance if he/she is involved in an accident while conducting business for Franchisee's Agency;

8.02.4 Property insurance in an amount appropriate for Agency personal property. Business Income and Extra Expense must be included in an amount equal to three months' gross profit or \$50,000, whichever is greater.

8.02.5 Workers' Compensation and Employer's Liability insurance with minimum limits of \$500,000/\$500,000/\$500,000 or higher coverage as required by applicable law.

8.02.6 A \$10,000 Minimum First-Party ~ Third-Party Fidelity Bond;

8.02.7 Employment Practices Liability (EPL) with \$250,000 minimum limit covering indemnification and defense costs for employee allegations of harassment, discrimination, and wrongful hiring or termination practices. EPL includes 3rd Party coverage for allegations of the same nature, but by clients rather than employees;

8.02.8 Any other insurance not listed here but required by applicable law, rule, regulation, ordinance or licensing requirements; and any updates as made from time to time in the operations manuals.

8.02.9 Franchisor reserves the right to change the types and amounts of insurance required under this Agreement. Franchisee agrees, at its own expense, to conform its insurance coverage to Franchisor's requirements.

### *8.3 Insurance Certificates.*

Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least 30 days' prior written notice to Franchisor. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. Franchisee shall add Franchisor to all insurance contracts as an additional insured under the insurance policies, the cost of which will be paid by Franchisee. In order to monitor claims activity on a national level, and to most effectively assess program exposures, Franchisee is required to collect Loss History Statements ("Loss Runs") from carrier and remit to Franchisor at renewal each year.

### *8.4 No Relief from Indemnity Requirement.*

The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement. Franchisee shall, at its expense and no later than upon commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Operations Manual or otherwise in writing which shall be in such amounts as may from time to time be required by Franchisor and which shall designate Franchisor as an additional named insured.

#### **8.5 Administrative Fee.**

If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right, but not the obligation, to obtain such insurance and keep same in force and effect, and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of 20% in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

### **Article 9 - Renewal**

#### **9.01 Conditions of Renewal.**

After expiration of the term of this Agreement, if Franchisor has made a business decision, Franchisor reserves the right and option, to continue the "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement, but only upon the following terms and conditions:

9.01.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies and must not have made more than two late payments within the last three years for which Franchisor gave written notice(s) of breach, which notice(s) were not withdrawn by Franchisor;

9.01.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Franchisor;

9.01.03 Franchisee shall pay a renewal fee equal to 25% of then-current standard initial franchise fee for substantially similar franchises offered by Franchisor, payable in full at the time of execution of the Franchise Agreement referred to in sub-paragraph 9.01.04;

9.01.04 Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Marketing Fees or entirely new categories of fees or mandatory expense;

9.01.05 Franchisee must maintain possession of the Premises identified in Addendum A for the renewal term or obtain substitute premises approved by Franchisor;

9.01.06 Franchisee, at Franchisee's sole cost and expense, shall remodel or refurbish the Premises and otherwise modernize and renovate the Premises, signs and equipment to be consistent with the then current image of the System and to meet Franchisor's then current specifications;

9.01.07 Franchisee shall give written Notice to Franchisor at least 12 months, but not more than 18 months, prior to the end of the term of this Agreement of Franchisee's desire to renew; and

9.01.08 Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the Agency or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another franchisee.

9.01.09 Franchisee must have, during the preceding term, met the minimum Royalty Payments.

### **Article 10 - Continuation**

If, following the termination or expiration of this Agreement for any reason, whether voluntary or involuntary, Franchisee continues to operate the Agency or occupy the Premises with the express or implied consent of Franchisor, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this Agreement and shall be terminable by either party upon the lesser of (a) 30 days' written notice or

(b) such shorter notice by Franchisor as would otherwise be applicable in a termination for cause. Franchisee acknowledges and agrees that such continuation shall be good cause for termination of this Agreement. Both parties shall continue to be subject to all terms of this Agreement during any such continuation period.

## **Article 11 - Entity Franchisee**

### *11.01 Entity Definition.*

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

### *11.02 Founding Document Restriction.*

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Agency to an Entity, the founding document(s) of the Entity must provide as follows:

This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any such agreement or undertaking is void.

### *11.03 Liability of Owner(s).*

Every owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall personally guaranty this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

### *11.04 Restriction on Certificates of Ownership.*

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any other transfer or attempted transfer is void.

### *11.05 Additional Requirements of Entity Franchisee.*

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

## **Article 12 - Assignment or Transfer**

### *12.01 Prior Consent.*

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this Agreement, the Franchisee, the Agency, any option or first right of refusal relating to this Agreement, the Franchisee or the Agency, the assets of the Agency or the leasehold of the Agency or represent to any person that such an Assignment has been made without Franchisor's prior written approval. For purposes of this Paragraph 12.01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Assignment without Franchisor's prior written consent shall be void and a breach of this Agreement.

### *12.02 Conditions Of Assignment.*

As preconditions for obtaining Franchisor's consent to an Assignment, at least the following terms and conditions must be met:

12.02.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies;

12.02.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee;

12.02.03 Franchisee must have paid in full all debts in connection with the Agency;

12.02.04 The assignee must have agreed to assume all of the obligations of the Agency;

12.02.05 The assignee must execute a disclosure form containing a waiver and release of any claim against Franchisor for any amount(s) paid to, or representation(s) made by Franchisee or any omission by Franchisee to disclose facts, material or otherwise;

12.02.06 Franchisee must execute, at Franchisor's option, a mutual termination of this Agreement and a general release, or an assignment of this Agreement and a general release, and an agreement to defend, hold harmless and indemnify Franchisor from any claim by the assignee in form specified by Franchisor, the current version(s) of which are attached as Addendum J;

12.02.07 The assignee must pay to Franchisor a Transfer Fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500) and execute, at Franchisor's option, the then current form of Franchise Agreement or an assumption of this Agreement (in any event providing for the same royalty and National Marketing Fees as contained herein, for the balance of the term hereof);

12.02.08 The assignee must, in the sole opinion of Franchisor, successfully complete the then current initial training program at the assignee's sole cost and expense;

12.02.09 The assignee must have met the then current standards of Franchisor for experience, financial strength, reputation and character required of new or renewal Franchisees;

12.02.10 The assignee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the Premises, unless a new location has been approved in writing by Franchisor; and

12.02.11 Franchisor must have been given at least 30 business days and a written first right of refusal by Franchisee, upon the same terms as those agreed upon by Franchisee with any proposed assignee; provided, however, Franchisor may substitute cash of equivalent value for any non-cash term. In the event Franchisor waives or fails to exercise its right of first refusal, if Franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, Franchisor shall have a new right of first refusal hereunder on the new terms.

### *12.03 Assignment to an Entity.*

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Article 11, formed under the laws of the state where the Agency is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the assignment to Franchisor and shall personally guarantee the performance of this Agreement. If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Agency is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement. The personal guarantee shall be in the form of Addendum G hereto. No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to Franchisor a processing fee of five hundred dollars (\$500) for an assignment pursuant to this paragraph 12.03.

### *12.04 Approval Process.*

Franchisor reserves the right and option to use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved. The approval of one Assignment does not obligate Franchisor to approve any other or subsequent Assignment. If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Assignment.

#### *12.05 Transfer by Franchisor.*

There shall be no restriction upon Franchisor's right to encumber, transfer or assign this Agreement or the System. Following such a transfer or assignment, Franchisor shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Franchisor's liabilities and obligations to Franchisee. Upon Franchisor's request, Franchisee shall execute and deliver a certificate to Franchisor, as described in Paragraph 21.05, in connection with an anticipated transfer or financing procedure by Franchisor. Franchisee agrees to accept any transferee of Franchisor, including any sub-franchisor and perform for such transferee the same as for Franchisor.

#### *12.06 No Sublicensing.*

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void.

### **Article 13 - Death or Incapacity**

#### *13.01 Alternatives Upon Death Or Incapacity.*

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within 90 days of such event:

13.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Agency for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 12 of this Agreement (except that no transfer fee shall be required); or

13.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 12 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the 90 days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the 90 days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

#### *13.02 Effect of Failure to Comply.*

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 17 and 18.

#### *13.03 Incapacity Defined.*

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Agency on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this sub-paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Agency is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

### **Article 14 - Successors and Assigns**

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

### **Article 15 - Termination**

Franchisor may terminate this Agreement as follows:

15.01 Franchisor may terminate this Agreement upon at least 30 days' notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Franchisor or any affiliate of Franchisor.

15.02 Franchisor may terminate this Agreement upon at least 72 hours' notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and cure period pursuant to other provisions of this Agreement:

- i. Franchisee fails to pay or deposit when due, and in the manner prescribed by Franchisor, any moneys owed to Franchisor or any of its related companies or to another franchisee of Franchisor;
- ii. Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;
- iii. Franchisee violates or attempts to violate any of the Assignment provisions of this Agreement;
- iv. Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the Premises or equipment, or abandons the Agency for more than 24 hours (whether or not Franchisee intends to abandon);
- v. Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement;
- vi. Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement;
- vii. Franchisee fails to timely permit any audit or inspection by or on behalf of Franchisor;
- viii. Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the Agency (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Franchisor's opinion, for Franchisee's operation of the Agency;
- ix. Franchisee is convicted of or pleads guilty or "No Contest" to any felony;
- x. Franchisee fails to operate the Agency under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual;
- xi. Franchisee engages in any business dealings in relation with the Franchise, the Agency or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Franchisor, other franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other franchisee or the Franchisor;
- xii. Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 21.05;
- xiii. Franchisee fails to maintain insurance or workers compensation coverage
- xiv. Franchisee fails to make any required Royalty Payment;
- xv. Franchisee (or the manager of the Agency, if applicable) and/or Scheduler has not successfully completed the initial training to Franchisor's satisfaction within six months following the Effective Date;
- xvi. Franchisee has not commenced doing business and generated revenue within seven months following the Effective Date;
- xvii. Franchisee fails to meet or exceed the Performance Standard; or
- xviii. Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Franchisor or between Franchisee and any of Franchisor's related companies is terminated for cause.

15.03 Franchisor may terminate this Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and a cure period pursuant to other provisions of this Agreement:

- i. Upon three willful and material breaches of the same term of this Agreement occurring within a 12-month period;
- ii. Franchisee is adjudicated bankrupt or insolvent;

- iii. Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the Agency;
- iv. Franchisee voluntarily abandons the Agency; or
- v. Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the Agency.

15.04 Notwithstanding any right of Franchisor to terminate this Agreement, pursuant to this Agreement or otherwise, Franchisor reserves the right and option to elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Franchisor may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein.

## **Article 16 – Competing Business Activities**

### *16.01 Competing Business Activities During Term.*

During the term of this Agreement, Franchisee shall not engage, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "Agency" herein or which is or would directly or indirectly compete with the Agency or otherwise with the business of Franchisor or with any other franchisee of Franchisor. This prohibition includes, but is not limited to, any business offering and selling or providing custodial home care in residential or health care facilities, home health care services in residential or health care facilities, or other domestic home care services including housekeeping, transportation or meal preparation. Franchisee shall not operate any other business from the Premises. Franchisee shall not use nor permit to be used any Trade Secret(s) of Franchisor or the Marks or anything resembling the Marks in connection with any other business, whether or not such other business is owned, controlled by or associated with Franchisee.

### *16.02 Competing Business Activities After Term.*

16.02.01 Franchisee covenants and agrees that, for a period of 24 months following the effective date of any termination, expiration or non-renewal ("the Termination Date"), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

a. Compete with Franchisor or any franchisee of Franchisor within a twenty mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination Date, in the operation of any business offering and selling or providing custodial home care services, any aspect of such Agency as it exists on the Termination Date, or any business substantially similar thereto or tending to compete for the same customers as Franchisor or its Franchisees ("Prohibited Activities);

b. Solicit, take away, or divert, and/or influence or attempt to influence any customers, referral sources, franchisees, vendors, clients, and/or patrons of Franchisor or of any franchisee of Franchisor, which customers, referral sources, franchisees, vendors, clients, and/or patrons were served by Franchisor or a franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or Franchisor's franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Agency;

16.02.02 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than Franchisor, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.03 Franchisee covenants and agrees that, for a period of 24 months from the Termination Date, Franchisee will not, individually or together with another, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, member, agent, stockholder of any class, or as a partner, officer, director, trustee, franchisee, franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which does any of the following:

a. Competes with Franchisor or any franchisee of Franchisor;

b. Solicits, takes away, or diverts, and/or influences or attempts to influence any customers, clients, referral sources, franchisees, vendors, and/or patrons of Franchisor or of any other franchisee of Franchisor, which

customers, clients, referral sources, franchisees, vendors, and/or patrons were served by Franchisor or any franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or any other franchisee to any other person or Entity engaged in the Prohibited Activities or anything similar to the Agency;

16.02.04 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, agent, stockholder of any class, or as a member, partner, officer, director, trustee, franchisee, Franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which, discloses or causes to be disclosed, sells, or otherwise transfers to any party other than Franchisor, including, but not limited to, a person, sole proprietorship, partnership, joint venture, firm, limited liability company, corporation, trust, or other Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.05 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its franchisees. Franchisee would desire at least this same protection against competitive activities by another former franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

16.02.06 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

16.02.07 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (c) any sub-franchisor or other assignee of Franchisor.

16.02.08 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

16.02.09 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars. The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys' fees and costs incurred therein in addition to any and all other remedies.

16.02.10 Nothing in this Article 16 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee. Nothing in this Article 16 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee.

16.02.11 The terms of this Article 16 shall survive the termination or expiration of this Agreement for any reason.

## **Article 17 - Effect of Termination**

### *17.01 Loss Of Rights.*

17.01.01 After the Termination Date, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other franchisee of Franchisor as of the Termination Date shall become immediately due and payable.

17.01.02 Without limiting the generality of Section 17.01.01, upon termination, non-renewal, or transfer, Franchisee must, at Franchisee's sole cost and expense:

- a. cease immediately all operations under the Agreement;
- b. pay Franchisor immediately all unpaid fees and pay Franchisor, its affiliates, and its suppliers and vendors, all other monies owed;
- c. discontinue immediately the use of Franchisor's trademarks, including the Marks;
- d. immediately return the Manual, along with all other manuals, confidential information and trade secrets Franchisor loaned Franchisee, and immediately and permanently cease use of the confidential information and trade secrets;
- e. immediately cease using all telephone numbers and listings used in connection with the operation of the Agency and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor directs, disconnect the numbers;
- f. immediately vacate the Premises if Franchisor exercises its rights under the Conditional Lease Assignment Agreement;
- g. promptly surrender all brochures, printed matter, signs, advertising materials and other items containing the Marks, and all items which are a part of the trade dress of the System, as Franchisor directs;
- h. cease to hold itself out as a franchisee of Franchisor;
- i. take the necessary actions required to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other trademarks Franchisor licensed to Franchisee, and provide Franchisor with evidence of this within 30 days after the termination, expiration or transfer of this Agreement;
- j. permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within six months of the effective date of termination, expiration, or transfer;
- k. comply with the all other post-termination covenants set forth in this Agreement;
- l. cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and
- m. execute from time to time any necessary papers, documents, and assurances to effectuate any of the post termination obligations listed in the Agreement.

17.01.03 As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Franchisor or Franchisor's designee shall have the option, exercisable within 60 days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or its designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within 60 days following the Termination Date.

#### *17.02 Change of Identity.*

After the Termination Date, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former Franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the Premises from its former appearance and from other franchisees of Franchisor. If Franchisee fails to make such changes within ten calendar days, then Franchisor shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon

demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. Franchisee shall immediately return to Franchisor the Manual, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

#### *17.03 Changeover Procedure.*

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate an "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" business from that location, the parties agree to cooperate in the changeover of the Agency to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to 60 days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers, referral sources and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

#### *17.04 Continuing Royalties.*

Franchisor shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date. All such royalties shall be due and payable on the Termination Date.

#### *17.05 Option to Purchase Certain Assets.*

Franchisor shall have and is hereby granted an exclusive option for a period of 60 days from and after the Termination Date, to purchase from Franchisee all of Franchisee's right, title and interest in all or any part of the franchise, Franchisee's Agency and business assets and/or the Premises, if applicable, at the fair market value, except as otherwise specifically provided herein, of all assets purchased, but excluding any value for purported "goodwill" or "blue sky". Franchisee acknowledges that Franchisor already owns the "goodwill" or "blue sky", which is attached to the Marks and the Agency. Franchisor's notice exercising the option granted herein shall contain a list, at least by major category, of the assets Franchisor is purchasing. Franchisor shall not be obligated to assume any liabilities of Franchisee.

#### *17.06 Payment and Terms.*

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of 60 months, or such shorter period as Franchisor has the right and option to elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the Termination Date.

#### *17.07 Survival of Terms.*

The terms of this Article 17 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

## **Article 18 – Release From Franchisee Obligations.**

#### *18.01 Release From Continuing Obligations.*

At any time, upon not less than 90 days' prior written notice to Franchisor, Franchisee may secure a release from Franchisee's continuing obligations under this Agreement by executing a Release From Continuing Obligations in substantially the form of Addendum L and by electing one of the alternatives contained in the Release From

Continuing Obligations. Upon receipt of a notice pursuant to this paragraph, Franchisor reserves the right and option, but is not obligated to, accelerate the effective date of Franchisee's termination to such date as Franchisor may select.

## **Article 19 - Arbitration of Disputes.**

### *19.01 Agreement to Arbitrate.*

Except as provided in paragraph 19.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, (including the arbitrability of any controversy, claim or dispute) the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a panel of three arbitrators and shall take place in San Diego, California. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator.

### *19.02 Conduct of Arbitration.*

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor. The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure.

### *19.03 Conditions Precedent to Arbitration..*

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this paragraph 19.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this paragraph 19.03, each party hereby waives arbitration and the matter shall be heard in the San Diego County Superior Court in San Diego, California. Within not more than 60 days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within 30 days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within 60 days following the date of the non-aggrieved party's response, in the corporate offices of the Franchisor, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within 60 days following the date of the informal meeting, submit to non-binding mediation in San Diego, California with a mediator selected according to the rules of the American Arbitration Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within 90 days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this paragraph 19.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

### *19.04 Limited Exceptions to Arbitration and Mediation.*

The requirements of paragraphs 19.01, 19.02, and 19.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and

claims shall be brought in the San Diego County Superior Court in San Diego, California, USA. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 19.01, 19.02 and 19.03.

**19.05** *Prior Notice of Claims.*

As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within one year after the discovery of the violation or breach and grant Franchisor reasonable opportunity to cure any alleged default. Failure to timely give such notice shall preclude any claim for damages.

**19.06** *Third Party Beneficiaries.*

Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within 30 days.

**19.07** *No Right to Offset.*

Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

**19.08** *Limitation on Actions.*

The parties further agree that no cause of action arising out of or under this Agreement may be maintained by either party against the other unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the complaining party becomes aware of facts or circumstances reasonably indicating that such party may have a claim against the other party hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

19.8.1 Franchisee hereby waives the right to obtain any remedy based on the alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**19.09** *Waiver of Punitive Damages.*

Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**19.10** *Jury Trial Waiver.*

With respect to any proceeding not subject to arbitration, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this agreement, the performance of either party, and/or Franchisee's purchase from Franchisor of the Franchisee and/or any goods or services.

## **Article 20 - Representations of Franchisee**

**20.01** *Representations*

Franchisee represents and warrants as follows:

20.01.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

20.01.02 Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

20.01.03 Franchisee intends to be actively involved in the Agency for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

20.01.04 Franchisee is basing Franchisee's decision to purchase this license, in full, upon statements and representations contained in this Agreement and Franchisor's Franchise Disclosure Document and upon facts obtained pursuant to Franchisee's own investigation. Franchisee is not relying upon any statements or any information received either directly or indirectly from Franchisor or any person acting or purporting to act on behalf of Franchisor which information or statements are not contained in this Agreement or the Franchise Disclosure Document or otherwise in writing and signed by an officer of Franchisor. Franchisee has not received any earnings claims or financial performance information, directly or indirectly, from Franchisor excepting only such information as may be contained in Item 19 of the Franchise Disclosure Document.

20.01.05 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

## **Article 21 - Miscellaneous Provisions**

### *21.01 Non-waiver.*

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

### *21.02 Attorneys' Fees.*

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by paragraph 19, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys' fees and costs, including expert fees and fees on appeal.

### *21.03 Severability.*

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

### *21.04 Warranty of Authority.*

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

### *21.05 Estoppel Certificate*

In the event that Franchisor is considering transferring, assigning or encumbering this Agreement, the System, or any other of Franchisor's rights or assets, or upon request by Franchisor at any time, Franchisee shall, within ten calendar days after Franchisor shall request the same, execute, acknowledge and deliver to Franchisor, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect); (b) the date to which royalties or other charges have been paid in advance, if any; (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Franchisor or Franchisee hereunder, or specifying such defaults if any are claimed; (d) setting forth the dates of commencement and expiration of the Term of this Agreement; (e) Franchisee has and knows of no basis for any claims of any kind against Franchisor (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims); and (f) any other matter upon which certification is requested by Franchisor or a prospective assignee or encumbrancer. Franchisor may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any

portion of Franchisor's rights hereunder. Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement.

#### *21.06 Paragraph Headings.*

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

#### *21.07 Recitals.*

The recitals preceding the first numbered paragraphs of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

#### *21.08 No Third Party Beneficiary.*

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other franchisee(s). Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

#### *21.09 Spousal Consent*

If Franchisee is an individual(s), or subsequent to execution hereof, Franchisee assigns this Agreement to an individual(s), such individual's spouse hereby personally and unconditionally guarantees without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to the Agreement in his or her individual capacity. All such spouses further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All spouses must execute a spousal consent in the form attached hereto as Addendum P. In the event of divorce and re-marriage, or subsequent marriage, Franchisee covenants and agrees to provide Franchisor with a properly executed spousal consent, in the form prescribed by Franchisor.

#### *21.10 Choice Of Law.*

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state of California (without reference to principles of conflicts of laws).

#### *21.11 Notices.*

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

#### *21.12 Entire Agreement.*

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement and the Franchise Disclosure Document presented herewith are hereby fully superseded. Nothing contained in this Franchise Agreement or in any other related document is intended nor will it serve to disclaim any representation made by Franchisor in the franchise disclosure document.

#### *21.13 Modification.*

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

#### *21.14 Effective Date.*

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Agency is located.

21.15 *Time of Essence.*

Time is of the essence of this Agreement.

**Article 22 - Business Risk.**

22.01 *No Promises.*

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Agency. Except to the extent expressly set forth in Franchisor's Franchise Disclosure Document, neither Franchisor nor anyone acting or purporting to act on behalf of Franchisor has made any promises or warranties, expressed or implied, as to Franchisee's potential sales, profits or success. As to those issues, Franchisee has made its own investigation and evaluation.

22.02 *Receipt For Disclosure Document.*

Franchisee has received a copy of this Agreement and Franchisor's Franchise Disclosure Document at least 14 days before signing this Agreement or paying any fee to Franchisor. Franchisee has received a complete copy of this Agreement and all addenda, with all material blanks filled in, at least seven days before signing this Agreement. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day and year indicated below.

Dated: \_\_\_\_\_ [effective date]

Date signed: \_\_\_\_\_

**FRANCHISOR:**  
ABS Franchise Services, Inc

**FRANCHISEE:**

By \_\_\_\_\_  
Name, Title  
8929 Complex Drive  
San Diego, CA 92123

\_\_\_\_\_  
Franchisee  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

# **ADDENDUM A**

## **Location of Agency**

The location of Franchisee's Agency Premises shall be:

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

City: \_\_\_\_\_

State: \_\_\_\_\_

# ADDENDUM B

## Territory

Franchisee's designated Territory shall be defined as follows:

The geographic boundaries (all geographic boundaries shall be as they exist on the date of this Agreement):

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The estimated population of the Territory is: \_\_\_\_\_

Map(s): Please see attached map(s).

# ADDENDUM C

## Required Equipment

To operate Franchisees business Franchisee will need to use certain computer equipment and software. Franchisee may select any computer hardware that meets or exceeds Franchisor's current minimum requirements. Franchisee is responsible to maintain and repair its hardware and to update or upgrade its software. Franchisor may recommend or require additional hardware. Franchisor may require Franchisee to purchase specified equipment and software and/or portable hand-held devices. Franchisor currently requires Franchisee to use the following computer hardware and software:

<b>Category</b>	<b>Specifications</b>
<b>Hardware</b>	1-3 windows-based desktop or laptop computers (or one for each office employee)  <b><u>Recommended systems:</u></b> • Any type Computer with Internet access availability
<b>Processor</b>	Any
<b>Operating System</b>	Windows operating system
<b>Memory</b>	2 GB RAM memory minimally
<b>Hard Drives</b>	One External USB hard drive for data storage. Connects to the router and allows for ALL users on network to share files. <b><u>Recommended hard drive:</u></b> Western Digital MyBook, 500 GB USB 2.0 External Hard drive
<b>Removable Media</b>	Multi read CD burner/DVD player,
<b>Graphics</b>	<b>Integrated graphics with at least 256 meg. Camera card reader</b>
<b>Communications</b>	Multi line phone system, and a cellular phone for after hours and outside sales persons.
<b>Internet Connection</b>	<b>Internet connection</b> DSL or cable internet connection @ speeds equal or greater than: 1000Kbps down / 512Kbps up. This speed should be easy to get from Franchisee's local phone or Cable Company. Modem will be provided by the ISP (internet service provider)
<b>Input Device</b>	USB keyboard / mouse or, wireless keyboard and mouse.
<b>Power</b>	300 watt passive PFC power supply
<b>Software</b> <b>(Includes Security and Anti-Virus Software)</b>	Currently, ABS uses Microsoft Office 365 for email, file storage, Skype and other applications. All franchise locations must use our Microsoft Office 365 platform.  <b><u>Recommended Version:</u></b> QuickBooks Plus online edition or newer software (single user/triple user version); antivirus software (i.e. Norton, Windows Defender, etc.)
<b>Web Browser</b>	<b><u>Recommended Browser:</u></b> Internet Explorer
<b>Monitor</b>	17"+ flat screen monitor with built in speakers and web cams (for video meetings)
<b>Printer/Scanner/Fax</b>	<b>1 network printer</b> All-in-one inkjet printer, copier, scanner, fax with NETWORK capabilities  <b><u>Recommended printers:</u></b> HP Officejet Pro 8500 Wireless All- in-One
<b>Digital Camera</b>	1 digital camera for the purpose of taking caregiver photographs for upload into the business system as well as for making name badges.
<b>On-Call Cell Phone</b>	A minimum of one smart phone mobile device with email capability for use by the on call staffer and/or marketing coordinator. <b><u>Recommended Phone:</u></b> any iphone or smartphone.

## **ADDENDUM D**

### **Items Subject To Specifications**

Franchisee must purchase the following items or categories of items in compliance with Franchisor's vendors and/or specifications.

- All Items Franchisee will offer or sell from the Agency
- Signs, banners, business cards, marketing materials and promotional items
- All Items bearing the Marks
- Uniforms
- Generations Software

# ADDENDUM E

## Lease Conditional Assignment Agreement

This Rider is attached to and is part of that certain Lease, by and between: \_\_\_\_\_  
Lessor) and \_\_\_\_\_ (Lessee) dated \_\_\_\_\_ for the premises  
located at: \_\_\_\_\_, legally described in Annex  
A hereto.

**A. CONDITIONAL ASSIGNMENT:** Lessee hereby conditionally assigns all of the Lessee's right, title and interest in this lease to ABS Franchise Services, Inc. (hereinafter, "Franchisor"). This assignment shall become effective only upon occurrence of both of the following conditions:

1. Termination of the Franchise Agreement between Franchisor and Lessee as Franchisee for the operation of an "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" franchise within the leased premises, and

2. Exercise by Franchisor of its option to assume the obligations of and to replace Lessee as the lessee under this lease as provided in the said Franchise Agreement within 15 days after termination of said Franchise Agreement.

**B. Lessor** hereby consents to the said conditional assignment and hereby agrees that if said conditional assignment becomes effective, Franchisor shall thereafter be substituted for Lessee as the Lessee in this lease, Lessee shall be relieved of all liability accruing under this lease after the effective date of the assignment and Franchisor shall have the right to reassign this lease to a new Franchisee of Franchisor without the prior consent of Lessor. In the event of such reassignment, Franchisor shall be relieved of all liability accruing under this lease after the date of said reassignment.

**C. Lessee** agrees that at such time as Franchisor exercises its option to become the Lessee under this lease, Lessee will immediately vacate the demised premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor will permit Franchisor to enter upon and take possession of the demised premises. Lessor will cooperate in all legal action necessary to remove lessee if lessee refuses to vacate premises.

**D. Lessor** is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the said Franchise Agreement and exercise by Franchisor of its option to become the Lessee under this lease and is hereby relieved of any and all liability to Lessee for any action it takes in so relying.

**E. DEFAULT BY LESSEE:** Lessor agrees to give Franchisor 30 days' prior written notice of its intention to reenter and repossess the premises and to cancel the lease on account of Lessee's default of any of the terms, conditions or provisions thereof. During the thirty (30) day period Franchisor may cure such default or otherwise exercise its rights under the conditional assignment.

**F. OPTION TO RENEW:** In the event that Lessee fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Lessor agrees to notify Franchisor in writing of lessee's failure to renew the lease and Franchisor shall then have 15 days from the receipt of such notice to exercise any option to renew and replace Lessee as the lessee under the lease.

Dated: \_\_\_\_\_ [effective date]

Date signed: \_\_\_\_\_

**ABS Franchise Services, Inc.** (Franchisor/Assignee)

**FRANCHISEE**

By \_\_\_\_\_

Name, Title  
8929 Complex Drive  
San Diego, CA 92123

\_\_\_\_\_  
Franchisee

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

\_\_\_\_\_

Phone: \_\_\_\_\_

LESSOR:

\_\_\_\_\_  
By: \_\_\_\_\_

Its \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_) ss

On this day personally appeared before me \_\_\_\_\_, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

\* \* \*

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_) ss

On this day personally appeared before me \_\_\_\_\_, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

\* \* \*

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_) ss.

On this day personally appeared before me \_\_\_\_\_, to me known to be the \_\_\_\_\_ [Title], of \_\_\_\_\_, a \_\_\_\_\_ [Type of Entity and State of Organization], the Entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that \_\_\_he\_\_\_ is/are authorized to execute the said instrument on behalf of said Entity.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

# ADDENDUM F

## Assignment of Telephone Numbers

\_\_\_\_\_ Franchisee/Assignor, in consideration of Franchisor/Assignee granting a franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns to ABS Franchise Services, Inc. all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his/her/its Agency. The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof. This Assignment is valid on the effective date and is irrevocable. It applies equally to any numbers first used after the effective date. The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Franchisor/Assignee. Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment. Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment.

Dated: \_\_\_\_\_ [effective date]

Date signed: \_\_\_\_\_

**ABS Franchise Services, Inc.**  
(Franchisor/Assignee)

**FRANCHISEE**  
(Assignor)

By \_\_\_\_\_  
Name, Title  
8929 Complex Drive  
San Diego, CA 92123

\_\_\_\_\_  
Franchisee  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Subject telephone number(s):**  
(as of date of this document)

# ADDENDUM G

## Personal Guaranty

IN CONSIDERATION of and to induce the consent by ABS Franchise Services, Inc., a California corporation ("Franchisor") to the assignment of all right, title, and interest in and to the Franchise Agreement dated \_\_\_\_\_ to \_\_\_\_\_, a \_\_\_\_\_ [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement in the Entity form], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

### 1.01 Payment Of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys' fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

### 1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the license set forth in the Franchise Agreement described above. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

### 2.01 Execution And Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the undersigned shall be made at the office of Franchisor in San Diego, California, or such other location as Franchisor may designate in writing.

### 3.01 Rights Of Franchisor

Franchisor may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, at its option, without the consent of or notice

to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

4.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non revocable, except with the express written consent of Franchisor.

4.02 Joint And Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

4.03 Successors And Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Franchisor and of the undersigned.

4.04 Non-Competition.

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition.

4.05 Bankruptcy Or Insolvency Of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

4.06 Choice of Forum.

Any action or claim arising out of or based upon this Guaranty shall be brought in the San Diego County Superior Court in San Diego, California. Guarantors do hereby irrevocably consent to the jurisdiction of said court in any such matter.

4.07 Choice of Law.

The law of the state of California shall govern this Guaranty.

WITNESS our hands at \_\_\_\_\_, on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
[SIGNATURE]  
\_\_\_\_\_ % owner of Franchisee

# ADDENDUM H

## Master Lease

\_\_\_\_\_ See Attached.

\_\_\_\_\_ None Applicable.

# ADDENDUM I

## Trade Secrets & Confidentiality Agreement

This Agreement is made and entered into by and between \_\_\_\_\_,  
\_\_\_\_\_. (hereinafter, "the Employer") and \_\_\_\_\_,  
(hereinafter, "Employee").

WHEREAS, Employer is engaged in the business of identifying, operating and marketing businesses offering and selling non-medical care to elderly, infirm and disabled persons needing companion and custodial care, pursuant to a franchise agreement with ABS Franchise Services, Inc. (herein, "the Agency") according to a distinctive formula and under the trade name and mark, "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care".

WHEREAS, Employer has a need for a manager or key employee for the Agency;

WHEREAS, Employee is willing and able to become a manager or key employee for the Agency;

WHEREAS, Employer is willing to hire Employee or to promote Employee to the position of manager or key employee of the Agency, but only upon the terms and conditions set forth herein,

NOW THEREFORE, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows:

### 1. Employment.

Employer agrees to employ Employee as \_\_\_\_\_, and to pay compensation as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

### 1. Trade Secrets

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the Agency, its operation, management, policies, relationship with its Franchisor, identity of its customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement. Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer's Franchisor would suffer irreparable harm. Trade secrets does not include information on public record or readily available from a third party without consent by Employer.

### 2. Employer Owns All Incidents

Employer shall be entitled to all of the benefits, profits and other issues arising from or incident to all work, services, and advice of Employee relating to the Trade Secrets or arising out of discussions with Employer regarding same, and in any way communicated to Employer or becoming known to Employer during or after the term of employment.

### 3. Nondisclosure

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding any trade secret(s) or any proprietary information of Employer. All such information shall be held by Employee in complete confidence. Such information is important, material, and confidential and gravely affects the effective and successful conduct of

Employer's Agency and goodwill. Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing trade secrets. Breach of any of the terms of this paragraph shall be a material breach of this Agreement. The terms of this paragraph shall survive termination of this Agreement for any reason. Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any trade secrets in violation of this Agreement.

#### 4. Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars (\$10). Employee waives any right to a higher bond. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this Agreement. The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation.

#### 5. Enforcement By Franchisor

Both Employer and Employee acknowledge and agree that this Agreement is for the benefit not only of the Employer, but also of the Employer's Franchisor. Employer and Employee each agree that Employer's Franchisor shall have the same right to enforce this Agreement as Employer has; provided only that as between Employer and Employer's Franchisor, they shall be entitled to only one recovery of damages or liquidated damages.

#### 6. Effectiveness

This Agreement shall become effective when signed and shall be enforceable at any time thereafter.

##### 6.1. Non-waiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

##### 6.2. Attorneys' Fees.

In the event that legal action or arbitration is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs.

##### 6.3. Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

##### 6.4. Warranty of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

##### 6.5. Paragraph Headings.

The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

##### 6.6. Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs.

6.7. Choice of Law.

This Agreement shall be governed by and construed under the laws of the state in which the Agency is located.

6.8. Notices.

All notices required or permitted by this Agreement shall be sent to the respective parties at the addresses set forth herein. The place of notice may be modified by appropriate registered or certified mailing to the other party. All notices shall be sent by certified mail, return receipt requested, postage prepaid, or personally delivered. Notices shall be deemed given at the earlier of (a) receipt by the addressee or (b) two days following deposit with the United States Postal Service or its successor.

6.9. Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior representations, promises, contracts or agreements are hereby fully superseded.

6.10. Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer.

Date: \_\_\_\_\_

**THE EMPLOYER**

**EMPLOYEE**

By \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

**ADDENDUM J**  
**Mutual Termination of Franchise Agreement and Release**

This Mutual Termination of Franchise Agreement and Release is entered into by and between \_\_\_\_\_  
\_\_\_\_\_ (Franchisee) and ABS Franchise Services, Inc. (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated \_\_\_\_\_ (the Agreement), governing an Agency located at \_\_\_\_\_;

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Agency, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Agency, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: \_\_\_\_\_

Franchisee(s)

Franchisor

ABS Franchise Services, Inc.

\_\_\_\_\_  
Franchisee

By: \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_  
Franchisee

# ADDENDUM K

## Consent, Waiver and Release For Training

This Consent, Waiver and Release is entered into by and between \_\_\_\_\_ (Franchisee) and ABS Franchise Services, Inc. (Franchisor) and shall also be for the benefit of any franchisee of "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" in whose office or premises Franchisee receives any part of his training under Franchisee's Franchise Agreement (Trainer).

Franchisee recognizes and acknowledges the value of receiving part of Franchisee's training (or Franchisee's employees' training, if appropriate) under the "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Franchise Agreement in an actual "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Agency owned and operated by another "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" franchisee. At least some of the training will be "hands-on", actually operating the Agency or some aspect of the Agency on a day-to-day basis. In some cases, Franchisee may be left solely in charge of the "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Agency of the Trainer for some periods of time. "Franchisee" as used in this agreement shall include any employee(s) of franchisee who obtain training.

In consideration of the value of the hands-on, on-location training, Franchisee covenants and agrees:

Franchisee is not and will not be or become an employee of Trainer unless by a separate written agreement.

Franchisee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

Franchisee shall not make any statement(s) or representation(s) inconsistent with this agreement.

Franchisee hereby assumes the risk of injury or death arising out of Franchisee's presence on the Agency premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor or Trainer.

Franchisee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Franchisee while on the Agency premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Franchisee's negligent or intentional acts.

Franchisee consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Franchisee understands and acknowledges that each franchisee conducts their agency slightly differently and that Franchisee is advised to consider Trainer's methods and procedures, in light of Franchisee's own study of the Manual(s), as one way of operating the Agency. Franchisee is solely responsible for Franchisee's conduct of Franchisee's Agency. If Franchisee is in doubt as to the appropriateness of a procedure or manner of operating the Agency, Franchisee shall obtain clarification from the Franchisor directly. Franchisee understands that it would not be a defense to a later breach of contract notice that he/she acted consistently with what Trainer did.

Trainer covenants and agrees as follows:

Trainer shall not be or become an employer of Franchisee, unless by separate written agreement.

Trainer covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits to Trainer.

Trainer shall not make any statement(s) or representation(s) inconsistent with this agreement.

Trainer hereby assumes the risk of injury or death arising out of Franchisee's presence on the Agency premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor.

Trainer hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Trainer's negligent or intentional acts.

Trainer consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Trainer will make best efforts to teach Franchisee the operation of the Agency in accordance with the current version of the Manual(s) and to remind Franchisee that, if Franchisee has questions about the proper procedure under the Manual(s) to obtain clarification from the Franchisor. If Franchisor requests it, Trainer will immediately modify the training to comply with the Manual(s).

Franchisor undertakes as follows:

Franchisor will be responsible for determining whether Franchisee has achieved a level of competency sufficient to satisfy the training requirement under the Franchise Agreement.

By signing below, the parties each hereby agree to be bound by this Consent, Waiver and Release for Training Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Trainer:  _____	Franchisee  _____
Franchisor: ABS Franchise Services, Inc.  By: _____ Name, Title	

# Addendum L

## Release From Continuing Obligations

This Release From Continuing Obligations is entered into by and between \_\_\_\_\_ (“Franchisee,” or “You”) and ABS Franchise Services, Inc. (“Franchisor,” “We,” “Us” or “Our”).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated \_\_\_\_\_ (the “Agreement”), governing an Agency located at \_\_\_\_\_;

WHEREAS Franchisee desires to be released from certain of Franchisee’s continuing obligations under the terms of the Agreement; and

WHEREAS Franchisor is willing to release Franchisee from certain continuing obligations under the terms of the Agreement, but only upon the terms and conditions herein,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Release from Continuing Obligations.

For the consideration set forth in the alternative selected by Franchisee below, Franchisor hereby releases Franchisee from Franchisee’s continuing obligations under the Agreement to the extent set forth in the alternative selected by Franchisee. Except to the extent specifically released by Franchisor according to this Release from Continuing Obligations, Franchisee shall continue to be obligated and shall continue to fully and timely perform all of Franchisee’s continuing obligations under the Agreement.

2. Election by Franchisee and Terms of Release

Upon the termination of this Agreement prior to the expiration of the initial Term, Franchisee will pay Franchisor, as liquidated damages for the loss of the benefit of the bargain Franchisor is entitled to receive as a result of such termination, a lump-sum payment equal to the average Royalty and National Advertising Fund contributions Franchisee was obligated to pay during the one-year period immediately preceding such termination, or such shorter period as Franchisee actually operated the Agency, times 36 months or the number of months remaining in the Term, whichever is less. Franchisee will pay the Liquidated Damages amount to Franchisor within ten days after Franchisor’s demand. Franchisee acknowledges and agrees, and Franchisee directs any party construing this Agreement to conclusively presume, that the Liquidated Damages: (i) are true liquidated damages; (ii) are intended to compensate Franchisor for the harm Franchisor will suffer; (iii) are not a penalty for breaching this Agreement or for any other reason; (iv) are a reasonable estimate of Franchisor’s probable loss resulting from Franchisee’s defaults; and (v) will be in addition to all other rights Franchisor has to legal or equitable relief.

3. Mutual Release and Termination

3.01 Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein. The parties specifically agree to fully and timely perform pursuant to this Release From Continuing Obligations.

3.02 Except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement specifically preserved by this Release From Continuing Obligations, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Agency, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3.03 Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided goods or services for Franchisee’s operation of the Agency, and its and their respective officers, directors, agents, employees, representatives, successors and

assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Release of Continuing Obligations shall be binding upon Franchisee and the heirs, legal representatives, successors and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement. Jurisdiction and Venue shall be in San Diego County, CA. The law of the state of \_\_\_\_\_ shall govern interpretation of this Agreement. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorneys' fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: \_\_\_\_\_

**Franchisee(s)**

**Franchisor  
ABS Franchise Services, Inc.**

\_\_\_\_\_  
Franchisee

By: \_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Franchisee

# ADDENDUM M

## Confidentiality Agreement – Additional Information

[Applicable only if additional information requested by Franchisee]

This Confidentiality Agreement is entered into by and between \_\_\_\_\_  
(Franchisee) and ABS Franchise Services, Inc. (Franchisor).

Whereas Franchisee is considering purchasing an "A Better Solution In Home Care" or, in the states of Florida and Washington, a "Caring Solutions In Home Care" Franchise;

Whereas Franchisee has requested additional information from Franchisor beyond that contained in the Franchise Disclosure Document;

Whereas the Franchisor regards the information Franchisee has requested to be proprietary, confidential information, and Trade Secrets;

Whereas, notwithstanding the foregoing, Franchisor is willing to provide certain additional information, but only upon the terms of this Confidentiality Agreement.

Therefore, the parties agree as follows, acknowledging the existence and sufficiency of consideration, and fully intending to be bound hereby.

1. Upon receipt of this Confidentiality Agreement, unaltered and fully executed by Franchisee, Franchisor will make a reasonable effort to provide to Franchisee one copy of the following information (the "Confidential Information"):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Franchisee shall be entitled to review the Confidential Information and may permit Franchisee's advisors with a genuine need to know and who are disclosed herein, including attorneys, accountants and confidential business advisors, to review it. No person shall make any reproduction, photo, electronic or other copy of the Confidential Information or any part thereof for any purpose, including summaries. No person shall use the Confidential Information or any part thereof for any purposes except as specifically permitted pursuant to this Confidentiality Agreement. Franchisee warrants that every person, including attorneys, accountants and confidential business advisors, who reviews any portion of the Confidential Information shall be subject to this Confidentiality Agreement, has been informed of the contents of this Confidentiality Agreement before reviewing any of the Confidential Information and has indicated, in writing, a willingness to be bound by this Confidentiality Agreement.

Franchisee's advisors whom Franchisee may permit to review the Confidential Information on Franchisee's behalf are as follows. Franchisee shall not, directly or indirectly, permit any other person to review the Confidential Information or any part thereof:

Name	Address & Telephone	Relationship to Franchisee

[Attach and initial an additional page if necessary]

3. Franchisee agrees that, immediately upon completion of Franchisee's review of the Confidential Information, regardless of whether Franchisee ever purchases a franchise from Franchisor, to return the original

and all copies of the Confidential Information to Franchisor, including all summaries of the information contained therein.

4. No person shall ever transfer or convey the Confidential Information or any part thereof to any person not specifically authorized to review the information pursuant to this Agreement. No person shall ever use, directly or indirectly, the Confidential Information or any part of it for any purpose whatsoever except as specifically permitted by this Confidentiality Agreement.

5. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to defend, hold harmless and indemnify Franchisor and its officers, directors, attorneys, agents and assigns, from and against any claims and liability arising out of or resulting from the violation, including, but not limited to claims by any person that the information provided constituted earnings claims or financial performance information which was unlawfully provided to a prospective franchisee. The obligation to defend, indemnify and hold harmless contained in this paragraph shall specifically require Franchisee to pay any attorneys' fees, costs and expert witness fees incurred by Franchisor and the other beneficiaries of this paragraph in defending any such claim or in monitoring Franchisee's defense of any such claim.

6. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to pay to Franchisor, as liquidated damages, an amount calculated as the greater of: (a) all gross revenues of the person or entity who improperly had any of the Confidential Information during the time the person or entity retained or used any of the Confidential Information for any purpose; or (b) \$250 per page, or equivalent, of Confidential Information as to which this Confidentiality Agreement is violated for each day that any provision of this Confidentiality Agreement is violated. Franchisee acknowledges and agrees that calculating actual damages would be impossible and that the liquidated damages calculated pursuant to this paragraph would be a reasonable approximation of actual damages Franchisor would sustain on account of such breach and does not constitute a penalty.

7. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisor shall be entitled to obtain a temporary and a permanent injunction or similar equitable relief from any court having jurisdiction thereof and any statutory or other requirement of a bond in excess of \$100 as a condition of obtaining such relief is hereby waived to the extent permitted by applicable law.

8. This Agreement shall be construed under the laws of the California and jurisdiction and venue of any action brought to enforce or interpret this Agreement shall be in San Diego County, California. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement.

9. If any action is brought to enforce or interpret this Confidentiality Agreement, the substantially prevailing party, in addition to all other remedies, shall be entitled to an award of their attorney's fees and costs, including expert witness fees and any fees on appeal.

10. This Confidentiality Agreement is the complete agreement of the parties with regard to the Confidential Information and supersedes any prior or contemporaneous written or unwritten communications, representations or agreements.

11. Time is of the essence of this Agreement.

**DO NOT SIGN THIS CONFIDENTIALITY AGREEMENT UNTIL YOU HAVE HAD FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT FOR AT LEAST FOURTEEN DAYS AND UNTIL AT LEAST SEVEN DAYS AFTER ALL BLANKS IN THIS CONFIDENTIALITY AGREEMENT HAVE BEEN FILLED IN.**

Dated: \_\_\_\_\_

**Franchisee(s)**

\_\_\_\_\_

Franchisee

\_\_\_\_\_

Franchisee

**Franchisor**

ABS Franchise Services, Inc.

By \_\_\_\_\_

Name, Title

8929 Complex Drive San Diego, CA 92123

# ADDENDUM N

## Franchisee Ownership and Management Information

1. Form of Entity of Franchisee.

a. Corporation. Franchisee was incorporated on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of 20\_\_.

<b>Name of Each Director/Officer</b>	<b>Position(s) Held</b>
_____	_____
_____	_____
_____	_____
_____	_____

b. Partnership. Franchisee is a general/limited partnership formed on \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general/limited partners as of \_\_\_\_\_, 20\_\_.

<b>Name of Each General/Limited Partner</b> (Identify the Managing General Partner)	<b>Position(s) Held</b>
_____	_____
_____	_____
_____	_____
_____	_____

c. Limited Liability Franchisee. Franchisee is a limited liability Franchisee formed on, under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its Franchisee name. The following is a list of all of Franchisee's members as of 20\_\_.

<b>Name of Each Member</b> (Identify the Managing Member)	<b>Position(s) Held</b>
_____	_____
_____	_____
_____	_____
_____	_____

2. Owners.

Franchisee and each of its owners represents and warrants that the following is a complete and accurate list of all owners of Franchisee, including the full name and mailing address of each owner, and fully describes the nature and extent of each owner's interest in Franchisee. Franchisee and each owner as to his ownership interest, represents and warrants that each owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, Franchise Agreement and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Description of Interest, Including Percentage of Ownership Interest
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Submitted by Franchisee on \_\_\_\_\_, 20\_\_

a \_\_\_\_\_ corporation/partnership/Limited Liability Franchisee

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Owners:**

(Signature): \_\_\_\_\_  
Print Name: \_\_\_\_\_

Accepted by ABS Franchise Services, Inc. and made a part of the Franchise Agreement as of \_\_\_\_\_, 20\_\_.

ABS Franchise Services, Inc.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM O**  
Authorization to Initiate Debit Entries  
For Franchise Service Fees

\_\_\_\_\_, the undersigned franchisee, hereby authorizes ABS Franchise Services, Inc. a California Corporation, to initiate debit entries to its checking account indicated below at the depository identified below, hereinafter referred to as "Depository", to debit to such account the amount of such entry reflecting service fees and other amounts that become payable by the undersigned to

ABS Franchise Services, Inc.  
Depository Name: Union Bank of California

Depository Branch: \_\_\_\_\_  
Depository Address: \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Name: "A Better Solution In Home Care" Franchisee Fees

Account Number: \_\_\_\_\_

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that:

This authorization is to remain in full force and effect until ABS Franchise Services, Inc. has received advance written notification of its termination from the undersigned in such manner as to afford ABS Franchise Services, Inc. and Depository reasonable time and opportunity to act upon such notification.

IN WITNESS WHEREOF, this authorization has been executed on \_\_\_\_\_ at \_\_\_\_\_.

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Phone #: \_\_\_\_\_

# ADDENDUM P

## Spousal Consent

**NOTE: IF FRANCHISEE IS AN INDIVIDUAL(S) (REGARDLESS OF HIS/HER LEGAL ENTITY STRUCTURE), EACH INDIVIDUAL’S SPOUSE MUST SIGN THIS SPOUSAL CONSENT.**

The individual(s) listed below represents to ABS Franchise Services, Inc. (“Franchisor”) that each is the spouse of the individual(s) who have signed a Franchise Agreement with Franchisor dated \_\_\_\_\_

In consideration of the grant by Franchisor to Franchisee under the Franchise Agreement, each of the individual spouses listed below agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them:

a. must be firmly bound by all of the terms, provisions and conditions of the Franchise Agreement;

b. unconditionally guarantee the full and timely performance by Franchisee of all of Franchisee’s obligations under the Franchise Agreement, including, without limitation, any of Franchisee’s indebtedness arising under or by virtue of the Franchise Agreement;

c. agree to be bound by the in-term and post-term covenants of the Franchise Agreement.

Signed:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT C – LIST OF CURRENT AND FORMER FRANCHISEES**

## System Information as of December 31, 2023

### LIST OF CURRENT FRANCHISEES

#### California

Dave Lyell  
4804 Arlington Ave., Unit B  
Riverside, CA 92504  
(951) 283-0010

Aileen Garcia (San Fernando Valley)  
100 N. Barranca Street, Suite 715  
West Covina, CA 91791  
(626) 858-2015

Whitney Wong  
5528 N. Palm Ave., Suite 115  
Fresno, CA 93704  
(661) 431-3544

Veronica Li & Tobias Poppe (Burbank, San Gabriel Valley & Pasadena; 3 units)  
4100 W. Alameda Ave., #306  
Burbank, CA 91505  
(213) 806-0066

Fernando & Heather Hernani  
145 Vallecitos de Oro, Suite 205  
San Marcos, CA 92069  
(760) 350-3200

Hannah Schultz, Candice Macahilig & Taylor Jones  
5001 Birch St., Suite 37  
Newport Beach, CA 92660  
(949) 245-6869

#### Colorado

Charles & Deborah Redmond  
4636 S Yates St.  
Denver, CO 80236  
(303) 601-8361

#### Florida

Nick Borgese  
301 SW 1st Ave., Apt 3016 Ft. Lauderdale,  
FL 33301

(716) 880-4063

#### Idaho

Mike & Anita Hoskin  
1111 S. Orchard St., Suite 206  
Boise, ID 83705  
(541) 359-8244

#### Indiana

Dana & Alforde Charumbira  
810 W 58<sup>th</sup> Street  
Hinsdale, IL 60521  
(626) 427-0833

#### Kansas

Gus Torres & Amy Torres 815 North Waco,  
Suite 20 Wichita, KS 67203  
(316) 295-3282

#### Nevada

Kent & Melanie Christensen 8704 Wild  
Diamond Ave. Las Vegas, NV 89143  
(801) 937-7171

#### North Carolina

Joseph & Alisa Lorenzana  
1313 Chimney Ridge Drive  
Fuquay Varina, NC 27526  
(931) 551-6881

#### Ohio

Adam Donocik  
Address: 4555 Lake Forest Drive, Suite 650  
Cincinnati, OH 45242  
(513) 743-9393

#### South Carolina

John & Cathryn Shorter  
128 Millport Circle, Suite 200  
Greenville, SC 29607

(225) 235-3773

Tennessee

Emily Chapman  
5708 Uptain Road, Suite 407  
Chattanooga, TN 37411  
(404) 955-9785

Kenneth & Pamela Day  
3959 Dailey Rd.  
Clarksville, TN 37042  
(931) 216-6271

Texas

Clay Faulkner (Southwest Houston &  
Houston; 2 units)  
10701 Corporate Dr., Suite 340-110  
Stafford, TX 77477  
(512) 203-8652

Corey Johnson & Steven Price  
3701 Sanguinet St., Suite 107  
Fort Worth, TX 76107

(801) 875-2676  
(404) 886-4959

James Vilt  
6310-6390 LBJ Freeway, Suite 6320-224  
Dallas, TX 75240  
(303) 862-2676

Wisconsin

David & Jodi Kazmierczak  
11019 North Towne Square Rd., Suite 5B  
Mequon, WI 53092  
(414) 808-2035  
(414) 808-2055

## FRANCHISE AGREEMENTS SIGNED FOR UNITS NOT OPEN

### California

Abdullah Haroon  
25429 Narbonne Ave.  
Lomita, CA 90717  
(424) 262-7500  
(opened in 2024)

### Florida

Manuel Anders  
25 SW 9th St., Ste 404  
Miami, FL 33130  
(305) 330-5073

### Indiana

Dana & Alforde Charumbira  
810 W 58<sup>th</sup> Street  
Hinsdale, IL 60521  
(626) 427-0833

### Michigan

Vilas Uchil  
58655 Winnowing Circle North  
South Lyon, MI 48178  
(281) 904-3257  
(opened in 2024)

### Oklahoma

Gus Torres, Amy Torres & Jeremy Fuller  
12601 S Memorial Dr., Ste 4  
Bixby, OK 74008  
(316) 295-3282  
(opening pending for 2024)

### Texas

Kahina Garziz  
Address: TBA  
kahina.garziz@gmail.com

Paul Longino  
9102 Red Pony Drive  
San Antonio, TX 78254  
(281) 245-9807

## COMPANY-OWNED OUTLETS

### Arizona

2345 E. Thomas Rd., Suite 455 Phoenix, AZ 85016

### California

8929 Complex Drive San Diego, California 92123

## FRANCHISEES WHO LEFT THE SYSTEM

Alake Watson  
4067 Hardwick Street, #108  
Lakewood, California 90806  
(562) 424-6346

Katherine Phillips  
5465 Wolverine Terrace  
Carlsbad, California 92010  
(907) 632-3003  
(outlet sold; franchise agreement  
reassigned)

Isabelle Buisson  
2105 Foothill Blvd., #B343  
La Verne, CA 91750  
(outlet sold; franchise agreement  
reassigned)

Jessica Zahra Hamani  
Khalid Ghajji  
11052 Wicks Street  
Sun Valley, CA 91352  
(818) 441-2770  
(outlet sold; franchise agreement  
reassigned)

Bill & Sheri Engle  
999 Corporate Drive, Suite 100  
Ladera Ranch, CA 92694  
(949) 373-0622

Karine Yazidzhyan  
18075 Ventura Blvd., Suite 228  
Encino, CA 91316  
(818) 538-7776  
(outlet sold; franchise agreement  
reassigned)

Neelam Kaul  
316 South Melrose Drive, Suite 107  
Vista, CA 92081  
(760) 500-0028

Tam Truong  
10990 Warner Ave., Suite G  
Fountain Valley, California 92708  
(714) 964-3834

Hussein Taleb  
8400 W. 110th St., Suite 420  
Overland Park, KS 66210  
(316) 847-1707

Brett Miller  
820 Fairhaven Street  
Castle Rock, Colorado 80401  
(303) 568-9144  
(outlet sold; franchise agreement  
reassigned)

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Reno, NV 89511  
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Jeremy & Lori Senyk  
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Falls Church, VA 22046  
(586) 703-5770

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

## EXHIBIT D – MANUAL TABLE OF CONTENTS

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# A Better Solution In Home Care

## Administration Manual

# Table of Contents

CHAPTER 1: INTRODUCTION .....	1
Purpose of this Manual .....	1
CHAPTER 2: WELCOME TO ABS .....	3
Letter from the CEO .....	3
History of A Better Solution In Home Care .....	4
ABS's Mission, Vision & Core Values.....	5
CHAPTER 3: PRE-OPENING CONSIDERATIONS .....	7
Step One.....	7
Step Two .....	8
Step Three.....	10
Step Four.....	12
Step Five.....	15
Step Six.....	17
Step Seven.....	23
Step Eight .....	26
Step Nine.....	27
Step Ten .....	29
CHAPTER 4: FRANCHISEE TRAINING REQUIREMENTS.....	31
ABS Pre-Launch Training .....	31
ABS Post-Launch/On-Site Training.....	32
Additional Training & Refresher Courses.....	33
Annual Planning Meeting.....	34
CHAPTER 5: STAFFING YOUR FRANCHISE .....	35
A Word on Legal Compliance .....	35
Staffing Your Franchise .....	36
Position Summaries .....	37
Policies and Procedures .....	38
Recruiting and Attracting Talent.....	38

---

Assessing Potential Employees .....	38
Interviewing and Selection Process .....	39
Background Check, Prescreening and Reference Verification.....	40
Determining Salary/Wage.....	40
Employer/Employee Agreement.....	40
Corrective Action Policy .....	40
Employee Evaluations .....	42
Employee Raise/Promotion Procedure.....	43
Employee Termination/Dismissal Procedure.....	43
CHAPTER 6: OFFICE POLICIES.....	44
Setting Up Your Office.....	44
Quality Standards of Service .....	45
Service and Courtesy to Clients .....	48
Handling Complaints and Problems.....	50
Employee Appearance (Trade Dress) and Hygiene.....	50
Hours of Operation .....	51
Visitors In The Workplace .....	52
CHAPTER 7: OFFICE OPERATION AND MAINTENANCE .....	53
General Housekeeping.....	53
Opening Procedures.....	53
Closing Procedures.....	54
Cleaning Procedures .....	55
Miscellaneous Franchise Duties and Responsibilities.....	55
Office Administration Major Activities Listing .....	57
Administrative Management Checklist.....	59
Alarms, Locks and Keys .....	60
Safety .....	60
CHAPTER 8: OFFICE EQUIPMENT, COMPUTER SYSTEM, INVENTORY AND SUPPLIES .....	61
Office Equipment .....	61
Essential Supplies.....	63
Approved Vendors .....	64
CHAPTER 9: FINANCIAL ADMINISTRATION .....	65
Record Keeping .....	65
Accounting Services .....	69
Collections and Accounts Receivable Management.....	72

---

---

CHAPTER 10: REPORTS, AUDITS & INSPECTIONS .....	75
Franchisee Reports.....	75
Records and Reports .....	75
Audits and Inspections .....	76
Contact with Others .....	76
CHAPTER 11: INSURANCE REQUIREMENTS & RISK MANAGEMENT .....	77
General Insurance Coverage .....	77
Managing Risk at the Franchise Location or Client Site .....	79
Reporting Incidents .....	80

**Please Note:**

1. Home Care **Operations, Marketing** and the **Generations Home Care System** are more thoroughly explained in their separate manuals.
2. For simplicity, all of the templates and forms available to you for the operation of your business have been provided in the **Franchise Portal**. If you feel you need a form that you cannot find, please email your franchise support team.

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# A Better Solution In Home Care Marketing Manual

## Table of Contents

CHAPTER 1: INTRODUCTION .....	1
Purpose of This Manual.....	1
CHAPTER 2: HOW TO USE YOUR MANUAL.....	3
CHAPTER 3: NATIONAL BRANDING .....	4
CHAPTER 4: MARKETING ELEMENTS SUMMARY.....	6
CHAPTER 5: LOCAL MARKETING.....	7
CHAPTER 6: TELEVISION ADVERTISING .....	35
CHAPTER 7: RADIO ADVERTISING .....	38
CHAPTER 8: PRINT ADVERTISING.....	41
CHAPTER 9: OUTDOOR ADVERTISING.....	43
CHAPTER 10: INTERNET ADVERTISING AND SOCIAL MEDIA.....	46
CHAPTER 11: A BETTER SOLUTION IN HOME CARE PROMOTIONS .....	53
CHAPTER 12: PUBLIC RELATIONS .....	56
CHAPTER 13: SALES AND PRICING .....	63
CHAPTER 14: CAMPAIGN EVALUATION .....	74
CHAPTER 15: MARKETING PLANNING .....	77
CHAPTER 16: BUSINESS PLANNING WORKSHEETS.....	90
Figure 1 - Business Definition Worksheet (Page 1 of 3) .....	90
Figure 1 - Business Definition Worksheet (Page 2 of 3) .....	91
Figure 1 - Business Definition Worksheet (Page 3 of 3) .....	92
Figure 2 - Franchisee Mission Statement Worksheet .....	93
Figure 3 - Internal Analysis: Strengths and Weaknesses.....	94
Figure 4 - External Analysis: Opportunities and Threats.....	94
Figure 5 - Building on <u>Internal</u> Strengths and Opportunities .....	96
Figure 6 - Shore Up Weaknesses; Avoid External Threats.....	97
Figure 7 - Long-Term Goals: Action Assignments.....	98
Figure 8 - Preliminary Marketing, Sales and Profit Goals.....	99
Figure 9 - Who Are Your Clients? .....	100

---

Figure 10 - Quick Comparison .....	101
Figure 11 – “SMART” Goal Setting & Worksheet (Page 1 of 2) .....	102
Figure 11 – “SMART” Goal Setting & Worksheet (Page 2 of 2) .....	103
Figure 12 - Marketing Strategy Exercise.....	104
Figure 13 - The One-Page Marketing Plan.....	105
Figure 14 - Sample Marketing Calendars .....	106
GLOSSARY OF TERMS .....	108

**Please Note:**

1. Home Care **Administration, Operations** and the **Generations Home Care System** are more thoroughly explained in their separate manuals.
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# A Better Solution In Home Care Operations Manual

## Table of Contents

CHAPTER 1: INTRODUCTION .....	1
Purpose of this Manual .....	1
CHAPTER 2: SERVICES AND BEST PRACTICES .....	3
Home Care Agency Key Stakeholder Groups .....	5
The Business Process Model .....	6
The Home Care Agency Staff and Function Overview.....	8
Home Care Service Descriptions .....	10
General Definitions.....	14
Rate Guidelines.....	15
Generations Home Care System .....	16
CHAPTER 3: TRAINING & EDUCATION .....	18
Overview.....	18
Franchise Owner/Management Training & Development.....	18
Franchise Staff Member Training & Development.....	20
Caregiver Training & Development .....	21
CHAPTER 4: CAREGIVER TRAINING BY CLIENT DIAGNOSIS .....	22
Purpose.....	22
Overview.....	22
Expectations You Should Have of ABS Caregivers and Staff .....	22
Working with Alzheimer’s Clients .....	23
Ambulation .....	34
Working with Diabetic Clients .....	38
Working with Cancer Clients .....	41
Working with Clients with Parkinson’s Disease.....	43
Working with Clients Who Need Bathing and Personal Care.....	45
Working with Incontinence .....	47
Working with Hospice Clients.....	49
Working with CHF (Congestive Heart Failure) Clients.....	51
Working with Stroke Clients .....	54
Working with Physical Rehabilitation Clients.....	57

---

Administration of Medications.....	59
Transportation.....	60
CHAPTER 5: COMMUNICATION GUIDELINES .....	62
ABS’s Basic Principles of Good Communication.....	63
Communicating with the Franchise Office .....	64
Franchise Location (Agency) Communication Guidelines for Employees:.....	64
Communicating with Clients .....	66
CHAPTER 6: MANAGING DIFFICULT SITUATIONS .....	71
When Clients Are Difficult .....	71
When Client Family Members Are Difficult.....	76
When Caregivers Cause Problems.....	77
Ongoing Service Problems.....	79
When Clients Have Accidents.....	81
CHAPTER 7: ACCEPTING CLIENTS .....	83
Process Overview .....	83
Client or Referral Intake Process .....	84
Initial Assessment.....	85
Special Requirements .....	87
Start of Care.....	88
Service Deposits .....	88
Client Welcome Meeting.....	89
The Right to Refuse Clients.....	90
Supervised Visits and Ongoing Assessments.....	90
CHAPTER 8: STAFFING A CASE.....	92
CHAPTER 9: MANAGING CAREGIVERS .....	95
A Little Insight into Caregivers.....	95
Hiring .....	96
On-Boarding .....	100
Assigning Caregivers to Cases.....	102
Supervising Caregivers.....	103
Ongoing Training .....	104
Performance Management .....	106
Termination .....	109
CHAPTER 10: CODE OF ETHICS WITH CLIENTS.....	111
Rights of the Client .....	111
Fraudulent & Abusive Acts .....	112

---

CHAPTER 11: CLIENT SATISFACTION.....	115
Survey & Questionnaire .....	115
Satisfaction Questionnaire Survey .....	116
Client Complaints and Grievances.....	117
Client Complaint Form.....	118
Accident/Incident Reporting & Management.....	119
CHAPTER 12: CONTROLLING POTENTIALLY DANGEROUS SITUATIONS .....	120
Infection Control Management & Assessment .....	120
Infection Control Assessment .....	123
Blood & Body Fluids Spills Handling .....	124
Reporting Communicable Diseases.....	125
Blood and Infectious Materials Exposure.....	125
Post-Exposure Evaluation & Follow-Up.....	126
CHAPTER 13: EMERGENCY PROCEDURES .....	128
ANE = Abuse, Neglect, Exploitation.....	128
ANE REPORT .....	130
Training.....	131
Agency Safety Practices.....	131
Emergency Preparedness Plan .....	133
Disaster Plan.....	136
Emergency Entry .....	137
Emergency Medication Assistance.....	138
CHAPTER 14: PROTECTION & RETENTION OF CLIENT DOCUMENTS .....	139
Confidentiality of Client Information .....	141
Maintaining Client Rights and Regulation .....	142
Release of Client Records.....	143
Consent Form .....	144
Client Rights & Responsibilities .....	144
Rights of the Elderly .....	145

**Please Note:**

1. Home Care **Administration, Marketing** and the **Generations Home Care System** are more thoroughly explained in their separate manuals.
2. For simplicity, all of the templates and forms available to you for the operation of your business have been provided in the **Franchise Portal**. If you feel you need a form that you cannot find, please email your franchise support team.

## EXHIBIT E – AGENTS FOR SERVICE OF PROCESS

Commissioner of the Department of Financial  
Protection and Innovation  
2102 Arena Blvd.  
Sacramento, California 95834

Hawaii Commissioner of Securities  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

Illinois Attorney General Office  
500 South Second Street  
Springfield, Illinois 62706

Indiana Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204

Maryland Securities Commissioner  
200 Saint Paul Place  
Baltimore, Maryland 21202-2020

Commissioner of Commerce  
State of Minnesota  
Department of Commerce  
Securities Unit  
85 Seventh Place East Suite 280  
St. Paul, Minnesota 55101

Secretary of State of New York  
41 State Street  
Albany, New York 11231

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fifth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510

Director of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

Director of the Division of Insurance  
Securities Regulation  
Department of Labor and Regulation  
124 S. Euclid, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501-3185

Clerk, State Corporation Commission  
1300 East Main Street, First Floor  
Richmond, Virginia 23219

Administrator of Securities  
Department of Financial Institutions  
150 Israel Rd. SW,  
Tumwater, WA 98501 98504

Commissioner of Securities  
Office of the Commissioner of Securities  
345 W. Washington Ave., 4th Floor  
Madison, Wisconsin 53703

In all other states:

Lillia Smith-Pratt  
8929 Complex Drive  
San Diego, California 92123

## EXHIBIT F – STATE AGENCIES

Commissioner of Department of Financial  
Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677 Toll Free  
Ask.DFPI@dfpi.ca.gov

Hawaii Commissioner of Securities  
Department of Commerce & Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

Chief  
Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-1090

Franchise Section  
Indiana Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

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

Franchise Administrator  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Dept. of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
(517) 373-7117

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

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005  
(212) 416-8236

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

Director of the Rhode Island  
Department of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9500

Registration Specialist  
Department of Labor and Regulation  
Division of Insurance, Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501-3185  
(605) 773-4823

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

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Rd. SW  
Tumwater, Washington 98501  
(360) 902-8760

Franchise Administrator  
Securities and Franchise Registration  
Wisconsin Securities Commission  
345 W. Washington Ave., 4th Floor  
Madison, Wisconsin 53703  
(608) 266-8557

**EXHIBIT G – MANAGEMENT SERVICES AGREEMENT**

# Caring Solutions Management & Staffing

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## MANAGEMENT SERVICES AGREEMENT

This **MANAGEMENT SERVICES AGREEMENT** (this “*Agreement*”) is made and entered into as of \_\_\_\_\_ (the “*Effective Date*”), by and between Caring Solutions Management & Staffing, Inc., a California corporation (the “*Service Provider*”), and \_\_\_\_\_, a \_\_\_\_\_ (the “*Company*”). Service Provider and the Company are sometimes referred to herein individually as a “*Party*” and collectively as the “*Parties*.”

WHEREAS, the Company desires to retain Service Provider to provide certain management and administrative services to the Company (the “*Services*”), and Service Provider is willing to provide such Services to the Company, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

### **1. Retention of Service Provider & Services**

The Company hereby retains Service Provider, and Service Provider hereby agrees, to provide to the Company the Services which include, without limitation, the following:

- (i) Sourcing of key managerial candidates for Company to consider employing to provide general management oversight of the Company’s operations, to supervise Company’s other staff, and to help Company achieve and develop its business and marketing objectives and milestone (collectively “*Manager Staff*”);
- (ii) Assisting with identifying, acquiring and setting up suitable office space for Manager Staff at the Company’s office/territory in a location to be mutually determined by Company;
- (iii) Providing 5 days of training of Manager Staff at Service Provider’s headquarters in San Diego, California or at franchise location’s office onsite.
- (iv) Providing professional coaching of Manager Staff who have been sourced by Service Provider for Company’s benefit commencing after training; this will include offering weekly accountability calls (phone and/or video) between Service Provider and Manager Staff;
- (v) Providing general consulting services to Company to help it achieve its business, marketing and revenue objectives; this will include providing the Company (a) remote support and access to Service Provider staff (via phone, email and text) during regular business hours for advisory inquiries, and (b) onsite visits by training/coaching staff of Service Provider at Company’s office as needed and as determined by Service Provider at Service Provider’s full discretion; and
- (vi) Providing monthly general performance reports containing KPI metrics of Company’s business and offering suggestions on how Company and its Manager Staff may improve its operations to meet its business, revenue and marketing objectives (“*Reports*”); this may include recommending disciplinary action and termination of Company staff if needed.

### **2. Relationship of the Parties**

At no time shall the employees or independent contractors of Service Provider (the “*Service Provider Personnel*”), be considered employees of the Company. Service Provider shall be responsible for compensating and complying with all federal, state and local labor and tax laws and regulations with respect to Service Provider Personnel. Service Provider is an independent contractor and not an

# Caring Solutions Management & Staffing

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employee, agent, representative, joint venturer, or partner of Company for any purpose. Service Provider will be solely liable for all remuneration, compensation or other payments which may be due to Service Provider's employees, independent contractors, vendors, suppliers, or other service providers. Service Provider will have no authority (and will not hold itself out as having authority) to bind the Company, and it will not make any agreements or representations on the Company's behalf without the Company's prior written consent. The Service Provider retains the right to perform the same or similar type of services for third parties during the Term.

### **3. Duties of Service Provider**

**3.1** Service Provider will perform, or cause to be performed, the Services hereunder with not less than a reasonable degree of care, skill and diligence with which it performs or would perform similar services for itself consistent with past practices (including, without limitation, with respect to the type, quantity, quality and timeliness of such services). If the Service Provider is required to engage third parties to perform one or more of the Services required hereunder, Service Provider shall use all commercially reasonable efforts to cause such third parties to deliver such Services in a competent and timely fashion.

**3.2** Service Provider shall maintain books, records, documents and other written evidence, consistent with its normal recordkeeping procedures and practices, sufficient to accurately, completely and properly reflect the performance of the Services hereunder and the amounts due in accordance with any provision of this Agreement (collectively, the "*Services Evidence*").

### **4. Duties of Company**

**4.1** Company is and will be the legal employer for all staff working for Company, including Manager Staff sourced by Service Provider for Company. Company will exercise and maintain sole authority and control over all contractual, employment and compensation matters relating to its staff, including without limitation its Manager Staff. Company has the sole power to hire, decline to hire, or terminate any employee or candidate presented to Company by Service Provider. Service Provider is *not* the employer of record for any of Company's employees and is *not* responsible for payment of wages to any of Company's employees, including without limitation the Manager Staff. For the avoidance of the doubt, the Parties acknowledge that Service Provider will not be responsible in any way for any wages, fees, salary, benefits, taxes, or other obligations owed or relating to the Manager Staff and Company holds all such liability and obligations related thereto.

**4.2** The Company shall cooperate with Service Provider in all matters relating to the Services and appoint a Company representative, with authority to make decisions on behalf of the Company and its ownership, to serve as the primary contact with respect to this Agreement ("Company Owner"). The Company Owner must be available at least once a month for a phone or video meeting with Service Provider to go over the Reports and discuss the overall performance of Company's business and other matters requiring the input/decision of the Company's ownership and other related items.

**4.3** Company is solely responsible for ensuring Company is in compliance with all applicable laws pertaining to its business (i.e., employment law, business law, tax law, home care organization law, etc.) and to obtain and maintain in good standing any licenses, permits or other government approval to operate the Company's business.

**4.4** Company is responsible for its own financial management functions and setting up its payroll for its employees. Company Owner will be involved with signing all Company checks, approving all bills to be paid (via check, EFT or credit card) and overseeing Company finances, including assuring that Company remains appropriately capitalized to meet business obligations.

**4.5** During the Term, Company will provide to Service Provider such information as Service Provider may request, in order to carry out the Services, in a timely matter, and ensure that such information is

# Caring Solutions Management & Staffing

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complete and accurate in all material effects. This includes, without limitation the delivery of monthly financial statements which will include without limitation a Profit and Loss (P&L)/Income Statement for the preceding calendar month. In addition, Company will provide Service Provider access to Company's client services software system (i.e., Generations).

**4.6** Company will provide Service Provider with access to Company's premises and such office accommodation and other facilities as may reasonably be required to perform the Services. Company will coordinate with Service Provider to schedule on-site training and visits.

**4.7** As a franchisee under the A Better Solution In Home Care brand, Company is responsible for all of its obligations under its Franchise Agreement with ABS Franchise Services, Inc., and any of its affiliates relating to the Company's franchise relationship (collectively, the "**Franchise Agreement**"), and Company understands that this Agreement is separate and distinct from the Franchise Agreement.

## **5. Term**

**5.1** The term of this Agreement shall commence as of the Effective Date and shall continue in effect for six (6) months from the date Company hires Manager Staff sourced by Service Provider, OR the date Company is open for business, whichever is later (the "**Initial Term**"), and thereafter may be continued by Company upon request and upon the same terms and conditions set forth herein until Company or Service Provider choose to terminate Agreement pursuant to Sections 5.2 and 5.3 below (the "**Subsequent Terms**," collectively with the Initial Term, the "**Term**"). If agreement is continued beyond the first 6-month time period, cost changes to \$2,500 per month subsequent to the conclusion of the first 6-month service period.

**5.2** Either Party can terminate agreement this Agreement at any time upon delivery of a sixty-day prior written notice to the other Party. Either Party will have the right to terminate this Agreement immediately following a breach of a material term of this Agreement by the other Party hereto and a failure to cure such breach within 30 days following written notice thereof. Service Provider may also immediately terminate this Agreement following a breach of a material term of any agreement between the Company and Service Provider's affiliates, including without limitation the Franchise Agreement, and Company or its owners fail to cure such breach within 30 days following written notice thereof or such other applicable cure period referenced in such agreement.

**5.3** The Parties agree that this Agreement will immediately terminate, with no further action by the other Party, upon the occurrence of: (i) the liquidation or dissolution of the Company, (ii) the sale of all or substantially all of the assets of the Company to a third party, (iii) the sale of control of the Company, whether by sale of equity interests, merger, reorganization, consolidation or otherwise, to a third party, (iv) the Company becoming subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully stayed within thirty (30) business days or is not dismissed or vacated within sixty (60) days after filing, and (v) the recission, cancellation, termination, or suspension of any license, permit, or other government approval of the Company that is necessary to operate its business.

**5.4** Upon termination of this Agreement, Company will have fifteen (15) calendar days from receipt of invoice from Service Provider to pay for any outstanding amounts due, including all fees and costs incurred by Service Provider in performing the Services prior to the termination.

## **6. Pricing & Compensation**

**6.1 Set-up & Service Fee** - \$20,000. This one-time fee is due upon execution of Agreement and covers initial activities including office identification and set up, staff sourcing, staff training and coaching. Beyond company set-up, this fee also covers services rendered for a period of 6-months after agreement

# Caring Solutions Management & Staffing

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commencement. The core intent of this “managed model” agreement is for Service Provider to help set Company up with core staff and in a position to render services to the community.

**6.2 Monthly Service Fee** - \$2,500 per month. This monthly fee is only applicable if Company elects to continue the agreement for service provision after the initial 6-month period.

**6.3 Payment** – Company must pay Service Provider all funds invoiced via EFT transaction (i.e., paid electronically from a business banking account). After the first 6 months, any applicable and elected monthly fees will be charged on the 1<sup>st</sup> day of each month for that same month’s services (i.e. paid in advance). Service Provider will send a “paid” invoice to Company via email subsequent to charging monthly service fee. In addition to any rights and remedies of the Service Provider under this Agreement and pursuant to applicable law, if Company fails to make any payment under this Agreement when due, (i) such outstanding payment will accrue interest at the lesser of 1.5% per month or the maximum legal rate until paid in full, and (ii) Service Provider may suspend the performance of the Services until paid in full.

**6.4 Expenses** - Company shall reimburse Service Provider for expenses (if any) actually incurred by Service Provider in performing the Services at cost within ten (10) days following receipt of Service Provider’s invoice.

## **7. Representations and Warranties**

Each Party represents and warrants to the other Party that: (i) it is duly organized, validly existing and in good standing as an entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization, formation, or chartering; (ii) it has the full right, power, and authority to enter into this Agreement and to perform its obligations hereunder; (iii) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party; and (iv) when executed and delivered by such Party, this Agreement will constitute the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms.

EXCEPT FOR THE EXPRESS WARRANTIES IN THIS AGREEMENT, (A) EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE UNDER THIS AGREEMENT, AND (B) SERVICE PROVIDER SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT, AND EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATION, WARRANTIES AND GUARANTEES WITH RESPECT TO THE SERVICES. THE SERVICES ARE PROVIDED TO COMPANY ON AN “AS IS” BASIS. SERVICE PROVIDER DOES NOT WARRANT THAT THE SERVICES WILL MEET COMPANY’S REQUIREMENTS OR WILL PROVIDE RESULTS IN THE MANNER DESIRED BY COMPANY, OR THAT THE SERVICES WILL BE ERROR FREE.

## **8. Insurance**

At all times during the Term and for a period of two (2) years thereafter, Company will procure and maintain at least the following types of insurance in an amount reasonably adequate to cover its obligations hereunder and list Service Provider as an additional insured: (i) Commercial General Liability insurance; (ii) Worker’s Compensation insurance; and (iii) Errors and Omissions/Professional Liability insurance. Upon request, Company will provide to Service Provider a Certificate of Insurance showing that such insurance is in place.

# Caring Solutions Management & Staffing

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## **9. Limited Liability**

IN NO EVENT SHALL SERVICE PROVIDER BE LIABLE TO COMPANY FOR ANY LOST PROFITS OR FOR ANY INCIDENTAL OR INDIRECT DAMAGES OF ANY KIND, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, AND REGARDLESS OF WHETHER SERVICE PROVIDER HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. COMPANY ACKNOWLEDGES AND AGREES THAT THE FOREGOING LIMITATIONS OF LIABILITY ARE AN ESSENTIAL ELEMENT OF THE AGREEMENT BETWEEN THE PARTIES AND THAT IN THEIR ABSENCE THE ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT. COMPANY AGREES THE LIABILITY OF SERVICE PROVIDER, IF ANY, ON ANY CLAIM FOR DAMAGES ARISING OUT OF THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES AND SHALL NOT EXCEED THE AMOUNT WHICH HAS BEEN PAID TO SERVICE PROVIDER BY COMPANY FOR THE THREE (3) MONTH PERIOD PRECEDING THE DATE ON WHICH THE CLAIM IS BASED.

## **10. Indemnity**

The Company, on behalf of itself and its employees, directors, shareholders, managers, members, officers, contractors, subcontractors, consultants, parent, subsidiary, affiliate or anyone for whom the Company is legally liable, including without limitation the employees that were sourced by Service Provider and hired by Company (collectively, the “*Company Representatives*”) agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Service Provider, and all of its respective officers, directors, members, managers, employees, representatives, agents, and affiliates (collectively, the “*Releasees*”), against all damages, liabilities or costs, including reasonable attorneys’ fees and defense costs and other legal expenses, arising directly or indirectly from or in connection with: (i) any negligent, reckless or intentional wrongful act of any Company Representative; (ii) any breach of this Agreement by any Company Representative; (iii) any violation of any applicable law, order, or regulation by any Company Representative or which impact the Company’s business operations, human resource management and fiscal management; (iv) any claim arising from the course of Company’s business and offering of home care services; (v) any activity, work or thing done, permitted or any damages suffered by a resident of the home care of the Company, or such resident’s family member, estate, trustee, or other assignee or successor in interest; (vi) the Company’s failure, or allegations that it failed to pay its agents, employees, officers, representatives, or contractors in accordance with applicable federal, state, and/or local law; (vii) Company’s misclassification of its agents, employees, officers, representatives, or contractors; and (viii) any act, work or thing done, permitted or suffered by any Company Representative; except for any such claims, losses, damages or liabilities arising out of the gross negligence or willful misconduct of the Service Provider. Company shall keep Service Provider informed of and consult with Service Provider in connection with the progress of such litigation or settlement, and Company may not settle any action, suit or proceeding without Service Provider’s prior written consent. If Company fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Service Provider may defend such action, suit or proceeding using counsel selected by Service Provider, and Company shall reimburse Service Provider for any resulting loss, damages, costs, charges, attorney’s fees, and other expenses and the related costs of defending such action, suit or proceeding.

## **11. Intellectual Property and Confidentiality**

**11.1** Subject to the terms and conditions of this Agreement, Service Provider hereby grants to Company, the non-exclusive and non-transferable right to access and use the Services solely for the purposes set forth in this Agreement. All right, title to and interest (including all intellectual property rights) in the Services and copies thereof remain exclusively with Service Provider.

# Caring Solutions Management & Staffing

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**11.2** Each Party (on its behalf and on behalf of its subcontractors, employees or representatives, or agents of any kind) agrees to hold and treat all confidential information of the other Party, including, but not limited to, trade secrets, sales figures, employee and customer information and any other information that the receiving Party reasonably should know is confidential (“**Confidential Information**”) as confidential and protect the Confidential Information with the same degree of care as each Party uses to protect its own Confidential Information of like nature. Both Parties agree not to disclose confidential information belonging to the other Party to anyone other than (i) authorized employees of that other Party, (ii) persons designated by such duly authorized employees of said Party, and (iii) any affiliate of the Service Provider, including without limitation ABS Franchise Services, Inc., ABS Home Health, Inc., and A Better Solution in Home Care Incorporated, or such affiliate’s employees, agent or contractor, for the specific purposes of performing its obligations set forth in this Agreement and as may be permitted under applicable laws.

## **12. Choice of Law**

Except as set forth below, this Agreement shall be construed and interpreted, and the rights of the Parties shall be governed by, the internal laws of the State of California, without giving effect to conflicts of laws rules and principles that require the application of the laws of any other jurisdiction.

## **13. Entire Agreement/Amendments and Waivers**

This Agreement constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no other warranties, representations or other agreements between the parties in connection with the subject matter hereof. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly agreed to in writing by the affected Party. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

## **14. Notices**

Unless otherwise provided herein, any notice, request, consent, instruction or other document to be given hereunder by any Party hereto to another Party hereto shall be in writing and will be deemed given: (i) when received, if delivered personally or by courier; (ii) on the date receipt is acknowledged, if delivered by certified mail, postage prepaid, return receipt requested; or (iii) one day after transmission, if sent by facsimile or electronic mail transmission with confirmation of transmission, as follows:

If to the Company:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Service Provider:

Caring Solutions Management & Staffing, Inc.  
8929 Complex Drive  
San Diego, CA 92123  
Email: lsmith@absihc.com  
Attention: Lia Smith, CEO

# Caring Solutions Management & Staffing

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## **15. Additional Documents**

Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.

## **16. Successors and Assigns**

Neither Party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing, this Agreement shall be binding and inure to the benefit of the Parties and their successors and permitted assigns.

## **17. No Third-Party Beneficiaries**

This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein.

## **18. No Presumption Against Any Party**

Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel to the extent they deemed necessary and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

## **19. Arbitration**

Any dispute, controversy or claim arising out of, connected with, or relating to this Agreement, including without limitation any dispute as to the existence, validity, construction, interpretation, negotiation, performance, breach, termination or enforceability of this Agreement (a "*Dispute*") shall be resolved by final and binding arbitration before a single independent and impartial arbitrator. The arbitration will be administered by JAMS pursuant to its principles and policies guiding the resolution of commercial disputes. The place of arbitration shall be San Diego, California unless another location is mutually agreed upon by the Parties to such arbitration. The award of the arbitrator shall be binding on the Parties, and the award may, but need not, be entered as judgment in a court of competent jurisdiction. This agreement to arbitrate shall not preclude the Parties from engaging in parallel voluntary, non-binding settlement efforts including mediation.

## **20. Signatures**

The Parties represent and warrant that they have carefully read this Agreement, that they fully understand its final and binding effect and that they agree to all of its terms. This Agreement may be signed in one or more counterparts, each of which will constitute an original, but all of which together will be one and the same document. Signatures received by electronic mail or facsimile will be deemed to be original signatures.

## **21. Attorney's Fees**

# Caring Solutions Management & Staffing

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The prevailing Party in any litigation, arbitration, bankruptcy, insolvency, or other proceeding (“**Proceeding**”) relating to the enforcement or interpretation of this Agreement may, recover from the other Party all costs, expenses, and reasonable attorney’s fees (including expert witness and other consultants’ fees and costs) relating to or arising out of (i) the Proceeding (whether or not the Proceeding proceeds to judgment), and (ii) any post judgment or post award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards will contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and actual attorney’s fees.

## **22. Force Majeure**

No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, except for any obligations to make payments to the other Party hereunder, when and to the extent such failure or delay is caused by or results from the following force majeure events (“**Force Majeure Events**”): (i) acts of God; (ii) flood, fire, earthquake, or explosion; (iii) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (iv) government order or law; (v) actions, embargoes, or blockades in effect on or after the date of this Agreement; (vi) action by any governmental authority; (vii) national or regional emergency; (viii) strikes, labor stoppages or slowdowns, or other industrial disturbances; (ix) shortage of adequate power or transportation facilities; (x) a pandemic; and (xi) other similar events beyond the reasonable control of the Party affected by the Force Majeure Event. The affected Party shall give notice within five (5) days of the Force Majeure Event to the other Party, stating the period of time the occurrence is expected to continue.

## **23. Survival**

The rights and obligations of the Parties set forth in Sections 2 to 4, 5.4, and 7 to 23, and any right or obligation of the Parties in this Agreement which, by its nature, should survive termination or expiration of this Agreement, will survive any such termination or expiration of this Agreement.

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Company Authorized Representative Name

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Title

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Company Authorized Representative Signature

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Date

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Caring Solutions Authorized Representative Name

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Title

---

Caring Solutions Authorized Representative Signature

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Date

**EXHIBIT H - STATE LAW ADDENDUM**

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

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.

Item 5, "Initial Fees" shall be amended by the addition of the following:

"Payment of all initial fees are postponed until after all of franchisor's pre-opening obligations are complete and franchisee's agency is open for business."

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

Neither ABS FRANCHISE SERVICES, INC., nor any person 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 these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. FRANCHISE AGREEMENT  
(State of California)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between ABS Franchise Services, Inc., a California corporation ("Company"), and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a ABS Franchise Services, Inc. Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the "Franchise Agreement").
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 2.01 thereof, Franchisee shall pay the Initial Fee to Company when Company has fulfilled its initial pre-opening obligations to Franchisee and Franchisee's Agency is open for business.

2. The franchise agreement contains provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limited your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

3. 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.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms. The undersigned does hereby acknowledge receipt of this addendum.

**"Company"**

**ABS FRANCHISE SERVICES, INC.**

\_\_\_\_\_

Date of Execution

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

Its: \_\_\_\_\_

**"Franchisee"**

\_\_\_\_\_

Date of Execution

[ ] an individual;

[ ] a \_\_\_\_\_ general partnership;

[ ] a \_\_\_\_\_ limited partnership;

[ ] a \_\_\_\_\_ limited liability company;

[ ] a \_\_\_\_\_ corporation

\_\_\_\_\_

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

Its: \_\_\_\_\_, and individually

## **ADDENDUM TO ABS FRANCHISE SERVICES, INC. DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

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

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, arbitration may take place outside of Illinois.

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

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

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MAY NEED TO NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE CERTAIN SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

The Home Health, Home Services, and Home Nursing Agency Code is set forth in the Illinois Administrative Code at: 77 Ill. Adm. Code 245 (2015)

See: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> for info on Home Health state certification and licensure requirements, costs and process.

See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> for information regarding the nature of, and application process for, the Illinois Certificate of Need Program.

There is no formal schedule for the required Initial Training program that occurs in San Diego, California. You must complete the Initial Training program before starting business operations.

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

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. FRANCHISE AGREEMENT  
(State of Illinois)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between ABS Franchise Services, Inc., a California corporation ("Company"), and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a ABS Franchise Services, Inc. Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the "Franchise Agreement").
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.
2. 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, arbitration may take place outside of Illinois.
3. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MAY NEED TO NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE CERTAIN SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

The Home Health, Home Services, and Home Nursing Agency Code is set forth in the Illinois Administrative Code at: 77 Ill. Adm. Code 245 (2015). See: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> for info on Home Health state certification and licensure requirements, costs and process. See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> for information regarding the nature of, and application process for, the Illinois Certificate of Need Program.

There is no formal schedule for the required Initial Training program that occurs in San Diego, California. You must complete the Initial Training program before starting business operations.

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.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms. The undersigned does hereby acknowledge receipt of this addendum.

**“Company”**

**ABS FRANCHISE SERVICES, INC.**

\_\_\_\_\_  
Date of Execution

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

Its: \_\_\_\_\_

**“Franchisee”**

\_\_\_\_\_  
Date of Execution

an individual;

a \_\_\_\_\_ general partnership;

a \_\_\_\_\_ limited partnership;

a \_\_\_\_\_ limited liability company;

a \_\_\_\_\_ corporation

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

Its: \_\_\_\_\_, and individually

## **ADDENDUM TO ABS FRANCHISE SERVICES, INC. DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. Item 5.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

2. Item 17.

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

3. Item 17.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17.

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

5. Item 17.

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. Section 22.01 and the last sentence of Section 22.2 of the Franchise Agreement does not apply to franchisees in the state of Maryland.

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. FRANCHISE AGREEMENT  
(State of Maryland)**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, ABS Franchise Services, Inc. and Franchisee agree to amend the Franchise Agreement as follows:

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.
2. Release. Sections 4.01, 12.02.05, 12.02.06, Article 18, Addendum J, Addendum K and Addendum L, of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
3. Consent to Jurisdiction. Article 19, Addendum G, Addendum L and Addendum M of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 21 of the Franchise Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
6. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Section 22.01 and the last sentence of Section 22.2 of the Franchise Agreement does not apply to franchisees in the state of Maryland.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms. The undersigned does hereby acknowledge receipt of this addendum.

"Company"

**ABS FRANCHISE SERVICES, INC.,**  
a California corporation

"Franchisee"

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;

[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_

Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

## **ADDENDUM TO ABS FRANCHISE SERVICES, INC. DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

1. Cover Page, Risk Factors 1 and 2 are amended by the addition of the following language:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

2. Item 6, "Charges for unpaid checks, drafts or electronic payments" shall be amended by the addition of the following paragraph:

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on a NSF check. This applied to everyone in Minnesota who accepts checks except banks.

3. Item 13 of the Franchise Disclosure Document and Section 1.04.03 of the Franchise Agreement are amended to state that we will protect you against claims of infringement or unfair competition regarding your use of the Marks when your right to use the Marks requires protection.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that 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.

5. Item 17, "Governing Law, Jurisdiction and Venue, and Choice of Forum" shall be amended by the addition of the following paragraph:

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

6. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

7. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

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

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between ABS Franchise Services, Inc., a California corporation (“Company”) and \_\_\_\_\_ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into an ABS Franchise Services, Inc. Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

The Franchise Agreement at Section 16.02.09 provides that Company will be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of the Franchise Agreement. Minnesota law was amended effective May 20, 1990, to prohibit a person from seeking injunctive relief without posting a bond. To the extent the Franchise Agreement, at Section 16.02.09 is inconsistent with Minnesota law, Minnesota law will control.

Except as provided in the paragraph above, the Franchise Agreement provides at Section 16.02.05 that any controversy or claim arising out of or related to the Franchise Agreement, or a breach thereof, will be settled by arbitration. Arbitration will be conducted in San Diego, California. The decision of the arbitrator(s) in these cases will be final and binding upon the Franchisee, non-appealable and enforceable in any court of competent jurisdiction. Unless otherwise determined by the arbitrators, the fees and expenses for such arbitration shall be shared by Company and Franchisee.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of your rights as provided for in the Minnesota Statutes, Chapter 80C., or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

Sections 4.01.01, 12.02.05, 12.02.06, and 18.01 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

No general release that Franchisee is required to assent to shall relieve Company from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22.

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

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

*[signature page to follow]*

**ABS FRANCHISE SERVICES, INC.,**  
a California corporation

\_\_\_\_\_  
Date of Execution

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**FRANCHISEE**

**If Franchisee is an entity, complete and sign below:**

\_\_\_\_\_  
Date of Execution

\_\_\_\_\_  
(print name of entity above)

Check one:

- a \_\_\_\_\_ general partnership
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**If Franchisee is an individual, print name and sign below:**

\_\_\_\_\_  
Date of Execution

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

\_\_\_\_\_  
Date of Execution

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

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ABS Franchise Services, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h:

Under 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.

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

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

**ADDENDUM TO ABS FRANCHISE SERVICES, INC. FRANCHISE AGREEMENT  
(State of Virginia)**

THIS ADDENDUM is entered into as of \_\_\_\_\_, 20\_\_\_\_ between ABS Franchise Services, Inc., a California corporation ("Company"), and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a ABS Franchise Services, Inc. Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the "Franchise Agreement").
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 2.01 thereof, Franchisee shall pay the Initial Fee to Company when Company has fulfilled its initial pre-opening obligations to Franchisee and Franchisee's Agency is open for business.

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.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms. The undersigned does hereby acknowledge receipt of this addendum.

**"Company"**

**ABS FRANCHISE SERVICES, INC.**

\_\_\_\_\_  
Date of Execution

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

Its: \_\_\_\_\_

**"Franchisee"**

\_\_\_\_\_,  
Date of Execution

[ ] an individual;

[ ] a \_\_\_\_\_ general partnership;

[ ] a \_\_\_\_\_ limited partnership;

[ ] a \_\_\_\_\_ limited liability company;

[ ] a \_\_\_\_\_ corporation

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

Its: \_\_\_\_\_, and individually

**EXHIBIT I - RECEIPTS**

## State Effective Dates

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	June 24, 2024 as amended _____
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	June 5, 2024 as amended _____
Washington	Pending
Wisconsin	May 2, 2024 as amended _____

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.

# RECEIPT (Franchisee Copy)

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

If ABS Franchise Services, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or 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 requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ABS Franchise Services, Inc. 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 DC 20580 and the state agencies listed in Exhibit F.

The Franchisor is ABS Franchise Services, Inc. 8929 Complex Drive San Diego, California 92123, 619-585-9011.

Issuance Date: April 26, 2024 as amended June 12, 2024

The franchise seller for this offering is:

- Lillia Smith-Pratt, 8929 Complex Drive San Diego, California 92123, 619-585-9011.
- Kurt Buske, 8929 Complex Drive San Diego, California 92123, 619-585-9011.

Franchisor authorizes the persons or entities identified in Exhibit E to receive service of process for Franchisor.

I have received a Franchise Disclosure Document dated April 26, 2024 as amended June 12, 2024. This disclosure document included the following Exhibits:

- |   |  |
|---|--|
| Exhibit A - Financial Statements                        | Addendum L, Release from Continuing Obligations                        |
| Exhibit B - Franchise Agreement, with:                  | Addendum M, Confidentiality Agreement—Additional Information           |
| Addendum A, Location of Agency;                         | Addendum N, Franchisee Ownership and Management Information            |
| Addendum B, Territory;                                  | Addendum O, Authorization to Initiate Debit Entries for Franchise Fees |
| Addendum C, Required Equipment;                         | Addendum P, Spousal Consent  |
| Addendum D, Items Pursuant to Specifications            | Exhibit C - List of Current and Former franchisees                     |
| Addendum E, Lease Conditional Assignment Agreement      | Exhibit D - Manual Table of Contents                                   |
| Addendum F, Assignment of Telephone Numbers             | Exhibit E – Franchisor's Agent(s) for Service of Process               |
| Addendum G, Personal Guaranty                           | EXHIBIT F – State Agencies   |
| Addendum H, Master Lease (if applicable)                | EXHIBIT G – Management Services Agreement                              |
| Addendum I, Trade Secrets and Confidentiality Agreement | EXHIBIT H - State Law Addenda  |
| Addendum J, Mutual Termination and Release Agreement    | EXHIBIT I – Receipt  |
| Addendum K, Consent, Waiver and Release for Training    |  |

DATED: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (Please print)

WITNESS:

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

\_\_\_\_\_

\_\_\_\_\_

## RECEIPT (Franchisor Copy)

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Addendum J, Mutual Termination and Release Agreement	EXHIBIT I – Receipt
Addendum K, Consent, Waiver and Release for Training	

DATED: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (Please print)

WITNESS:

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