FRANCHISE DISCLOSURE DOCUMENT

CareBuilders At Home, LLC
a Georgia limited liability company
1983 Marcus Avenue, Suite E-122
Lake Success, New York 11042
(516) 750-1600
www.carebuildersathome.com
businessdevelopment@atchealthcare.com

With this Franchise Disclosure Document ("Disclosure Document"), CareBuilders At Home, LLC is offering a franchise to use certain designated trademarks, proprietary products and services, sales and marketing techniques, and methods of operation. The franchise is to operate a "CareBuilders At Home" business that provides non-medical in-home care services, including companionship, meal preparation, light housekeeping, grocery shopping and other forms of incidental transportation, grooming and assistance with recreational activities, personal care services related to core activities of daily living, such as eating, bathing, walking, and dressing and ancillary services including in-home emergency monitoring and medication management systems as well as assisted living guidance and senior placement services.

The total investment necessary to begin operation of a CareBuilders At Home franchise is $115,200 to $168,800. This includes $59,500 that must be paid to the franchisor and/or its affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 David Savitsky at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042, and (516) 750-1600.

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

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

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

Issuance Date: January 28, 2021, amended March 18, 2021

How to Use this Franchise Disclosure Document

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

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

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 that 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 you 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 State 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 agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Addenda. See the Table of Contents for the location of the State 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 arbitration and/or litigation only in New York. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in New York than in your own state.

2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even 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.

Certain states may require other risks to be highlighted. If so, check the "State Addenda" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

ITEM 1 ..... **1**

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

ITEM 2 ..... **3**

BUSINESS EXPERIENCE 3

ITEM 3 ..... **5**

LITIGATION 5

ITEM 4 ..... **5**

BANKRUPTCY 5

ITEM 5 ..... **5**

INITIAL FEES 5

ITEM 6 ..... **6**

OTHER FEES 6

ITEM 7 ..... **12**

ESTIMATED INITIAL INVESTMENT 12

ITEM 8 ..... **15**

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 15

ITEM 9 ..... **17**

FRANCHISEE'S OBLIGATIONS 17

ITEM 10 ..... **18**

FINANCING 18

ITEM 11 ..... **18**

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 18

ITEM 12 ..... **26**

TERRITORY 26

ITEM 13 ..... **29**

TRADEMARKS 29

ITEM 14 ..... **30**

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 30

ITEM 15 ..... **31**

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 31

ITEM 16 ..... **32**

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 32

ITEM 17 ..... **33**

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 33
ITEM 18 35
PUBLIC FIGURES 35
ITEM 19 36
FINANCIAL PERFORMANCE REPRESENTATIONS 36
ITEM 20 37
OUTLETS AND FRANCHISEE INFORMATION 37
ITEM 21 41
FINANCIAL STATEMENTS 41
ITEM 22 41
CONTRACTS 41
ITEM 23 42
RECEIPTS 42

EXHIBITS:

A - List of State Administrators/Agents for Service of Process
B – State Addenda
C – Franchise Agreement
D - Financial Statements including Guarantee of Performance
E - List of Franchisees and Franchisees Who Have Left the System
F - Table of Contents of Operations Manual
G – Form of General Release

State Effective Dates
Receipts

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

The Franchisor

The franchisor is CareBuilders At Home, LLC ("we", "us", or "our"). In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you", "your", or "franchisee", which includes all franchise owners or partners if you are a corporation, partnership or other entity.

We were a corporation that was incorporated in Georgia on February 8, 2011, as ATC At Home, Inc.. On August 27, 2012, we changed our name to CareBuilders At Home, Inc., and on September 20, 2018, we then converted to a limited liability company (CareBuilders At Home, LLC). Our principal business address is 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042. We operate under our business name, CareBuilders At Home, LLC and the trademarks described in Item 13 (the "Marks") and no other name. We do not currently own or operate a business of the type being franchised. We have offered CareBuilders At Home franchises since January 2012.

In this Disclosure Document we offer single unit franchises only. From August 2015 to September 2020, we offered area representative opportunities under a separate Disclosure Document.

Our agents for service of process are disclosed in Exhibit A.

Our Parents, Predecessors and Affiliates

We are a wholly owned subsidiary of ATC Healthcare, Inc. (our "Parent"), a Delaware corporation, organized in 1983, with a principal place of business at 1983 Marcus Avenue, Lake Success, New York, 11042. Our Parent was originally organized under the name Staff Builders, Inc., but changed its name to ATC Healthcare, Inc. on August 2, 2001.

Our first affiliate is ATC Healthcare Services, LLC ("Affiliate"), a Georgia limited liability company, headquartered at 1983 Marcus Avenue, Lake Success, New York, 11042, and a wholly owned subsidiary of our Parent. Our Affiliate does not own or operate a CareBuilders At Home business. Our Affiliate has, since May 1996, offered franchises to operate businesses specializing in providing medical supplemental staffing solutions to health care organizations under the name and mark "ATC Healthcare Services". In addition, our Affiliate also operates a long-term temporary staffing business ("ATC Travel") which places nurses and other healthcare personnel on a long-term temporary basis to work in a specific location where they do not reside. Our Affiliate does not offer franchises for ATC Travel businesses. As of its fiscal year ended September 30, 2020, our Affiliate had 41 ATC Healthcare Services franchises in operation. Our Affiliate has not operated or offered franchises for any other types of business.

We plan to operate ATC Physician Services, LLC, a Delaware limited liability company, headquartered at 1983 Marcus Avenue, Lake Success, New York, 11042 ("ATCPS"), as a wholly owned subsidiary of our Parent. ATCPS will place physicians on short term and long-term assignments (also known as *locum tenens*) and provides permanent placement services for physicians. ATCPS does not own an ATC Healthcare Services business, nor has it offered franchises in this or any other line of business.

Since before October 1999, our Parent (either directly or through wholly owned subsidiaries) operated and franchised both home health care agency businesses and temporary staffing businesses. Our Parent separated its home health care businesses (including any temporary staffing performed in connection with the home health care business) from the ATC temporary staffing business in October 1999. The

separation was accomplished by our Parent's formation of a new wholly owned subsidiary, Tender Loving Care Health Care Services, Inc. ("TLC"), which acquired 100% of the outstanding capital stock of our Parent's subsidiaries that were then operating in the home health care business (including temporary staffing). As a result of this transaction, TLC was spun off from our Parent and was no longer a wholly owned subsidiary of our Parent. To the best of our knowledge, TLC is not currently offering franchises.

One of our Parent's former subsidiaries (and for periods before 1987, a subsidiary of its predecessors), Staff Builders International, Inc. ("International"), headquartered at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042, and which is currently a subsidiary of TLC, offered franchises to operate a temporary staffing business as part of a Staff Builders Health Care Services (home health care) franchise from 1971 through May 1996. International also offered separate franchises to operate a temporary staffing business under the name Staff Builders Medical Staffing Services from April to July 1994. From July 1994 through May 1996, International offered franchises to operate a temporary staffing services business under the name ATC Healthcare Services.

Periodically between 1971 and 1999, our Parent (directly or through subsidiaries) operated temporary staffing businesses as part of the Staff Builders Health Care Franchised Businesses (home health care businesses). From 1971 through 1999, International offered franchises to operate Staff Builders Health Care Services; to the best of our knowledge International is not currently offering these franchises.

The Franchise Offered

We offer franchises for businesses operating under the "CareBuilders At Home" name and other Marks (the "Franchised Business"). CareBuilders At Home businesses provide non-medical in-home care services, including companionship, meal preparation, light housekeeping, grocery shopping and other forms of incidental transportation, grooming and assistance with recreational activities, personal care services related to core activities of daily living, such as eating, bathing, walking, and dressing, as well as ancillary services including in-home emergency monitoring and medication management systems as well as assisted living guidance and senior placement services. (the "Services"). Your Franchised Business may offer private pay "basic medical services" such as monitoring vital signs, the handling and dispensing of medications as permitted under the licensure requirements established by the state in which you operate, the licenses held by the clinician and the protocols established by the us. Your Franchised Business may not offer or provide medical services or medical services staffing.

Your Franchised Business will solicit clients within your territory and will solicit personnel to be placed. All of the private-care personnel will be our employees and we will pay their salaries, but we are not the employer for and will not pay salaries to your employees, including your office staff. All care and services provided to a CareBuilders At Home client must be performed by a qualified caregiver. Qualifications are based on our credentialing and on-boarding minimum standards and requirements as detailed in the Operations Manual, including those related to criminal background, drug screening and driving records.

You do not need to have experience in the healthcare industry before purchasing a franchise, but previous experience in the healthcare, social services or staffing industry is helpful. If you purchase a franchise, you must operate your Franchised Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications (the "System"). Your Franchised Business must offer the Services we specify. We may change our services offered by adding additional services or modifying the services we offer. If you want to offer an additional service which is in keeping with the types of services provided by a CareBuilders At Home business, you need our prior written approval to do so. You will need between 250 and 800 square feet in general office space for your Franchised Business.

If we approve your application, you will sign our Franchise Agreement (Exhibit C to this Disclosure Document).

Market and Competition

The primary market for the Services includes senior citizens and disabled persons who live at home and who need additional in-home assistance. You will compete with other businesses offering in-home personal care services.

You will be competing with a variety of other businesses and indirect competitors, including franchised operations, national chains and independently owned companies offering similar or related services. Your competitors may include (i) national, regional and local assisted living facilities, retirement homes and nursing homes, some of which may have franchised operations and provide alternative services; (ii) national, regional and local homecare service providers, some of which may have franchised operations; (iii) privately operated and independent homecare service providers; and (iv) family caregivers who make up the majority of the market. Some of your competitors may be franchise systems.

Industry Specific Laws

There are or may be state and local laws, ordinances, regulations and standards applicable to your territory which will affect the establishment and operation of your Franchised Business. These laws, ordinances and standards include state and federal health care industry standards, local health care regulations, federal and state equal opportunity employee laws, and licensing standards. You should determine any and all laws and regulations applicable to your Franchised Business, your duties to comply with these laws and regulations, and the costs related to them.

You must obtain, maintain and own any health care or employment/staffing services permits, licenses or other authority required for your Franchised Business. In certain states we, as the employer of record of your private-care employees, must be licensed and if this is relevant to your Franchised Business, we will obtain any required licenses or permits. You must comply with any federal, state and local laws pertaining to labor and employment, including those laws pertaining to wages and work hours, in the vetting and hiring of the candidates you recruit as caregivers in your territory. You must also comply with all state and federal labor laws and regulations for your administrative staff. Your failure to comply with any of these laws will be considered a material default of your Franchise Agreement.

We also recommend that you become aware of and monitor any pending legislation that may affect the operation of your Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board and Director – Stephen Savitsky

Mr. Savitsky has been our Chairman of the Board and Director since February 8, 2011 and Chairman of the Board and Director for ATC Healthcare Services, Inc since 1994. He has also served as Chairman of the Board, Chief Executive Officer, President and one of the Directors of our Parent from 1973 through November 2001 when he stepped down as Chief Executive Officer and became President but continued in his other capacities.

President, Chief Executive Officer and Director – David Savitsky

Mr. Savitsky has served as our President and Chief Executive Officer since February 8, 2011 and President for ATC Healthcare Services Inc. from March 1999 through November 2001, when he became its Chief Executive Officer. Since 1983, Mr. Savitsky has also served as a Director of our Parent. Since 1987, Mr. Savitsky has served in other capacities for our Parent, including Chief Operating Officer, President, Secretary and Treasurer. From 2002 to present Mr. Savitsky serves as a member of the Health Care Section Policy Counsel of the American Staffing Association and was their Chairman from 2004 to 2005.

Senior Vice President - Avi Savitsky

Mr. Savitsky has been our Senior Vice President since March 2020. Prior to joining us, he was a franchisee of Staff Builders Home Healthcare where he co-owned a Medicare certified, New York State licensed and JCAHO accredited home care agency for over 15 years.

Vice President - Lori Yount

Ms. Yount has been our Vice President since October 2020. She has been the Founder and CEO of Gift Perfect Inc. since the fall of 2019. From March 2014 to August 2019, she was Chief Executive Officer of HomeWell Care Services.

Chief Financial Officer – Lorelei DePalo

Ms. DePalo has been our Chief Financial Officer since July 2019. Ms. DePalo was the Chief Financial Officer of 24 Seven, LLC from January 2015 to July 2019. Ms. DePalo was the Chief Accounting Officer for Adecco North America from January 2006 to December 2014.

Director of Operations – Emeline Perez

Ms. Perez has been our Director of Operations since April 2020. From June 2017 to March 2020, she was a Case Manager for Privatus Home Care of Greenwich, Connecticut. From January 2018 to October 2018, she worked as Assistant Director of Operations for Levy Harkins & Company in New York, New York. Ms. Perez was Administrator/Director of Patient Services at Personal Touch Homecare in White Plains, New York, from April 2005 to March 2017.

Franchise Development Manager-Paul Ackermann

Mr. Ackermann has been our Franchise Development Manager since March 2020. From October 2019 to February 2020, he was Director of Franchise Development for NuSpine Chiropractic in Lincoln, Nebraska. Mr. Ackermann was Director of Franchise Development for A Place at Home in Omaha, Nebraska, from April 2019 to October 2019. From November 2017 to April 2019, he was Franchise Development Director for Right at Home in Omaha, Nebraska. From April 2015 to October 2017, Mr. Ackermann was Vice President North American Sales for Travelex Currency Services in New York, New York.

ITEM 3
LITIGATION

Pending Litigation

None

Completed Litigation

1. *Securities and Exchange Commission in the matter of ATC Healthcare, Inc.* (Administrative Proceeding File No. 3-14245). In February 2011, the SEC initiated these proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934, alleging that ATC Healthcare, Inc. failed to comply with Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 because it had not filed any periodic reports with the SEC since the period ended May 31, 2007. Without admitting or denying any findings in this proceeding, our Parent has reached a settlement with the SEC and registration of shares of our Parent's stock, formerly traded on the Pink Sheets under the symbol "AHNA", has been revoked.

2. *Roaring Fork Capital SBIC, L.P. v. ATC Healthcare Inc., et al.* (District Court, City and County of Denver, Colorado, Case No. 2010-cv-1247). In February 2010, Plaintiff, a former investor in our Parent, filed two virtually identical lawsuits against our Parent, and some of its current and former officers and directors, in the Colorado federal and state courts. Plaintiff's complaints allege violations of the federal Securities Exchange Act, the Colorado Securities Act, and the common law tort of negligent misrepresentation. Plaintiff bases its claim on eight alleged accounting and controls issues. Our parent believes that Plaintiff's case parallels our parent's accounting malpractice action filed in New York against our parent's former auditors. Our Parent filed motions to dismiss the federal case, which have been granted, and Plaintiff has withdrawn its claims against former officers and directors of our Parent, except David Savitsky and Andrew Reiben. On May 21, 2012, the parties entered into a memorandum of understanding outlining the essential terms and conditions of an agreement in principle where our Parent's officer's liability insurance policy will pay the Plaintiff the amount agreed upon by the parties in full settlement of the matter. On June 1, 2012, the insurance company made a payment to the plaintiff in the amount of $740,000.

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

When you sign the Franchise Agreement you must pay to us an initial franchise fee of $49,500 in a lump sum. The initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances.

From time to time we may offer special incentive programs as part of our franchise development activities. We have the right to offer, modify or withdraw any incentive program without notice to you. We currently offer an incentive program for qualified military veterans where we will discount the initial franchise fee by 10% for the first business purchased. You must have been honorably discharged and provide a copy of your DD-214.

Launch Program

You must participate in our launch program and pay us $10,000, which we will earmark for your use in the start-up phase of your Franchised Business. We will consult with you on how to allocate these funds towards marketing, promotions, lead generation and targeting of potential clients in your first six months of operation. These funds are not refundable, however, any unused portion may be returned to you if we terminate your Franchise Agreement within 18 months after signing.

There are no other purchases from or payments to us or any affiliate that you must make before your Franchised Business opens for business.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks (1)
Continuing Royalty Fee	9% of net revenue, subject to minimum semi-annual Continuing Royalty Fee amounts (See note 2)	Monthly, within 60 days after the close of each month	We bill all of your customers and collect all payments. We will deduct amounts due to us and pay the balance to you. The balance that we pay to you is referred to as the "distributed balance". See note 2
Brand Development Fund	1% of total revenue	When established, Monthly, within 60 days after the close of each month	We will provide you with 60 days' prior written notice that we have elected to establish the Fund and when you must begin paying a Brand Development Fee.
Local Advertising	1% of total sales	Must be spent monthly	All advertising you propose to use must first be approved by us. You will pay your local advertising suppliers directly
Website Development	$1500	When Established (one-time fee)	Payable to our approved supplier. We have the right to increase this fee within 30 days' notice to you
Local Website Maintenance	$350	Monthly	Payable to our approved supplier. We have the right to increase this fee within 30 days' notice to you.
Additional Training On-Site	Our then-current per diem fee, plus reimbursement of expenses Current per diem fee = $750	On demand	Payable if (1) you request additional training at your site, or (2) we determine that you require additional training

Type of Fee	Amount	Due Date	Remarks (1)
Transfer Fee	$10,000 $7,500 if the transfer is to an immediate family member	Upon transfer	We will waive the transfer fee for a one-time transfer from individual(s) to a corporate entity.
Renewal Fee	$5,000	When Franchise Agreement renewed	
Delinquent Accounts	Will vary, see note 3	As incurred	We will deduct this amount from your distributed balance. An invoice for temporary personnel services or permanent placement is delinquent 30 days after its due date
Interest on Accounts Receivable	0.03% per day after first 30 days	On demand, if incurred	We will only charge interest on any accounts receivable amount that remains unpaid after 30 days
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your operation of the Franchised Business.
Franchisee Meetings	Up to $1,500 per person	If incurred	If we hold a meeting or convention of our franchisees
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under an agreement with us, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Management Fee	Our then-current per diem fee, plus reimbursement of expenses Current per diem fee = $800 to $1,200, depending on the experience of our representative Reimbursement of our representative's expenses	If incurred	In certain circumstances, such as your death or disability, we may step in and manage your Franchised Business.

Type of Fee	Amount	Due Date	Remarks (1)
Computer Fees (Maintenance and Updates)	$300	Annually	Payable to approved supplier. You must have a maintenance contract for your computer system, including hardware and software
Liquidated Damages	See note 4	15 days after termination for cause	
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Franchised Business and its equipment. We may require you to remodel or redecorate your Franchised Business to meet our then-current image for all CareBuilders At Home businesses. We will not require you to remodel or redecorate your Franchised Business more frequently than every five years
Insurance and Bonds	Reimbursement of our costs	If incurred	If you do not maintain the required insurance and bonding coverages, we have the right (but not the obligation) to obtain insurance and bonds on your behalf. If we obtain insurance or bonds for you, we have the right to deduct our costs from any monies payable to you
Interest on Overdue Amounts	1.5% per month or the highest legal rate we can charge, whichever is less	If incurred	Interest accrues from the original due date until payment is made in full. Payable on amounts that are overdue to us
Audit	Cost of the audit	If incurred	We have the right to conduct an audit of your financial records. If the audit shows a discrepancy of 3% or more, you must reimburse us for the cost of the audit, including fees and expenses. You must also pay any understated amount plus interest

Type of Fee	Amount	Due Date	Remarks (1)
Staffing Software Set-Up Fee	$100-$500	On demand	You must pay a one-time software set-up fee prior to opening your Franchised Business.
Staffing Software License Fee	From $1,200 a year, depending on usage	Monthly	You must lease staffing software that we select to operate and manage your Franchised Business. The software will allow you to schedule, track employees, clients and orders. We use this software to generate billing for your clients and payroll for the private-care employees you place with clients. Based on current pricing guidelines by our approved supplier..
Human Resources Information System (HRIS)	$2.00 per active caregiver	Monthly	You must employ our approved HRIS software. This software will allow you to handle the data information needs for all Human Resources functions.
Employment Screening	$30 - $50 per caregiver	As incurred	This is for the cost to conduct background checks and drug screening services per caregiver. Payable to our approved supplier. You must thoroughly screen all potential employees in accordance with the policies outlined in the Operations Manual (the "Manual") before hiring them.
Recruitment Software	$2,300	Annually	Payable to the software vendor or to us if we obtain a group rate, in which case we will pay the software vendor on behalf of all franchisees. The software is for tracking, connecting and monitoring potential caregivers throughout the recruitment process.
DocuSign Fee	$375	Annually	Payable to us for use of our DocuSign account in the onboarding of employees and for signing agreements.

Type of Fee	Amount	Due Date	Remarks (1)
National or Regional Account Fee	$1 per service hour	As incurred	If we retain an account manager to maintain any national or regional account. Payable to the account manager. We have the right to collect this fee on the account manager's behalf
Senior Placement Services	$3,500-$6,000 Referral fee will vary under circumstances, see note 6	As incurred	If a client moves into a referred assisted or independent living facility a referral fee will be paid directly to us and a portion will be payable to you.
In-Home Technology Services	$10 per client See note 7	As incurred	We have contracted with approved vendors to provide in-home technology services. A portion of monthly fee earned will be split between us and you. The approved vendors will make payments directly to us or you.
State Licensure Fees	$500-$2500	As incurred	Initial State License and Licensure Renewal Fees

Notes

1. We impose and collect all fees unless otherwise specified. All fees are non-refundable.

2. All payments for your Franchised Business will be processed by us. Within 60 days after the end of each calendar month we will provide you with a report of net revenue (gross revenue less discounts, allowances and credits granted to customers) for your Franchised Business, itemizing the Continuing Royalty Fee paid to us and direct cost adjustments. We will deduct the Continuing Royalty Fee (and Brand Development Fee, if we choose to form a Brand Development Fund and collect this fee, National or Regional Account Fees or Management Fees, if applicable), and your portion of any delinquent accounts from your net revenue, your portion of any reserve established as a result of delinquent accounts, then deduct direct costs payable to us, and pay the distributed balance to you (or, if the calculation shows that you owe money to us, you must pay us). We may make payments to you by check or electronic funds transfer. You must sign any documents required by us, our bank or your bank to accomplish electronic funds transfers. We may make collections from you for amounts you owe to us by reducing your distributed balance or by your direct payment to us (by electronic funds transfer or check).

   The direct costs we will deduct from net revenue include wages, applicable payroll taxes and fringe benefits, insurance (including health insurance and/or penalties as required under the Affordable Care Act), credit card processing fees of 2% (or the prevailing rate), ACA processing Fee of 1% and refunds. We will pay a distributed balance to you even if we have not received payment from your clients, but we will set up a reserve program for accounts that are 90 days past due. Under the Accounts Receivable Reserve Program, a reserve will be established with respect to accounts

receivable over 90 days old. Unapplied credits for specific clients will be fully deducted from delinquent accounts receivable when the calculation is made. You must sign any documents we require evidencing our absolute ownership of Accounts Receivable for your Franchised Business.

On a semi-annual basis, you must pay to us a minimum semi-annual Continuing Royalty Fee. Within 60 days after the end of each semi-annual period, we will advise you whether you have paid the minimum semi-annual Continuing Royalty Fee for the previous semi-annual period. If you did not meet the minimum, we will notify you of the balance of the Continuing Royalty Fee that is payable to us and the date this payment will be deducted from your distributed balance. If the distributed balance is not sufficient to cover the balance of the minimum amount due, you must pay the balance of the minimum Continuing Royalty Fee to us within 10 days. For the first semi-annual period, the minimum Continuing Royalty Fee will be waived. The minimum Continuing Royalty Fee you must pay to us on a semi-annual basis is as follows:

Period		**Minimum Semi-Annual Continuing Royalty Fee**
Year 1	Semi-Annual Period 1	$0
	Semi-Annual Period 2	$9,000
Year 2	Semi-Annual Period 1	$18,000
	Semi-Annual Period 2	$18,000
Year 3	Semi-Annual Period 1	$36,000
	Semi-Annual Period 2	$36,000
Year 4	Semi-Annual Period 1	$56,000
	Semi-Annual Period 2	$56,000
Beginning in Year 5 and for each Semi-Annual Period for the Remaining Term of the Franchise Agreement		Previous Semi-Annual Period's Minimum +5%

3. Delinquent accounts receivable will be charged back to you based upon your proportionate share of the account which is computed based upon the average gross margin of that business. The calculation is 1 minus the Continuing Royalty Fee percentage divided by the gross margin percentage multiplied by the delinquent receivable amount. For example, if you have an average gross margin of 35% and the delinquent receivable is $1,000 then the calculation would be 1-(.08/.35)*1,000 which equals $771.43. You will be notified that an account has become delinquent when it has aged 90 days.

4. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the average monthly Continuing Royalty Fee you paid or owed to us during the 12-month period before termination multiplied by 24 (the number of months in two full years).

5. For any fees that are not paid to us we have no control over how frequently and how much these fees may change, which is in the sole discretion of the supplier.

6. You will contract with assisted living facilities and independent living facilities in order to provide assistance to seniors and their families in helping them find alternative living solutions. We will earn a referral fee when a client is accepted for residency in a referred to a facility. The referral fee will be paid directly to us. The referral fee will be split with 70% being paid to you and 30% retained by us.

7. You will market approved medical alert systems, medication management systems and other technologies as part of our comprehensive home assessment evaluation. A portion of the monthly fee earned by us on our in-home technology services will be split with 70% being paid to you and 30% retained by us. The approved vendors will make payments directly to us or you.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$49,500	Lump sum	When Franchise Agreement Signed	Us
Rent – 3 Months (2)	$3,000 to $5,000	As Agreed	Per Lease	Landlord
Leasehold Improvements (3)	$0 to $2,500	As Agreed	As Agreed	Contractor and Suppliers
Equipment, Furnishings and Fixtures (4)	$2,000 to $5,000	As Agreed	As Agreed	Suppliers
Signage (5)	$400 to $1,000	As Agreed	As Agreed	Suppliers
Blueprints/Plans (6)	$0 to $1,000	As Agreed	As Agreed	Engineer, Architect
Initial Inventory (7)	$2,500 to $3,500	As Agreed	As Agreed	Suppliers
Security Deposits (8)	$1,000 to $2,000	As Agreed	As Agreed	Landlord, Utility Companies
Insurance – 3 Months (9)	$1,000 to $2,000	As Agreed	As Agreed	Insurance Companies
Travel and Living Expenses While Training (10)	$2,500 to $5,000	As Agreed	As Agreed	Airlines, Hotels, Restaurants

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Computer System (11)	$4,800 to $7,300	As Agreed	As Agreed	Suppliers
Permits/Licenses (12)	$1,500 to $2,500	As Required	As Incurred	Government Agencies
Professional Fees (13)	$2,000 to $2,500	As Agreed	As Agreed	Attorney, Accountant
Launch Program (14)	$10,000	Lump Sum	When Franchise Agreement Signed	Us
Additional Funds – 3 Months (15)	$35,000 to $70,000	As Needed	As Incurred	Various
Total	**$115,200 to $168,800**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Explanatory Notes

1. ***Initial Franchise Fee***. We describe the initial franchise fee in Item 5.

2. ***Rent***. You will need between 250 and 800 square feet of general office space for your Franchised Business. The amount of your monthly rent will depend on the site's size, condition, and location, your ability to negotiate with the landlord, and the demand for the site among prospective lessees. You may choose to establish your office in an executive suite where the furniture, furnishings, phones, data lines and office equipment are all included in one fee. The office space you wish to occupy must be approved by us. Our estimates assume that you will be leasing space, and that you will not purchase real property and build your own building for your Franchised Business. If you choose to purchase real property and build an office, we cannot estimate how your initial investment would increase.

3. ***Leasehold Improvements***. We anticipate that your leased office will need minimal leasehold improvements to meet our then-current image for all CareBuilders At Home businesses. The leasehold improvements may include HVAC, electrical work, plumbing, flooring, wall coverings, and the like. The actual cost of your leasehold improvements will depend on labor rates for the area in which your office is located, whether you must use union labor, the condition of the leased premises and how much the premises must be renovated.

4. ***Equipment, Furnishings and Fixtures***. The equipment, furnishings and fixtures you will need include desks, chairs, copy machine, file cabinets, reception room seating, telephone system, waste baskets, and basic office supplies for operating the Franchised Business.

5. ***Signage***. You must obtain the interior and exterior signage we require for your Franchised Business. All signage must comply with the terms of your lease and applicable local law.

6. ***Blueprints and Plans***. You may need to obtain architectural drawings for leasehold improvements to your leased space. We have the right to review and approve all proposed drawings to make sure that they comply with our specifications for CareBuilders At Home businesses and presentation of the Marks. Our review will not address compliance with any applicable laws, ordinances or building codes.

7. ***Initial Inventory***. Our estimate includes proprietary forms, stationery, business cards, ID cards, brochures, camera and film, and manuals (in book or CD-ROM format or on-line, at our discretion).

8. ***Security Deposit***. Our estimate assumes that you will need to pay a security deposit to your landlord for the leased space. Your local utility companies (such as electric and telephone) may also require you to pay security deposits.

9. ***Insurance Premiums***. You must maintain the insurance and bonds that we require during the entire term of the Franchise Agreement. Your insurance premiums may be payable monthly, quarterly, semi-annually or annually, depending on your insurance company's practices.

10. ***Travel and Living Expenses While Training***. We will provide our initial training program to up to two people (including you) at no additional charge. If you request that we provide our initial training program to additional trainees, you must pay our then-current training fee as described in Item 6. Our estimate in the above chart covers travel expenses, car rental expenses, hotel, meals and applicable wages for the first four trainees while attending training. The low end of the estimate assumes that you are within driving distance each day of training. The high end of the estimate assumes that additional travel is needed. Your actual costs will depend on the distance you must travel, the total number of people attending training, and the accommodations you choose.

11. ***Computer System***. You must purchase or lease the computer system hardware and software that we require. Additional information about our requirements is included in Item 11 below. Our estimate includes the initial license and set-up fee for the required staffing software and the yearly fee for the recruitment software.

12. ***Licenses and Permits***. You must obtain the operational licenses and permits required by applicable local, state and/or federal law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement.

13. ***Professional Fees***. We strongly advise you to consult with your own financial and legal advisors, and we anticipate that you will incur professional fees related to your evaluation of this Disclosure Document. If you choose to form an entity for your Franchised Business, you may incur additional legal fees and expenses that we cannot estimate here.

14. ***Launch Program***. You will be required to pay us this fee to be used in the start-up phase of your Franchised Business. We will assist you with the allocation of these funds towards marketing, promotions, lead generation and targeting of potential clients in your first six months to help accelerate your start-up.

15. ***Additional Funds***. This item estimates your initial start-up expenses (other than the items identified separately in the table) for the initial period of operations of your Franchised Business, which we anticipate will be three months. These expenses might include payroll costs if your start up plan includes hiring support staff, or a reasonable draw or salary for you based on your preferred lifestyle and current lifestyle expenses. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how much you

follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the vendor goods and services including your ability to negotiate favorable prices for such goods and services; the prevailing wage rate; competition; and the sales level reached during the initial period, which we estimate to be three months.

We relied on our Parent's and our Affiliate's (ATC Healthcare Services, Inc.) prior franchise experience, as well as our own experience, to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not finance any portion of your initial investment. The availability and terms of third-party financing for the franchise purchase and business start-up depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System Standards. System Standards may regulate, among other things, the types, models, and brands of equipment, computer system, required software, marketing materials, proprietary forms and other items to be used in your Franchised Business (collectively, "Operating Assets"); required and authorized product and service categories; and designated and approved suppliers of these items and services, which could be limited to us, our affiliates, and other restricted sources, in which case you must acquire certain items for your Franchised Business only from these restricted sources. Except as described in this Item 8, there are no goods, supplies, fixtures, equipment, inventory, or real estate for the Franchised Business that you currently must buy or lease from us (or an affiliate) or designated suppliers. If we and/or our affiliate are designated or approved suppliers, we have the right to earn a profit on your purchases from us or our affiliate.

During the fiscal year ended September 30, 2020, we did not earn any revenues from lenders for referring our Franchisees for financing. Because we are owned by our Parent, none of our officers listed in Item 2 has a direct ownership interest in us, but Stephen Savitsky and David Savitsky do have an ownership interest in our Parent. None of our officers has an ownership interest in any other approved supplier.

To maintain the quality of the goods and services that CareBuilders At Home businesses sell and our System's reputation, we may condition your right to buy or lease Operating Assets and other items on their meeting our minimum standards and specifications and/or their being purchased or leased from suppliers that we approve. We will formulate and modify standards and specifications based on our (and our franchisees') experience in the industry and in operating CareBuilders At Home businesses. Our standards and specifications may impose minimum requirements for delivery of services, performance, reputation, prices, quality, design, and appearance. Our Manual or other communications will identify names of approved suppliers. There might be situations where you can obtain items from any supplier who can satisfy our requirements and would, therefore, be an approved supplier.

If we institute any type of restrictive sourcing program (which, as noted above, we have the right to do) and you want to use any product that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved, you first must send us sufficient information, specifications, and samples so we can determine whether the product complies with System Standards or the supplier meets approved supplier criteria. We will, within 14 days, give you our decision. We periodically will establish procedures for your requests and may limit the number of approved products and/or suppliers as we think best. Approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We are not required

to provide you or the proposed supplier with our evaluation criteria. We do not currently charge a fee for our evaluation of a proposed product or supplier, but we have the right to do so.

The cost of purchasing and/or leasing approved or required inventory, supplies, fixtures, equipment and construction items is estimated to constitute approximately 13% to 20% of total purchases and leases you will make in connection with the establishment of your Franchised Business, and approximately 10% to 20% of total purchases and leases in connection with the operation of your Franchised Business.

We or our affiliates may derive revenue from approved suppliers in the form of rebates, commissions or other payments based on our franchisees' purchases from these approved suppliers. During the fiscal year ended September 30, 2020, we did not receive any payments from approved suppliers as a result of required purchases or leases of our franchisees. If we or our affiliates receive payments from suppliers on account of their dealings with you and other franchisees, there is no restriction on our use of these funds unless otherwise agreed to with the supplier. There currently are no purchasing or distribution cooperatives, although we may establish them in the future. We have the right to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Franchised Businesses in the System. We do not provide material benefits to you, such as the grant of a renewal franchise or the grant of an additional territory, for using designated or approved suppliers.

We must approve of the location you choose for your Franchised Business. We must also approve of any advertising materials that you wish to use in promoting your Franchised Business if the advertising materials were not prepared by us or approved by us in the immediately preceding 12-month period. You must use the internet marketing supplier we designate to prepare and maintain your local website. Additional information about these approval processes is included in Item 11.

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manual. We have designated Worldwide Specialty Programs, Inc. as the insurance packager for CareBuilders At Home businesses. You must obtain your insurance through them either directly or through your insurance broker working directly with them. We may change the insurance packager over time If we do so, we may require that you obtain your insurance through the designated carrier(s).

Currently you must maintain the following minimum insurance coverages: workers' compensation, employer's liability and unemployment insurance for your staff according to state requirements; general liability insurance of at least $1,000,000 per occurrence; non-owned and hired automobile insurance; errors and omissions insurance for both temporary help services and permanent employment agency; disability insurance for your staff employees; fidelity bonding; all-risk property damage insurance; license bonding and Employment Practice Liability Insurance (EPLI). You may also have to obtain professional malpractice insurance, if required by applicable law.

You must provide us with a certificate of insurance showing that you have obtained the required coverages not later than two weeks before your Franchised Business opens, and you must provide us with an updated certificate of insurance as policies are renewed. All policies must provide us with 30 days'

advance written notice of any cancellation or change to any policy. We have the right to change our insurance requirements during the term of your Franchise Agreement, and you must comply with any changes.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Article in Agreement	Disclosure Document Item
a.	Site selection and acquisition/ lease	Franchise Agreement: 2	6, 7, 11
b.	Pre-opening purchases/ leases	Franchise Agreement: 2	7, 8, 11
c.	Site development and other pre-opening requirements	Franchise Agreement: 2	7, 8, 11
d.	Initial and ongoing training	Franchise Agreement: 4	7, 11
e.	Opening	Franchise Agreement: 2	11
f.	Fees	Franchise Agreement: 3, 9, 12, 13	5, 6, 7, 11
g.	Compliance with standards and policies/Operating Manual	Franchise Agreement: 8	8, 11, 16
h.	Trademarks and proprietary information	Franchise Agreement: 5	13, 14
i.	Restrictions on products/ services offered	Franchise Agreement: 8	8, 16
j.	Warranty and client service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Franchise Agreement: 3, 8	12
l.	Ongoing product/service purchases	Franchise Agreement: 8	8, 16
m.	Maintenance, appearance and remodeling requirements	Franchise Agreement: 8	11
n.	Insurance	Franchise Agreement: 8	7, 8
o.	Advertising	Franchise Agreement: 9	6, 7, 11
p.	Indemnification	Franchise Agreement: 16	6
q.	Owner's participation/ management/staffing	Franchise Agreement: 7, 8	15
r.	Records and reports	Franchise Agreement: 10	6

Obligation	Article in Agreement	Disclosure Document Item
s. Inspection and audits	Franchise Agreement: 11	6, 11
t. Transfer	Franchise Agreement: 12	6, 17
u. Renewal	Franchise Agreement: 13	6, 17
v. Post-termination obligations	Franchise Agreement: 15	17
w. Non-competition covenants	Franchise Agreement: 15	17
x. Dispute resolution	Franchise Agreement: 17	17
y. Liquidated damages	Franchise Agreement: 15	6

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, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open the Franchised Business, we or our agent will:

1. Review and, if it meets our criteria, approve the site you propose to use for your Franchised Business and identify your specific territory. You must provide us with the information we need to evaluate the site within 60 days after you sign the Franchise Agreement. Our criteria for evaluating sites includes demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. (Franchise Agreement – Section 2.1.)

2. As discussed in Item 8, identify the Operating Assets, products, materials, supplies, and services you must use to develop and operate the Franchised Business, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items. (Franchise Agreement – Section 2.2.)

3. Lend to you one copy of the Manual, which we may provide in hard copy format, Flash Drive/USB Stick (thumb drive) or via a password-protected Website. (Franchise Agreement – Section 4.3) The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we require. We may modify the Manual periodically to reflect changes in System Standards.

4. Train up to two people at no additional charge. (Franchise Agreement – Section 4.1.) We describe this training later in this Item.

5. Provide you with standards for qualifications and training of your employees. We do not otherwise assist you with the hiring, training and firing of your employees. You must notify us of the start and end dates of employment and other information we require of your employees.

Continuing Obligations

During your operation of the Franchised Business, we or our agent will:

1. Pay all wages, fringe benefits and related taxes to in-home care employees recruited and placed by you. (Franchise Agreement – Section 4.6.)

2. Prepare all customer billings for your Franchised Business and collect all accounts receivable. We will also provide you with monthly reports of billings and collections and pay to you the distributed balance. (Franchise Agreement – Section 3.2.)

3. Inspect and observe the operation of the Franchised Business to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 4.2.)

4. Use our best efforts to assist you in developing your Franchised Business, including reviewing contracts, seeking national accounts, and providing staffing leads. (Franchise Agreement – Section 4.2.)

5. Let you use the Marks. (Franchise Agreement – Article 5.)

6. Conduct a meeting of our franchisees, which will not be held more frequently than annually and will be held only when we believe it will be beneficial to our franchisees. We may specify that attendance at a franchisee meeting is mandatory for you and/or your manager. (Franchise Agreement – Section 4.3.)

7. Provide periodic refresher training courses, conference calls, webinars, etc., some of which may be designated as mandatory. (Franchise Agreement – Section 4.1.)

Advertising and Marketing

Brand Development Fund and Cooperatives

If we choose to form the Brand Development Fund (the "Fund"), you must pay a Brand Development Fee that will not be greater than 1% of total revenue. We will provide you with 60 days' prior written notice that we have elected to establish the Fund and when you must begin paying a Brand Development Fee. As of September 30, 2020, the Fund has not been established, so no monies were spent by the Fund. If formed, the Fund will be administered as follows:

The Fund may be managed by us, our designee or a professional agency to advertise and promote the System and CareBuilders At Home businesses. The Fund will be used for national, regional and/or local advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. The Fund will not be audited.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fees). The Fund is not our asset, and it is not a trust. We do not owe you any fiduciary obligations because we maintain the Fund. We may spend in any calendar year an amount greater or less than the aggregate contributions made by all franchised businesses contributing to the Fund in that year. We may make loans to the Fund (and the Fund may borrow from us or other lenders) bearing reasonable interest to cover any deficits of the Fund or cause the Fund to invest surplus for future use. Any money remaining in the Fund at the end of any year will carry over to the next year.

Any CareBuilders At Home businesses owned by us or our affiliates will contribute to the Fund on the same basis as franchisees in the System. Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above, and will not be used for advertising that is primarily a solicitation of new franchisees. We will prepare, and furnish to you upon written request, an unaudited annual statement of funds collected and costs incurred.

We may incorporate the Fund or operate it through a separate entity whenever we want to. The Fund is intended to maximize general public recognition and patronage of all franchised businesses and the Marks for the benefit of all franchised businesses. We have no obligation to make sure that expenditures by the Fund are proportionate or equivalent to contributions by your Franchised Business or to make sure that any CareBuilders At Home business will benefit directly or in proportion to its contribution to the Fund from the conduct of marketing programs or the placement or advertising.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Fund.

We may at any time defer or reduce the Fund contributions of any franchised business and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all franchised businesses (whether franchised or operated by us or our affiliates) in proportion to their respective Fund contributions during the preceding 12-month period. If we terminate the Fund we will have the right to reinstated it at any time, and the reinstated Fund will be maintained as described above.

Local Advertising

You must conduct local advertising and marketing in your Territory, and you must spend not less than 1% of your total revenue each month for local advertising, including approved job board, internet and website advertising. We have the right to increase this fee within 30 days' notice to you. Your advertising promotion and marketing will be completely clear, factual and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe. All of your advertising must also comply with any applicable laws or regulations. Before you use them, you must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 15 days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional or marketing materials that we have disapproved or that have not been approved by us within the previous 12 months. All proposed advertising materials submitted to us for review will become our property and there will be no limitation on our use or distribution of these materials. At our request you

must include certain language in your local advertising materials, including "Franchises Available", our website address and telephone number.

At our request, you must provide us with proof of your expenditures on local advertising, including a report of the monies spent, copies of the advertising used and verification of advertising.

Launch Program

You must pay to us a $10,000 fee which we will earmark for use in the start-up phase of your Franchised Business. Under this program we will consult with you on how to allocate these funds towards marketing, promotions, lead generation, and targeting of potential clients in your first six months to help accelerate your start-up. These funds will be spent to increase traffic and generate leads to your dedicated website through online marketing via Pay Per Click (PPC), Search Engine Optimization(SEO) and retargeting. Funds may also be used to promote your Franchised Business on various social media platforms and provide local listings and reputation management. In addition, we will provide you with a launch kit that will include items such as brochures, business cards, car magnets, and a pop-up display sign. Usage of these program funds will count against your local advertising requirement. We may pay the vendors out of the program funds on your behalf, or we may reimburse you from the program funds for payments you make directly to vendors.

Advisory Council

We do not anticipate forming an advisory council for the System.

Website / Intranet

Websites (as defined below) are considered "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to CareBuilders At Home businesses, the Marks, us, or the System. The term Website includes internet and world wide web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the internet will be through one or more web pages that we establish on our Website. We will provide you or our designated internet marketing supplier with a template for a Website for your Franchised Business that we will develop and host for you. Your Website will be a sub-site under our main Website, www.CareBuildersAtHome.com. You will spend $350 each month to maintain a sub-site under our main Website with minimum capabilities.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Franchised Business or using the Marks in any manner on any social and/or networking Websites, such as Facebook, LinkedIn and Twitter, without our

prior written consent. You must comply with our System standards regarding the use of social media in your Franchised Business' operation, including prohibitions on your and the Franchised Business' employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

Computer System

You must purchase or lease a computer system with the minimum hardware components and software. We do not currently specify the make or model of the computer system you must purchase or lease, but we have the right to do so in the future. The computer system you select must be approved by us and it must be compatible with our computer systems. You must at all times have a highspeed internet connection to be able to use the computer system and required software.

You must obtain the staffing software that we require and that will allow you to schedule, track employees, clients and orders. We use this software to generate billing for your clients and payroll for the private-care employees you place with clients. You must obtain our approved Human Resource Information System (HRIS) software for all caregivers. You must also purchase office productivity and accounting software (Microsoft Office and QuickBooks). We may also require you to use testing software or an on-line service that we have selected for testing new temporary and permanent placement candidates. You must also use the recruitment software we designate for posting job ads, and for tracking, connecting with and monitoring potential caregivers throughout the recruitment process.

Your computer system will provide you with the following functions: scheduling and fulfilling requests for private-care employees, searching and matching employee skills for the job order, email, word processing, accounting and financial reporting. We estimate that the initial cost of your computer system will be between $4,800 and $7,300. You must maintain an on-site technical support contract to make sure that your computer system is fully operational. We estimate that the cost of a technical support contract will be approximately $300 per year. You must also pay a monthly licensing fee for continued use of the required staffing software which will be calculated based on the number of client visits scheduled for your Franchised Business. Based on current pricing guidelines by our approved supplier, the monthly fee is expected to be $250. The franchisor maintains ownership over all client and caregiver data in the computer system.

We have the right to gain independent access to your staffing software at all times during the terms of your Franchise Agreement. We will have the right to access and retrieve data from your staffing software, including data relating to your customers, private-care employees, placement of employees, and similar information. Any data related to the Franchised Business that we access from your staffing software will become our property.

You must upgrade the computer system, and/or obtain service and support, as we require or as is necessary because of technological developments or events. There are no contractual limitations on the frequency and cost of your obligation to obtain maintenance, updates or upgrades. Neither we nor any of our affiliates will provide you with any maintenance, updates or upgrades for your computer system.

Site Selection and Development

You must select the site for your Franchised Business, and you must obtain our written approval of any proposed site in accordance with our procedures. Our written approval will not be unreasonably withheld if that the site meets our minimum qualifications. Within 60 days after you sign the Franchise Agreement, you must submit to us the information we require to evaluate your proposed site. In evaluating a site, we may consider the factors we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition within the area, rental obligations, and the site's size, appearance and other physical characteristics. We will have 14 days after receipt of all of the information we need to advise you whether the site is approved. Unless we provide our specific approval of a site, the site is deemed not approved. Our approval of your site is not a guarantee that you will be successful at that site. Our approval only indicates that the site has met our then-current minimum criteria for a CareBuilders At Home business. If you are not able to locate a suitable site within 60 days after you sign the Franchise Agreement, we will have the right to terminate your Agreement.

Once we approve a proposed site, you must sign a lease for the site. The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement. You must submit the proposed lease to us for our review and approval. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached as Attachment 7 to the Franchise Agreement.

You must develop the approved site according to our specifications. Our specifications may include requirements related to décor, wall treatments, general color scheme, layout and signage.

Opening

We estimate that it will be one to two months after you sign the Franchise Agreement before you open the Franchised Business. This depends on the site's location and condition, how much you must upgrade or remodel an existing location, how long it takes to complete training, and your compliance with local laws and regulations. You must open and begin operations within two months of signing the Franchise Agreement. If you are unable to open your Franchised Business within four months of signing, except for circumstances not in your control (such as your submitted license application to the state and/or city has not yet been approved), we have the right to terminate your Franchise Agreement unless we agree, in writing, to provide you with an extension of the timeframe to open. You may not open the Franchised Business until: (1) pre-opening training is completed to our satisfaction by all required persons; (2) you pay the initial franchise fee and all other amounts then due to us; (3) you give us certificates for all required insurance policies and bonds; and (4) you have obtained all required permits and licenses for your Franchised Business.

Training

We provide an initial training program for you and for those of your employees that we designate. You and your manager must successfully complete the initial training program to our satisfaction before you may open your Franchised Business. Additional personnel may attend initial training, but it is not required. No later than three weeks before the Franchised Business opens, you and one key employee (for a total of up to two trainees) must complete our initial training program to our satisfaction. Our training program is mandatory for all franchisees. Initially, we will train up to two people in operating the Franchised Business at no charge, one of whom must be you. If you request that we provide our training program to additional trainees, we will not charge you for training additional people, but it is subject to availability. You must pay all expenses incurred by your trainees while attending training, such as travel, lodging, meals and applicable wages.

Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules, but there may be in the future; training is conducted on an as-needed basis. Our training program is held at our headquarters in Lake Success, New York, at an operating CareBuilders At Home business or at another location we designate, but it may be completed remotely, at our discretion.

The initial training program includes: (1) a "pre-training" program that is conducted remotely via conference calls and email; (2) a five-day core training program that is held at our headquarters in Lake Success, New York, or another location we choose; and (3) five days of on-site training, which takes place at some point during your first year of operation. Core training is held after we have approved your site and you have signed a lease (if applicable). The on-site training is an informal training program conducted at your business office where we identify and address any operational challenges you have encountered after opening.

You and your key employee must satisfactorily complete core training and participate in all other activities required to operate the Franchised Business. If you or your key employee do not complete our training to our satisfaction, you and/or your key employee may re-take our training program. If you or your key employee do not complete our training to our satisfaction a second time, we have the right to terminate your Franchise Agreement. We may require you to replace any key employee if we determine when they re-take our training program that he or she is still not qualified to hold that position.

There are training portals in place and each internal employee must complete certain portals based on their job responsibilities prior to getting access to various systems

The materials we use in our initial training program include our Manual and any other materials that we believe will benefit our franchisees in the training process. For the core training program, the training materials will consist of live instruction, handouts and the Manual. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction and Overview of Private Duty Business	8	0	Lake Success, NY, or remotely
Caregiver Recruitment & Training	6	10	Lake Success, NY, or remotely
The Client Acquisition Process; Lead Generation; Building Your Referral Network; Service Inquiry Calls; Client Assessments; Care Plans	15	0	Lake Success, NY, or remotely
Industry Benchmarking Overview	1.5	0	Lake Success, NY, or remotely

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Marketing and Sales	10	0	Lake Success, NY, or remotely
Human Resources	1.5	4	Lake Success, NY, or remotely
Risk Management and Quality Improvement	1.5	4	Lake Success, NY, or remotely
Payroll	1	1	Lake Success, NY, or remotely
Billing, Credit and Collections	1.5	1.5	Lake Success, NY, or remotely
Finance & Accounting	1	1	Lake Success, NY, or remotely
Government Contracts	1	0	Lake Success, NY, or remotely
Franchisee Resources and Support	1.5	0	Lake Success, NY, or remotely
Introduction to Staffing Software	1.5	4	Lake Success, NY, or remotely
Wrap Up, Q&A	2	0	Lake Success, NY, or remotely
Staffing Software Training	10	3.5	Web-Based Offsite Training

Lori Yount, our Vice President of Operations, oversees our training program. Our training staff, as detailed below, includes members of our executive team and other specialists who have over 75 years of combined experience in the senior healthcare industry, sales, operations, finance and training.

- ❖ Lori Yount joined us in October 2020, but prior to that she spent 17 years in senior executive management positions throughout the senior care industry, beginning in durable medical equipment before transitioning into skilled home health, hospice and non-medical home care. Most recently, Ms. Yount was the CEO for HomeWell Care Services, another international home care franchise brand.
- ❖ Emeline Perez, our Director of Operations, is an experienced director of patient services with a demonstrated history of working in the hospital and healthcare industry and is skilled in managed care, healthcare, healthcare management, patient safety and home care.
- ❖ Rita Franklin, our Vice President of Nursing and Compliance, is an experienced quality improvement and risk control leader who holds licenses as both a Registered Nurse and an Attorney. She has expert knowledge of healthcare issues, credentialing, professional liability, nursing scope of practice, employee safety and regulatory compliance, and has proven knowledge of nursing practice models, scope of practice, accreditation standards, quality improvement and clinical staffing best practices.

❖ Helaine Fox has a 20-year track record in senior level human resources positions. She is an expert in creating successful strategic recruiting, on-boarding, orientation and retention programs. Ms. Fox has effected employee training and long-term organizational development to create positive change and has expertise in labor relations and CBA negotiations.

We have the right to hold periodic refresher training programs, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel. We do not charge a training fee, but you must pay for all expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages. We also have the right to hold periodic webinars and conference calls to provide additional opportunity for training in all areas of the business.

We have the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We will not hold a franchisee convention unless we believe it will be beneficial to our franchisees. We may designate that attendance at a franchisee meeting by you and/or certain of your personnel is mandatory unless your absence is excused by us. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new services and/or to provide training. We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees). We will not designate an unreasonably expensive location. If we conduct a franchisee meeting, the fee to attend will not exceed $1,500 per person. You must also pay for all expenses your trainees incur while attending a franchisee meeting, including travel, lodging, meals and wages.

Operations Manual

The Table of Contents of our Manual is attached to this Disclosure Document as Exhibit F. Our Manual includes approximately 297 pages.

ITEM 12
TERRITORY

You will operate the Franchised Business at a specific location that we first must approve, as described in Item 11. You will be granted a designated area ("Designated Territory") in which your Franchised Business must be located. This is your Designated Territory. We anticipate that your Designated Territory will be defined by ZIP codes and will include a population of approximately 30,000 to 35,000 people who are aged 65 or older. A list of the ZIP codes that comprise your Designated Territory will be included in Attachment 2 to your Franchise Agreement. We obtain population data by ZIP code through the U.S. Census, the U.S. Postal Service and other similar databases. ZIP codes are a system of postal codes used by the United States Postal Service ("USPS"), and ZIP codes are periodically changed by the USPS. Any changes made to ZIP codes by the USPS may affect the geographic area that makes up your Designated Territory.

Except as limited below, and if you are in full compliance with the Franchise Agreement, we and our affiliates will not operate or grant a franchise for the operation of another CareBuilders At Home business at a location within the Designated Territory during the term of the Agreement. Existing franchisees in our System may have a different size Designated Territory than is granted to you, which may be bigger or smaller than your Designated Territory. We are not required to adjust either your or the other franchisee's Designated Territory to accommodate any size difference.

You may not relocate the Franchised Business from the approved site without our approval. If we approve your request to relocate your Franchised Business, the new site must be within your Designated Territory. We will use the same criteria in reviewing a proposed relocated site that we use in evaluating your original site.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a CareBuilders At Home business in the Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below.

You must achieve a certain level of sales, market penetration or other contingency to maintain your rights to your Designated Territory, as follows:

Period		Minimum Semi-Annual Revenue
Year 1	Semi-Annual Period 1	$0
	Semi-Annual Period 2	$100,000
Year 2	Semi-Annual Period 1	$200,000
	Semi-Annual Period 2	$200,000
Year 3	Semi-Annual Period 1	$400,000
	Semi-Annual Period 2	$400,000
Year 4	Semi-Annual Period 1	$625,000
	Semi-Annual Period 2	$625,000
Beginning in Year 5 and for each Semi-Annual Period for the Remaining Term of the Franchise Agreement		Previous Semi-Annual Period's Minimum +5%

If you do not achieve these minimum revenue amounts then you must pay to us the balance of the minimum semi-annual Continuing Royalty Fee owed. We do not guarantee that you will be able to meet the minimum required revenue amounts described above or that your Franchised Business will achieve any level of revenue or profitability. Failure to meet the minimum revenue amount may result in the loss of your Designated territory. We have the right to terminate your agreement at our discretion.

You will determine the rates of pay for the employees you place for private care, and you will negotiate the costs of providing care with your customers. Gross margin is determined by subtracting direct costs (described below) from your net revenue for that month. The resulting percentage (gross margin divided by net revenue) must not fall below 20% for more than two consecutive weeks. If the gross margin percentage is below 20% for more than two consecutive weeks, you will be in default of your Franchise Agreement and you will be given the opportunity to cure the default. If this default occurs a third time during the term of your Franchise Agreement, we may terminate the Franchise Agreement without giving you the opportunity to cure the default.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to CareBuilders At Home businesses, the Marks, and any products and services anywhere in the world including the right: (a) to offer and sell and to grant others the right to offer and sell the Services offered by CareBuilders At Home businesses, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate franchised businesses located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business; (c) together with ATC Travel, ATC Healthcare Services and ATC Physician Services, to provide temporary and permanent medical personnel placement at any location, including within your Designated Territory; (d) to provide, and to grant others the right to provide, medical care providers on a temporary or permanent basis at any location, including within your Designated Territory, and using any trademarks; (e) to acquire and operate a business operating one or more medical or non-medical personnel placement businesses located or operating in your Designated Territory, but if one of these businesses is located within your Designated Territory, it will not operate using the Marks; and (f) to establish at any time a separate system and franchise offering different services and/or products under different trademarks, trade names and logos, without your consent. Nothing in the Franchise Agreement obligates us to notify you or our establishment of a new franchise opportunity or to offer you the opportunity or right to purchase the new franchise opportunity.

You may not engage in any promotional activities or sell any similar products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to clients or prospective clients located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from clients or prospective clients located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to clients and prospective clients located within your Designated Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective clients outside of your Designated Territory.

You may not make any sales or provide any Services to clients located outside of your Designated Territory unless the client is located in an area where no CareBuilders At Home business exists and, then, only with our approval. If the area is later sold to another CareBuilders At Home franchisee, the "out of area" clients and their contracts will be transferred to the franchisee as part of their territory, and you will have no further rights to conduct business or provide Services to the out of area clients.

We and our affiliates may sell Services under the Marks within and outside your Designated Territory through any method of distribution other than a CareBuilders At Home business, including sales through channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Designated Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

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

If we engage in electronic commerce through any internet, world wide web or other computer network site or sell through any other alternative distribution channel, and we receive requests related to Services offered by a CareBuilders At Home business calling for delivery or performance in your Designated Territory, then the request will be forwarded to you. If you choose not to respond to the request

or are unable to do so within the timeframe required by us, then we, one of our affiliates or a third party we designate (including another franchisee) may respond to the request, and you will not be entitled to any compensation in connection with the sale of products or provision of services resulting from this request. All inquiries or requests placed through our Website will be our property.

As described in Item 1, we have affiliates that offer medical care personnel placement on a temporary and permanent basis under the marks "ATC Healthcare Services", "ATC Travel" and "ATC Physician Services". In addition, our Affiliate offers franchises for ATC Healthcare Services businesses under a separate disclosure document. We describe earlier in this Item 12 what we may do anywhere and at any time.

We have the right to establish other franchised or company-owned businesses which sell the Services under a different trade name or trademark without first obtaining your consent.

National or Regional Account

We have the right to establish a national or regional account program. A national or regional account includes any customer that has employees or offices in two or more locations, or which qualifies for corporate pricing for services. Except as provided below in the following paragraph, you may not solicit the locations of a national or regional account without our prior written consent. We may condition our consent (although we need not grant our consent) on your agreement to comply with certain requirements, and we may withdraw our consent for any reason. You may service the national or regional accounts in your Designated Territory, but we may prohibit you from servicing these accounts if you do not attain minimum performance standards or you perform in a manner that damages our standing with a national or regional account. If we withdraw our consent to your soliciting and/or servicing one or more national or regional accounts, you must stop all solicitation and servicing activity for that national or regional account(s) immediately.

We will negotiate all terms, including services to be conducted and prices to be charged, with any national or regional account, and you must comply with any terms we agree to with the national or regional account. If we retain the services of an account manager for any national or regional account for which you provide Services within your Designated Territory, you must pay the national or regional account fee described in Item 6 to the account manager.

There are no other circumstances that permit us to modify your territorial rights.

ITEM 13
TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. We own the Marks which have been registered or applied for registration on the Principal Register of the United States Patent and Trademark Office ("USPTO") as follows:

Mark	Application Date	Serial Number	Registration Date	Registration Number
CareBuilders At Home (word mark)	9/6/2012	85/722,312	7/23/13	4,373,696

Mark	Application Date	Serial Number	Registration Date	Registration Number
CareBuilders At Home (logo)	9/6/2012	85/722,340	7/23/13	4,373,697

We intend to file all affidavits and to renew our registration for the Marks when they become due.

You must follow our rules when you use the Marks. You may not use any Mark (1) in your corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address, or search engine you maintain on any Website; or (5) in any other way we have not expressly authorized in writing.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which may be relevant to their use in this state or in any other state.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Marks in this state or elsewhere.

We have the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or registered copyrights or any pending patents that are material to the franchise.

You must operate the Franchised Business in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise

Agreement. We may provide the Manual in hard copy format or electronically, such as by CD-ROM or a password protected Website.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Franchised Business, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the premises of the Franchised Business.

We may revise the contents of the Manual and you must comply with each new or changed standard. Revisions and changes to the Manual will be maintained on SharePoint. You must also make sure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

We claim proprietary rights in certain of our methods of operation and procedures which are included in the Manual and which are our trade secrets. You and each of your principals are prohibited, during and after the term of your Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business that may be communicated to you or any of your principals or that you may learn about, including these trade secrets. You and each of your principals may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business. Neither you nor your principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you are considered confidential. The term "confidential information" includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of franchised businesses, proprietary software, the negotiated terms of your Franchise Agreement with us, the Manual, graphic designs and other intellectual property, and your client list.

If you, your principals or employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary information, free of charge. You, your principals and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

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

You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee qualifications, training, dress, and appearance of the Franchised Business. You must participate in the day-to-day operation of the Franchised Business on a full-time basis. You may also hire a manager to assist you in overseeing the Franchised Business' daily operation. You and the manager must satisfactorily complete our initial training and your manager must be approved by us. The manager does not have to own an equity interest in the Franchised Business. All applicable employees of yours must be properly licensed, as required by applicable law. All temporary and permanent placement employees you screen and we hire must at all times be properly licensed, credentialed and screened as required by applicable law and contractual obligations with clients.

Your manager and all other personnel you employ who will have access to our proprietary and confidential information and training must sign our Confidentiality and Non-Compete Agreement which is attached to our Franchise Agreement as Attachment 6. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms. We have the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a "Principal". If you are a married individual, your spouse must sign our Spousal Guaranty which is attached to our Franchise Agreement as Attachment 3.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for CareBuilders At Home businesses. Our System Standards may regulate required and authorized products and services and product and service categories. We periodically may change required and/or authorized products and services and product and service categories. There are no limits on our right to do so.

We do not impose any other restrictions in the Franchise Agreement or otherwise regarding the goods or services that you may offer or sell or as to the clients to whom you may offer or sell, except as described in Item 12 and below.

You may not accept any employment order, assignment or request that is: (1) subject to or conditioned upon race, creed, color, religion, age, sex, national origin, disability, marital status, veteran status or in violation of any federal, state or municipal laws concerning employment discrimination; (2) in violation of any federal, state or municipal wage and hour law, the Fair Labor Standards Act, the Occupational Safety and Health Administration Act or any other law, act or regulation of any governmental body or accreditation organization to which we subscribe; (3) for temporary or permanent services related to heavy or light industry, medical personnel or medical administrative staffing to healthcare facilities and providers, such as hospitals, nursing homes, hospices, medical centers, and in any type of school, business, correctional institution or residential facility where payment is made by the institution or facility; or (4) for any service which you have not been authorized by us to provide.

You will also not accept, unless we give you prior written consent, any order for private-care staffing services: (1) where the client is a firm in which you, or any member of your family, has a direct or indirect financial interest greater than 10%; (2) from clients we have not approved for credit, from clients who have reached or exceeded credit limits; upon notification by us, from a client who has violated or is violating our rules and requirements about paying invoices; or from a client we reasonably believe has financial difficulties; (3) where we determine that a prospective client or category of prospective clients is a poor credit risk; from a client who is on "credit hold" by us, or from a client who has outstanding invoices from us which are over 90 days old; (4) where in-home care employees will handle, control or have unsupervised access to valuable property, cash or negotiable securities, unless the client has signed an agreement we approve of, holding both us and you harmless from any liability or losses suffered as a result of the assignment; (5) from clients seeking to arrange payroll funding, employee leasing or similar/related programs; (6) where the services to be performed by the in-home care employee are performed upon your business premises; (7) where the services to be performed by the in-home care employee includes medical services outside the "basic medical services" definition as defined in Item 1; or (8) where the client is not a health care user or provider.

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) Length of the franchise term	1	10 years
(b) Renewal or extension of the term	13	If we are still franchising and you are in good standing, you may renew your franchise for two additional terms of five years each
(c) Requirements for franchisee to renew or extend	13	You must provide notice that you wish to renew your Franchise Agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your Franchised Business; you must sign release and sign renewal Franchise Agreement; you must pay renewal fee You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
(d) Termination by franchisee	Not applicable	The Franchise Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law.
(e) Termination by franchisor without cause	Not applicable	We may not terminate your Franchise Agreement without cause
(f) Termination by franchisor with cause	14	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
(g) "Cause" defined – curable defaults	14	Curable defaults include monetary defaults, failure to obtain required insurance or bonds, failure to comply with System Standards, failure to pay minimum semi-annual Continuing Royalty Fee; permit gross margin percentage to go below 20% for two consecutive weeks

Provision	Section in Franchise Agreement	Summary
(h) "Cause" defined – non-curable defaults	14	Non-curable defaults include material misrepresentation or omission by you, failure to open Franchised Business on time, failure to complete training, abandonment, unapproved transfers, loss of required license; conviction of a felony or misdemeanor involving violence or moral turpitude, failure to maintain insurance, interference with our right to inspect, dishonest, illegal or unethical conduct, unauthorized use or disclosure of the Manual or confidential information, repeated defaults (even if cured), bankruptcy, an assignment for the benefit of creditors, appointment of a trustee or receiver, violation of a non-compete restriction, uncured default under your lease, failure to pay amounts due, violation of any law, ordinance or regulation relating to terrorist activities or if assets, property or interests are "blocked" due to violations, failure to comply with any other provisions of the Agreement and failure not cured within required time; permit gross margin percentage to go below 20% for two consecutive weeks for a third time
(i) Franchisee's obligations on termination/non-renewal	15	Obligations include paying outstanding amounts (which may include liquidated damages); complete de-identification; assignment of contracts to us or our designee; and returning confidential information (also see (o) and (r) below)
(j) Assignment of contract by franchisor	12	No restriction on our right to assign; we may assign without your approval
(k) "Transfer" by franchisee – defined	12	Includes transfer of Franchise Agreement, sale of Franchised Business' assets and ownership change
(l) Franchisor approval of transfer by franchisee	12	No transfer without our prior written consent
(m) Conditions for franchisor approval of transfer	12	New franchisee qualifies and signs required agreements; you pay us all amounts due, including transfer fee, outstanding loan amounts and delinquent accounts; provide notice of the transfer; you sign release
(n) Franchisor's right of first refusal to acquire franchisee's business	12	We may match any offer for your Franchised Business or an ownership interest in you

Provision	Section in Franchise Agreement	Summary
(o) Franchisor's option to purchase franchisee's business	15	We may purchase all or a portion of your Franchised Business after termination or expiration of your Franchise Agreement
(p) Death or disability of franchisee	12	Upon your death or disability, we may assign a manager to operate your Franchised Business or we may purchase the business from your personal representatives or estate for a set price
(q) Non-competition covenants during the term of the franchise	7	You, your principals and any immediate family members thereof are prohibited from working as caregivers for your Franchised Business. You and your principals may not participate in a competitive business in any capacity during the term of your Franchise Agreement. Non-competition provisions are subject to state law.
(r) Non-competition covenants after the franchise is terminated or expires	15	No direct or indirect ownership interest in, or performing for, a competitive business for two years within 75 miles of any CareBuilders At Home franchised or company-owned business in the System (same restrictions apply after transfer). Non-competition provisions are subject to state law.
(s) Modification of the agreement	17	No modifications generally, but we may make changes to the Manual and System Standards.
(t) Integration/merger clause	17	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	17	Except for certain claims, all disputes must be arbitrated in Nassau County, New York (subject to state law)
(v) Choice of forum	17	Nassau County, New York (subject to state law)
(w) Choice of law	17	New York (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise. However, we have the right to use any public figure we choose in the future without your permission.

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.

The historical information in table #1 represents an average of revenue and gross margin achieved by 12 CareBuilders at Home outlets having revenue in the fiscal year ended September 30, 2020, all of which were open for at least two fiscal years.

#1 – Average Franchisee Annual Revenue
Franchisees Open and Operating 2+ Fiscal Years

Annual Gross Revenue						
Year	**Average**	**Median**	**High**	**Low**	**% Above Average**	**Number Above Average**
2020	$1,227,202	$1,013,144	$3,522,594	$177,843	33.33%	4

#2 – Average Franchisee Gross Margin Percent
All Franchisees

During the fiscal year ended September 30, 2020, our franchisees had an average and median gross margin percent of 33.83% and 35.18%, respectively, with the highest and lowest gross margin percent being 40.19% and 25.58%, respectively. "Gross margin percent" as used in this paragraph means total revenue less direct costs (described in Item 12), divided by total revenue.

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

Despite COVID-19 restrictions and government stay-at-home orders, for the fiscal year ended September 30, 2020, versus September 30, 2019, system-wide revenue increased 30%.

The figures used in this statement are average revenues only. These Businesses offered substantially the same products and services to the public as you will. We process all invoices and payments for these Businesses. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

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.

Other than the preceding financial performance representations, CareBuilders At Home, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Savitsky, CareBuilders at Home, LLC located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042, and phone (516) 750-1600, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Fiscal Years Ended September 30, 2018, September 30, 2019, and September 30, 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	13	14	+1
	2019	14	13	-1
	2020	13	12	-1
Company-Owned	2018	1	1	0
	2019	1	2	+1
	2020	2	0	-2
Total Outlets	**2018**	**14**	**15**	**+1**
	2019	**15**	**15**	**0**
	2020	**15**	**12**	**-3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years Ended September 30, 2018, September 30, 2019, and September 30, 2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Pennsylvania	2018	0
	2019	1
	2020	0
Texas	2018	0
	2019	1
	2020	0
Total	**2018**	**0**
	2019	**2**
	2020	**0**

Table No. 3
Status of Franchised Outlets
For Fiscal Years Ended September 30, 2018, September 30, 2019, and September 30, 2020

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Arizona	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	1	0	0
	2020	0	0	0	0	0	0	0
California	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Connecticut	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	1	0	0	0	0
Illinois	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Kentucky	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Michigan	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Minnesota	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Nebraska	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Ohio	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Pennsyl-vania	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	2	2
	2020	2	0	0	0	0	0	2
Texas	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Totals	**2018**	**13**	**1**	**0**	**0**	**0**	**0**	**14**
	2019	**14**	**2**	**0**	**0**	**1**	**2**	**13**
	2020	**13**	**0**	**1**	**0**	**0**	**0**	**12**

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years Ended September 30, 2018, September 30, 2019, and September 30, 2020

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Arizona	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
	2020	1	0	0	1	0	0
Texas	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0
Total	**2018**	**1**	**0**	**0**	**0**	**0**	**1**
	2019	**1**	**0**	**1**	**0**	**0**	**2**
	2020	**2**	**0**	**0**	**2**	**0**	**0**

Table No. 5
Projected Openings as of September 30, 2020

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	2	0
California	1	3	0
Colorado	0	2	0
Florida	0	3	0
Illinois	0	2	0
Iowa	0	1	0
Kentucky	0	1	0
Maryland	0	1	0
Michigan	1	0	0
Minnesota	0	3	0
Pennsylvania	0	2	0
Texas	3	3	0
Virginia	0	3	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Washington, DC	0	1	0
Wisconsin	0	2	0
Total	**5**	**29**	**0**

A list of the names of all franchisees and the addresses and telephones numbers of their franchised businesses are provided in Exhibit E to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit E to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the CareBuilders At Home System.

There are no trademark-specific organizations formed by our franchisees that are associated with the CareBuilders At Home System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D to this Disclosure Document are our Parent's (including its subsidiaries) audited financial statements for the fiscal years ended September 30, 2018, September 30, 2019, and September 30, 2020.

The Guarantee of Performance by ATC Healthcare, Inc., our Parent and Guarantor, is absolute and unconditional and is included in Exhibit D to this Disclosure Document.

Our fiscal year end is September 30th.

ITEM 22
CONTRACTS

The following agreements are exhibits:

Franchise Agreement – Exhibit C
Form of General Release – Exhibit G

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 335-7567	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. 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.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in New York with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of New York. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

9. 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.

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

12. OUR WEBSITE, www.carebuildersathome.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dbo.ca.gov.

13. Item 19 of the Disclosure Document is amended to comply with provisions of the California Code of Regulations Section 310.114.1 (c)(6) which states "The financial performance representation(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your CareBuilders At Home franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

14. Pursuant to the Home Care Services Consumer Protection Act of 2013, (the "Act"), you must comply with the licensure and certification requirements of the Home Care Services Bureau (HCSB) effective January 1, 2016. The Act will apply to California agencies that provide home care services to consumers. Home care services as related to this Act include nonmedical services and assistance provided but registered home care aide to a client who, perhaps because of advanced age or physical or mental disability, cannot perform these services. These services enable the client to remain in his or her residence and include but are not limited to assistance with the following: bathing, dressing, shopping, feeding, exercising and personal hygiene and grooming. For further information about the Home Care Services Consumer Protection Act, please visit the following website: hhtp//www.ccld.ca.gov/PG3654.htm.

15. CareBuilders at Home offices in California obtain a Home Care Organization (HCO) license from the California Department of Social Services (CDSS). This license enables the offices to provide basic medical services. All caregivers placed are verified to be registered and employable as Home Care Aides as required by the CDSS regulations.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

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

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

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

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:	FRANCHISOR:
_____	CAREBUILDERS AT HOME, LLC
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. The appropriate sections of the Franchise Agreement are hereby amended.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for CareBuilders At Home, LLC's Franchise Disclosure Document.

1. Item 17 of the Disclosure Document is amended to state that 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.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for CareBuilders At Home, LLC's Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The appropriate sections of the Franchise Agreement are amended to state that 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.

4. The Franchise Agreement and Franchisee Acknowledgment Statement are amended to include the following statement: "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."

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:

_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

(a) A prohibition on the right of a franchisee to join an association of franchises.

(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 thirty (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 five (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 six (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) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes 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 and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

> "Minn. Stat. Sec. 80C.21 and 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 agreements can abrogate or reduce any of the 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."

4. Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. The Franchise Agreement is hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. The Franchise Agreement is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5 regarding Limitations of Claims.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The Franchise Agreement is hereby amended accordingly.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

Pending Litigation

None

Completed Litigation

1. *Securities and Exchange Commission in the matter of ATC Healthcare, Inc.* (Administrative Proceeding File No. 3-14245). In February 2011, the SEC initiated these proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934. Without admitting or denying any findings in this proceeding, we have reached a settlement with the SEC and registration of shares of our stock, formerly traded on the Pink Sheets under the symbol "AHNA", have been revoked.

2. *Roaring Fork Capital SBIC, L.P. v. ATC Healthcare Inc., et al.* (District Court, City and County of Denver, Colorado, Case No. 2010-cv-1247). In February 2010, Plaintiff, a former investor in ATC Healthcare, Inc., filed two virtually identical lawsuits against ATC, and some of its current and former officers and directors, in the Colorado federal and state courts. Plaintiff's complaints allege violations of the federal Securities Exchange Act, the Colorado Securities Act, and the common law tort of negligent misrepresentation. Plaintiff bases its claim on eight alleged accounting and controls issues. Defendant believes that Plaintiff's case parallels Defendants accounting malpractice action filed in New York against Defendant's former auditors. The defendants filed motions to dismiss the federal case, which have been granted, and Plaintiff has withdrawn its claims against former officers and directors of Defendant, except David Savitsky and Andrew Reiben. On May 21, 2012, the parties entered into a memorandum of understanding outlining the essential terms and conditions of an agreement in principle where the Defendants' officer's liability insurance policy will pay the Plaintiff the amount agreed upon by the parties in full settlement of the matter.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this

proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

DISCLOSURES REQUIRED BY NORTH DAKOTA LAW

This addendum to the Disclosure Document and Franchise Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Section 13 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Section 15 of the Franchise Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement require the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document and Section 17 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Section 17 of the Franchise Agreement which require jurisdiction of courts in the State of New York are deleted.

6. Item 17(w) of the Disclosure Document and Section 17 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Section 17 of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Section17 of the Franchise Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:	FRANCHISOR:
_____	CAREBUILDERS AT HOME, LLC
By:_____	By:_____
Name:_____	Name:_____

Title:_____ Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for CareBuilders At Home, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:	FRANCHISOR:
_____	CAREBUILDERS AT HOME, LLC
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

WASHINGTON STATE ADDENDUM TO THE FRANCHISE AGREEMENT

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Paragraph #12 of the Franchisee Acknowledgment Statement, Attachment 5 of the Franchise Agreement, is hereby deleted.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____ _____.

FRANCHISEE:
_____

By:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____

Name:_____ Name:_____
Title:_____ Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

CAREBUILDERS AT HOME, LLC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

TABLE OF CONTENTS

ARTICLE 1 1

PREAMBLES AND GRANT OF FRANCHISE 1

1.1 Preambles 1
1.2 Grant of Franchise; Term 1
1.3 Designated Territorial Rights 2
1.4 Rights Reserved to Us 2
1.5 National or Regional Accounts 3
1.6 Minimum Revenue Requirements 4

ARTICLE 2 4

SITE SELECTION AND OPENING OF BUSINESS 4

2.1 Approval of Site and Lease 4
2.2 Operating Assets 5
2.3 Computer System 5
2.4 Opening 6

ARTICLE 3 6

FEES 6

3.1 Initial Franchise Fee 6
3.2 Continuing Royalty Fee 6
3.3 Brand Development Fee 8
3.4 Delinquent Accounts 8
3.5 Electronic Funds Transfer 8
3.6 Application of Payments and Right of Set-Off 9
3.7 Interest on Overdue Amounts 9
3.8 Accounts Receivable 9
3.9 Direct Costs 9
3.10 Senior Placement Services 10
3.11 In-Home Technology Services 10
3.12 DocuSign Fee 10

ARTICLE 4 10

TRAINING AND ASSISTANCE 10

4.1 Training 10
4.2 Ongoing Guidance; Additional Training 11
4.3 Operations Manual 11
4.4 Delegation of Performance 12
4.5 Franchisee Meetings 12
4.6 Private-Care Employee Wages and Benefits 12

ARTICLE 5 12

MARKS 12

5.1 Ownership and Goodwill of Marks 12
5.2 Limitations on Your Use of Marks 12
5.3 Notification of Infringements and Claims 13
5.4 Discontinuance of Use of Marks 13
5.5 Indemnification for Use of Marks 13

ARTICLE 6 ..... **13**
CONFIDENTIAL AND GENERAL INFORMATION 13
6.1 Confidential Information *13*
6.2 Restriction on Use of Confidential Information *14*
6.3 Client List *15*
ARTICLE 7 ..... **15**
EXCLUSIVE RELATIONSHIP 15
ARTICLE 8 ..... **16**
BUSINESS OPERATION AND SYSTEM STANDARDS 16
8.1 Condition and Appearance of the Office *16*
8.2 Products and Services the Office Offers *16*
8.3 Approved Products, Services, and Suppliers *16*
8.4 Compliance with Laws and Good Business Practices *17*
8.5 Insurance *18*
8.6 Compliance with System Standards *19*
8.7 Client Contracts *20*
8.8 Development of Designated Territory *20*
ARTICLE 9 ..... **21**
ADVERTISING AND MARKETING 21
9.1 Participation in Advertising *21*
9.2 Local Advertising *21*
9.3 Brand Development Fund *21*
9.4 Conduct of Advertising; Our Approval *22*
9.5 Launch Program *23*
9.6 Websites *23*
ARTICLE 10 ..... **24**
RECORDS, REPORTS AND FINANCIAL STATEMENTS 24
10.1 Records and Reporting Requirements *24*
10.2 Our Right to Audit *25*
ARTICLE 11 ..... **25**
INSPECTIONS 25
ARTICLE 12 ..... **25**
TRANSFER 25
12.1 By Us *25*
12.2 By You *26*
12.3 Conditions for Approval of Transfer *26*
12.4 Transfer to a Wholly Owned or Controlled Entity *28*
12.5 Transfer Upon Death or Disability *28*
12.6 Operation in the Event of Absence or Disability *29*
12.7 Effect of Consent to Transfer *29*
12.8 Our Right of First Refusal *29*
12.9 Ownership Structure *30*
ARTICLE 13 ..... **30**
GRANT OF A RENEWAL FRANCHISE 30

13.1 Renewal *30*
13.2 Refusal to Renew Franchise Agreement *31*
13.3 Renewal Under Law *31*
13.4 Your Election Not to Renew *31*

ARTICLE 14 ..... **31**

TERMINATION OF AGREEMENT 31
14.1 Our Termination Rights – No Opportunity to Cure *31*
14.2 Our Termination Rights – Opportunity to Cure *33*
14.3 Reinstatement and Extension *34*
14.4 Cross-Defaults, Non-Exclusive Remedies, etc. *34*
14.5 Our Right to Discontinue Services to You *34*
14.6 Amendment Pursuant to Applicable Law *34*

ARTICLE 15 ..... **35**

RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT 35
15.1 Payment of Amounts Owed *35*
15.2 De-Identification *35*
15.3 Confidential Information *36*
15.4 Covenant Not to Compete *36*
15.5 Our Right to Purchase Office *36*
15.6 Continuing Obligations *37*
15.7 Liquidated Damages *37*

ARTICLE 16 ..... **37**

RELATIONSHIP OF THE PARTIES; INDEMNIFICATION 37
16.1 Independent Contractors *37*
16.2 No Liability for Acts of Other Party *38*
16.3 Taxes *38*
16.4 Indemnification by You *38*
16.5 Indemnification by Us *38*

ARTICLE 17 ..... **39**

MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION 39
17.1 Severability and Substitution of Valid Provisions *39*
17.2 Waiver of Obligations *39*
17.3 Injunctive Relief *40*
17.4 Rights of Parties are Cumulative *40*
17.5 Costs and Attorneys' Fees *40*
17.6 Dispute Resolution *40*
17.7 Governing Law *41*
17.8 Jurisdiction *41*
17.9 Waiver of Punitive Damages *41*
17.10 Waiver of Jury Trial *41*
17.11 You May Not Withhold Payments *41*
17.12 Binding Effect *41*
17.13 Limitations of Claims *41*
17.14 Entire Agreement; Construction *42*
17.15 Withholding Consent *42*
17.16 Step-In Rights – Cause for Step-In *42*

17.17 Step-In Rights – Duties of Parties *42*
ARTICLE 18 ..... **43**
NOTICES AND PAYMENTS 43
ARTICLE 19 ..... **43**
SECURITY INTERESTS 43
19.1 Collateral *43*
19.2 Indebtedness Secured *43*
19.3 Additional Documents *44*
19.4 Possession of Collateral *44*
19.5 Our Remedies in Event of Default *44*
19.6 Special Filing as Financing Statement *44*
ARTICLE 20 ..... **44**
ACKNOWLEDGMENTS 44

ATTACHMENTS

1 – Statement of Ownership Interests in Franchisee/Entity
2 – Site and Designated Territory
3 – Spousal Guaranty
4 – Internet Advertising, Social Media and Telephone Account Agreement
5 – Franchisee Acknowledgment Statement
6 – Confidentiality and Non-Compete Agreement
7 – Collateral Assignment of Lease

FRANCHISE AGREEMENT

THIS AGREEMENT, entered into on _____, by and between the franchisor CareBuilders At Home, LLC, a Georgia limited liability company, with its principal address at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042 (herein referred to as "we", "us" or "our"), and _____, a(n) _____, whose principal address is _____, and _____'s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ ("Principal(s)"), who shall be collectively referred to in this Agreement as "you" or "your" or "Franchisee".

ARTICLE 1
PREAMBLES AND GRANT OF FRANCHISE

1.1 Preambles

1.1.1 We and our affiliate have designed and developed a method of developing and operating a business that provides non-medical in-home care services, including companionship, meal preparation, light housekeeping, grocery shopping and other forms of incidental transportation, grooming and assistance with recreational activities, personal care services related to core activities of daily living, such as eating, bathing, walking, and dressing, as well as ancillary services including in-home emergency monitoring and medication management systems as well as assisted living guidance and senior placement services (the "Services"). CareBuilders At Home businesses have distinctive business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the "System") includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards, and procedures, all of which may be changed, updated, improved, and further developed by us from time to time.

1.1.2 We and our affiliate have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating CareBuilders At Home businesses, including "CareBuilders At Home", which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating CareBuilders At Home businesses (collectively, the "Marks" or "Proprietary Marks").

1.1.3 We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate a CareBuilders At Home business offering the products and services we authorize and using our System.

1.1.4 You have applied for a franchise to own and operate a CareBuilders At Home business, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in such application and this Agreement.

1.2 Grant of Franchise; Term

Subject to the terms of this Agreement, we grant you a franchise (the "Franchise") to operate as a CareBuilders At Home business at the "Site" identified on Attachment 2, and to use the Marks and the System in its operation (the "Office"), for a term beginning on the date of this Agreement and expiring ten (10) years from that date, unless sooner terminated as provided herein. You may not relocate the Office without our prior written consent. You shall not provide Services to clients outside of your territory (as defined in Attachment 2 hereto), except as we may allow in limited circumstances as described below. You shall not offer or sell any products or services by catalog, direct mail, telephone order, by use of electronic means (e.g., the internet), or in any other medium not approved in writing by us.

At our discretion only and then only upon our approval, you may provide Services to a client located outside of your territory, provided that such client is not in the territory of another CareBuilders At Home business. Notwithstanding the foregoing, if the location of this "out of area" client is later made part of the territory of another CareBuilders At Home franchisee, your existing contracts with such client shall be transferred to the other franchisee and you shall have no further rights to conduct business with or provide Services to such out of area client.

The Services your Office may provide include non-medical in-home care services, including companionship, meal preparation, light housekeeping, grocery shopping and other forms of incidental transportation, grooming and assistance with recreational activities, as well as personal care services related to core activities of daily living, such as eating, bathing, walking, and dressing. You acknowledge and understand that our affiliates, ATC Travel, ATC Healthcare Services and ATC Physician Services, have the right to place temporary or permanent medical personnel anywhere in the United States, including within your territory, and in such event you shall not be entitled to any portion of the revenue from such affiliates' placement. Your Office may offer private pay "basic medical services" such as monitoring vital signs, the handling and dispensing of medications as permitted under the licensure requirements established by the state in which you operate, the licenses held by the clinician and the protocols established by us. Your Office may not offer or provide temporary or permanent staffing services related to heavy or light industry, medical personnel or medical administrative staffing to healthcare facilities and providers, such as hospitals, nursing homes, hospices, medical centers, and in any type of school, business, correctional institution or residential facility where payment is made by the institution or facility.

1.3 Designated Territorial Rights

Upon our approval of the Site for your Office, we will describe your territory (the "Designated Territory") in Attachment 2 hereto. The Designated Territory will be described in terms of contiguous zip codes and may be depicted on a map attached to Attachment 2. You understand and acknowledge that ZIP codes are a system of postal codes used by the United States Postal Service ("USPS"), and ZIP codes are periodically changed by the USPS. Any changes made to ZIP codes by the USPS may affect the geographic area that makes up your Designated Territory, and any such changes are outside of our control.

Except as limited by Section 1.4 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another CareBuilders At Home business at a location within the Designated Territory during the term of this Agreement. Nothing herein shall be deemed to restrict our affiliates' rights to place temporary or permanent medical personnel at any location throughout the United States, as described above.

1.4 Rights Reserved to Us

Except as expressly limited by Section 1.3 above, we and our affiliates retain all rights with respect to CareBuilders At Home businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1.4.1 the right to offer and sell and to grant others the right to offer and sell the products and services offered at CareBuilders At Home businesses, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

1.4.2 the right to operate and to grant others the right to operate CareBuilders At Home businesses located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Office;

1.4.3 together with our affiliates ATC Travel, ATC Healthcare Services and ATC Physician Services, the right to provide temporary or permanent medical personnel placement at any location, including within your Designated Territory;

1.4.4 the right to provide, and to grant others the right to provide, medical care providers on a temporary or permanent basis at any location, including within your Designated Territory, and using any trademarks, including the Marks;

1.4.5 the right to acquire and operate a business operating one (1) or more medical or non-medical personnel placement businesses located or operating in your Designated Territory, but if one (1) of these businesses is located within your Designated Territory, it will not operate using the Marks; and

1.4.6 the right, at any time, to establish a separate system and franchise offering different services and/or products under different trademarks, trade names and logos, without your consent. Nothing in this Agreement obligates us to notify you of our establishment of a new franchise opportunity or to offer you the opportunity or right to purchase the new franchise opportunity.

1.5 National or Regional Accounts

Except as provided below, and subject to other policies and procedures set forth in our Confidential Operations Manual, and in the event we develop a national or regional account program, you may not solicit or service the locations of a National or Regional Account (as defined below) without our prior written consent. We have the right to condition our consent (although we are not obligated to grant our consent) on your agreement to comply with certain requirements and we have the right to withdraw our consent for any or no reason as we deem appropriate. If we withdraw our consent to your soliciting and/or servicing one (1) or more National or Regional Accounts, you must cease all solicitation and servicing activity with respect to that National or Regional Account(s) immediately.

We retain the right under all circumstances to provide any services to any National or Regional Account location, wherever operated, provided, however, that where you have exclusive authority under this Agreement to offer and sell through your Office the services that we would like to provide to the National or Regional Account's locations, we first will offer you the opportunity to provide those services to the locations of the National or Regional Account on the terms and conditions that we have established with the National or Regional Account. If you fail to accept the offer in the manner we specify, we have the right, or may authorize other franchisees or third parties, to provide those services to the locations of the National or Regional Account. The term "National or Regional Account" means any customer that has employees or offices in two (2) or more locations, or which qualifies for corporate pricing for services. Nothing in this Section is intended to require you to participate in any National or Regional Account program. You are not permitted to negotiate cost of the approved products and services with a National or Regional Account without our prior consent. If we engage an account manager for any National or Regional Account for which you provide Services, you agree to pay such account manager's then-current fee for its management of the National or Regional Account contract.

You understand and acknowledge that, due to the nature of our National or Regional Account program, you will not be the exclusive provider of Services to a National or Regional Account. You, we, our affiliates and/or other franchisees in the System may provide Services to a National or Regional Account depending on the National or Regional Account's needs, contract requirements, locations, your or any other franchisee's participation in the National or Regional Account program, and other factors. We reserve the right to designate a specific contact, which may be you or another franchisee in the System, as the main

contact for a National or Regional Account. If you are designated to be a main contact, you shall comply with all of our requirements in so acting.

1.6 Minimum Revenue Requirements

You must achieve a certain level of revenue each semi-annual period of the term to maintain your rights to your Designated Territory, as follows:

Period		Minimum Semi-Annual Revenue
Year 1	Semi-Annual Period 1	$0
	Semi-Annual Period 2	$100,000
Year 2	Semi-Annual Period 1	$200,000
	Semi-Annual Period 2	$200,000
Year 3	Semi-Annual Period 1	$400,000
	Semi-Annual Period 2	$400,000
Year 4	Semi-Annual Period 1	$625,000
	Semi-Annual Period 2	$625,000
Beginning in Year 5 and for each Semi-Annual Period for the Remaining Term of the Franchise Agreement		Previous Semi-Annual Period's Minimum +5%

If you do not achieve these minimum revenue amounts then you must pay to us the balance of the minimum semi-annual continuing royalty fee, as described in Section 3.2 below. We do not guarantee that you will be able to meet the minimum required revenue amounts described above or that your Office will achieve any level of revenue or profitability.

ARTICLE 2
SITE SELECTION AND OPENING OF BUSINESS

2.1 Approval of Site and Lease

You shall obtain our written approval of any proposed site for the Office in accordance with our procedures, which approval will not be unreasonably withheld. Within sixty (60) days after you execute this Agreement, you will submit to us the information that we require in order to evaluate the proposed site for your Office. You acknowledge that in approving a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics, traffic patterns, the predominant character of the neighborhood, competition from other businesses providing similar services within the

area, the exclusivity granted to other franchisees of ours, the site's size, its appearance, and other physical characteristics.

Within fourteen (14) days after our receipt of all information we require concerning the proposed site, we will approve or disapprove the site you propose for the operation of the Office by giving written notice to you. Unless we provide our specific approval of your proposed site, the site is deemed not approved. We will not unreasonably withhold our approval of a proposed site that meets our standards and specifications for a CareBuilders At Home business. Upon our approval of a proposed site for the Office, the address of the Office will be inserted on Attachment 2 to this Agreement.

You hereby acknowledge and agree that our approval of the Site does not constitute an expressed or implied assurance, representation or warranty of any kind as to the suitability of the site for a CareBuilders At Home business or for any other purpose. Our approval of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Office at the Site is based on your own independent investigation of the suitability of the Site.

Before you may execute a lease for the Site, you must submit the lease to us for our review and approval. Our approval will not be unreasonably withheld. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached to this Agreement as Attachment 7.

2.2 Operating Assets

You agree to use in developing and operating the Office only those items that we approve in writing from time to time for CareBuilders At Home businesses as meeting our specifications and standards for quality, design, appearance, function and performance ("Operating Assets"). A list of Operating Assets is included in the Operations Manual and is subject to change from time to time. You agree to place or display at the Site (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing from time to time. If we require, you must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers we designate or approve from time to time (which may include or be limited to us and/or our affiliates). If you desire to use any Operating Asset that we have not yet evaluated, you may submit such Operating Asset for our consideration by following the procedure set forth in Section 8.3.

2.3 Computer System

You agree to use in operating the Office the computer equipment and software (collectively, the "Computer System"), that we specify from time to time. We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System and/or other technological developments or events may require you to purchase, lease and/or license new or modified, equipment, computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System, you agree to incur the costs of obtaining the equipment or the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and to ensure that your Computer System, as modified, is functioning properly.

Notwithstanding the fact that you must buy, use and maintain the Computer System under our standards and specifications, you will have sole and complete responsibility (including, without limitation,

responsibility for the cost thereof) for: (a) the acquisition, operation, maintenance and upgrading of the Computer System; (b) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (c) any and all consequences that may arise if the system is not properly operated, maintained and upgraded. You agree to maintain, at all times during the term of this Agreement, a highspeed internet connection for your Computer System.

We will designate certain software that you must acquire (license) and use in connection with your Computer System, including, but not limited to, staffing software that we have selected and that will allow you to schedule, track employees, clients and orders. In order to activate the staffing software, a one-time set up fee will be paid to us prior to opening your Business. We use this software to generate billing for your clients and payroll for the private-care employees you place with clients. You must obtain our approved Human Resource Information System (HRIS) software for all caregivers. You must also purchase recruitment software, office productivity software and accounting software as we require and you must pay any fees associated with procuring and using such software. We may require you to use testing software or an on-line service that we have selected for testing new temporary and permanent placement candidates. We reserve the right to modify our requirements at any time.

2.4 Opening

You agree not to open the Office for business until:

2.4.1 all persons that we require satisfactorily complete pre-opening training;

2.4.2 the initial franchise fee and all other amounts then due to us have been paid;

2.4.3 you give us certificates for all required insurance policies or other evidence of insurance coverage and premium payment that we request; and

2.4.4 you provide us with copies of all licenses, permits and certifications required for the Office's proper operation.

You agree to comply with these conditions and open the Office for business within two (2) months of the execution of this Agreement. Time is of the essence. If you fail to open your Office within four (4) months of the execution of this Agreement, except for delay caused by circumstances outside of your control, such as your submitted state or city license application has not yet been approved, we have the right to terminate this Agreement without providing you with a refund of any monies you have paid to us, unless we agree to provide you with an extension of the timeframe to open.

ARTICLE 3
FEES

3.1 Initial Franchise Fee

You agree to pay us, upon execution of this Agreement, a nonrecurring and non-refundable initial franchise fee in the amount of Forty-Nine Thousand Five Hundred Dollars ($49,500). The initial franchise fee is due in a lump sum upon your execution of this Agreement and is fully earned by us when received.

3.2 Continuing Royalty Fee

You agree to pay us a continuing royalty fee ("Continuing Royalty Fee") each month throughout the term of this Agreement for your provision of the Services to clients during the previous month in an

amount equal to nine percent (9%) of net revenue. As used herein, the term "net revenue" means gross revenue less discounts, allowances and credits granted to your customers.

All billing and receipts for your Office will be processed by us. Within sixty (60) days after the end of each month, we will provide you with a report of the net revenue from your Office, itemizing the Continuing Royalty Fee paid to us and direct cost adjustments. We will deduct the Continuing Royalty Fee, and other fees and costs payable to us, as described in Section 3.6 below, and pay the balance to you (the "Distributed Balance"). If our calculation shows that the amount of revenue paid by clients is less than the amounts owed to us, then you agree to pay to us any difference owed. We may make payments to you by check or electronic funds transfer. We may make collections from you for amounts you owe to us by reducing the Distributed Balance or by your direct payment to us (by electronic funds transfer or check). You understand and acknowledge that we will pay the Distributed Balance to you although we may not have received payment from your clients; provided, however, that we will establish a reserve program as described below.

From the net revenue amount, we will deduct the Continuing Royalty Fee payable to us first, and then any direct costs we have incurred in the order described in Section 3.6 below. Direct costs include salaries and bonuses for the employees you place and associated taxes, fringe benefits, and insurance; credit card processing fees of two percent (2%); housing expenses and allowances for placed employees, if applicable; sales and similar taxes; if you participate in such program; your portion of any delinquent invoices related to your Office; and any documented credits, rebates, allowances or discounts granted to the client, as further described in Section 3.9 below ("Direct Costs"). We further reserve the right to deduct from the Distributed Balance any amount we have incurred or paid on your behalf, such as for drug testing kits, access to employment databases, and other similar items.

We will establish a reserve program ("Accounts Receivable Reserve Program") which may be detailed and modified by us from time to time and to include the reserves established under such program. Under the Accounts Receivable Reserve Program, a reserve will be established with respect to accounts receivable over ninety (90) days old. Unapplied credits for specific clients will be fully deducted from delinquent accounts receivable when the calculation is made. You agree to execute and deliver any documents we require evidencing our absolute ownership of accounts receivable for your Office.

You understand and acknowledge that you are required to pay a minimum semi-annual Continuing Royalty Fee each semi-annual period during the term of this Agreement. For purposes of determining the minimum semi-annual Continuing Royalty Fee you must pay, each annual period of the term ends on the anniversary date of this Agreement. For the first semi-annual period, the minimum Continuing Royalty Fee will be waived. For each subsequent semi-annual period, the minimum semi-annual Continuing Royalty Fee shall be as follows:

Period		**Minimum Semi-Annual Continuing Royalty Fee**
Year 1	Semi-Annual Period 1	$0
	Semi-Annual Period 2	$9,000
Year 2	Semi-Annual Period 1	$18,000
	Semi-Annual Period 2	$18,000

Year 3	Semi-Annual Period 1	$36,000
	Semi-Annual Period 2	$36,000
Year 4	Semi-Annual Period 1	$56,000
	Semi-Annual Period 2	$56,000
Beginning in Year 5 and for each Semi-Annual Period for the Remaining Term of the Franchise Agreement		Previous Semi-Annual Period's Minimum +5%

Within sixty (60) days after the end of each semi-annual period of this Agreement, we will advise you whether you have paid the minimum semi-annual Continuing Royalty Fee for the previous semi-annual period and, if you did not, we shall advise you of the balance of the minimum semi-annual Continuing Royalty Fee that is payable to us and the date this payment will be deducted from the Distributed Balance payable to you. If the Distributed Balance you are to be paid is insufficient to pay the balance of the minimum semi-annual Continuing Royalty Fee that is due, then you agree to pay such balance to us within ten (10) days after our notice to you. You understand and acknowledge that we do not represent, warranty or guaranty that you will be able to achieve the revenue amount necessary to pay the minimum semi-annual Continuing Royalty Fee or that your Office will achieve any level of revenue or profitability.

3.3 Brand Development Fee

You understand and acknowledge that we have the right, but not the obligation, to establish a Brand Development Fund (as described in Section 9.3 below) to produce and place advertising for the benefit of all CareBuilders At Home businesses in the System (the "Fund"). If we elect to establish such Fund, you agree to pay to the Fund, upon sixty (60) days' notice from us that the Fund has been established, a non-refundable contribution ("Brand Development Fee"). Our notice to you that we will begin collecting the Brand Development Fee will include the amount of such fee; provided, however, that in no event will the Brand Development Fee exceed one percent (1%) of your Office's total revenue. The Brand Development Fee, if collected, shall be payable each month at the same time and in the same manner as the Continuing Royalty Fee provided for in Section 3.2 hereof.

3.4 Delinquent Accounts

You acknowledge and agree that you shall comply with our Policies and Guidelines for Credit Approval, Delinquent Accounts and Collections, as it may be amended from time to time by us, which is included in our Operations Manual. Pursuant to such guidelines, and provided that you have been in compliance with such Guidelines, you shall pay to us a portion of any delinquent invoice. If you have not operated in compliance with these Guidelines, you agree to pay us the full amount of any delinquent invoice. We reserve the right to deduct any amounts due to us hereunder from the Distributed Balance payable to you.

3.5 Electronic Funds Transfer

At our request, you must sign and deliver to us the documents we, our bank or your bank require to authorize us to credit your business operating account automatically for the Distributed Balance, or to

debit from your account any monies owed to us, pursuant to this Agreement or any related agreement between us (or our affiliates) and you.

3.6 Application of Payments and Right of Set-Off

Payments owed to us will be deducted from your net revenue in the following order: Continuing Royalty Fee, Brand Development Fee (if collected), National or Regional Account Fees (as described in Section 1.5 above), Management Fee (as described in Section 8.8 below), your portion of any delinquent accounts, your portion of any reserve established as a result of delinquent accounts and Direct Costs.

Notwithstanding any designation by you, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates). We may set-off any amounts you owe us or our affiliates against any amounts we or our affiliates might owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement or any other agreement between us (and/or our affiliates) and you.

3.7 Interest on Overdue Amounts

In the event you fail to pay to us any amounts owed by you hereunder to us or any of our affiliates, you shall pay, in addition to such overdue amounts, interest on the overdue amount at the rate of one and one-half percent (1.5%) per month or the highest legal contract interest rate we can charge, whichever amount is less. Any default by you in the timely payment of any indebtedness of you owing to us, or to any affiliate of ours, or your default in the payment of any indebtedness of yours with respect to which we or any of our affiliates is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Agreement, rendering the same subject to termination in accordance with the provisions of Article 14.

3.8 Accounts Receivable

You understand and acknowledge that all accounts receivable related to your Office shall be our property, and you agree to execute any documentation we may require in order to confirm our ownership of such accounts receivable and/or to pursue any claims for unpaid accounts receivables.

The interest on unpaid accounts receivables accrues at three hundredths of a percent (0.03%) per day after the first thirty (30) days. We will only charge interest on any accounts receivable amount that remains unpaid after thirty (30) days. The interest shall be payable on demand as incurred.

3.9 Direct Costs

As used in this Agreement, Direct Costs include the costs we will deduct from your revenue for costs directly related to your Office's operations, including, without limitation:

3.9.1 the wages of the private-care employees whose services were sold and provided by your Office and billed for by us, including base compensation and all sign-on and other bonuses,

3.9.2 Social Security (FICA), Federal Unemployment (FUTA), State Disability (where applicable), and all other Federal, State and local taxes measured by or based upon the private-care employee's earned wages;

3.9.3 insurance costs measured by or based upon the private-care employee's earned wages, such as workers' compensation, disability insurance, unemployment insurance, and similar insurance, as required by law. You understand and acknowledge that we have the right, in our sole discretion, to purchase such insurance. You further acknowledge that we have the right to allocate

costs for such insurance based on a number of factors, including, but not limited to, payroll, sales, risk factors and experience;

3.9.4 discretionary insurances such as healthcare and dental insurance in which the private-care employee may participate. You understand and acknowledge that we have the right, in our sole discretion, to purchase such discretionary insurance, and to cancel any discretionary insurance at any time. You further acknowledge that we have the right to allocate costs for such discretionary insurance based on a number of factors, including, but not limited to, payroll, sales and risk factors;

3.9.5 credit card processing fees of two percent (2%) of the credit card payments processed;

3.9.6 housing expense, daily allowance, and travel expense incurred by the private-care employee;

3.9.7 the amount of all sales taxes or similar taxes which, by law, are chargeable to customers (but only to the extent they have been included); and

3.9.8 the amount of any refunds given to customers.

3.10 Senior Placement Services

You will contract with assisted living facilities and independent living facilities in order to provide assistance to seniors and their families in helping them find alternative living solutions. We will earn a referral fee when a client is accepted for residency in a referred to a facility. The referral fee will be paid directly to us. The referral fee will be split with seventy percent (70%) being paid to you and thirty percent (30%) retained by us.

3.11 In-Home Technology Services

You will market approved medical alert systems and medication management systems as part of our comprehensive home assessment evaluation. A portion of the monthly fee earned by us on our in-home technology services will be split with seventy percent (70%) being paid to you and thirty percent (30%) retained by us. The approved vendors will make payments directly to us or you.

3.12 DocuSign Fee

You must pay an annual fee to us for use of our DocuSign account in the onboarding of employees and for use in signing contracts and agreements with caregivers, vendors, etc. The fee, currently Three Hundred Seventy-Five Dollars ($375) is subject to change based on service changes and as mandated by DocuSign.

ARTICLE 4
TRAINING AND ASSISTANCE

4.1 Training

We will train you and one (1) key employee (a maximum of two (2) trainees) on the operation of a CareBuilders At Home business at no additional charge. Core training (described below) must be completed to our satisfaction not later than three (3) weeks before your Office opens. If you request that we provide our training program to additional trainees, we will not charge you for training additional people, but it is subject to availability.

The initial training program includes: (i) a "pre-training" program conducted remotely via conference calls and email; (ii) a five (5) day core training program held at our headquarters or another location we designate, in our discretion; and (iii) five (5) days of on-site training which shall occur during your first year of operation. Core training will be conducted following our approval of your Site and the execution of your lease (if applicable). The on-site training program is conducted at your Office where we shall identify and address any operational challenges and issues.

You and your key employee must complete the core training to our satisfaction and participate in all other activities we require before opening the Office. We provide this training at no additional fee; however, you must pay all travel and living expenses which you and your trainees incur in connection with such training, including, but not limited to, travel, lodging, meals and applicable wages. If you or your key employee do not complete our training to our satisfaction, you and/or your key employee may re-take our training program. If you or your key employee do not complete our training to our satisfaction a second time, we have the right to terminate this Agreement. We may require you to replace any key employee if we determine that he or she is not qualified to hold that position.

Additionally, there are training portals in place where each of your Office's staff members must complete certain portal training based on their specific job responsibilities prior to their gaining access to the various systems used in the administration of your Office.

We reserve the right to hold periodic refresher training programs via conference calls, webinars and similar other methods, and we may designate that attendance at or participation in these programs is mandatory for you and/or any of your personnel. We do not charge a training fee, but you must pay for all expenses your trainees incur while attending refresher training, if applicable, including travel, lodging, meals and wages.

4.2 Ongoing Guidance; Additional Training

We will advise you regarding the Office's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that CareBuilders At Home businesses use; purchasing required Operating Assets and inventory; advertising and marketing programs; employee training, administrative, bookkeeping, and accounting procedures, as well as developing your Office, including reviewing contracts, seeking national accounts, and providing staffing leads. We will guide you in our Operations Manual, bulletins, or other written materials, emails, during telephone consultations, and/or during consultations at our headquarters or at your Office.

In the event you request that we provide additional training or assistance on-site at your Office, or if we determine that you require additional training, you shall pay our then-current per diem rate for such training and you shall reimburse our representative's expenses in connection with such training or assistance, including, but not limited to, travel, lodging and meals.

4.3 Operations Manual

We will loan to you, to use in operating the Office during this Agreement's term, one (1) copy (or access to an electronic copy) of the Operations Manual, which might include audiotapes, videotapes, computer disks, compact discs and/or written materials. We may provide the Operations Manual in hard copy format or electronic format, such as CD-ROM or on-line via a password-protected Website. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically prescribe for operating a CareBuilders At Home business ("System Standards") and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards, but these modifications shall not alter your fundamental

rights or status under this Agreement. You agree to keep your copy of the Operations Manual current and in a secure location at the Office. If there is a dispute over the contents of the Operations Manual, the master copy of the Operations Manual at our headquarters controls. You agree that the contents of the Operations Manual are confidential and that you will not disclose the Operations Manual to any person other than Office employees and/or independent contractors who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

4.4 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

4.5 Franchisee Meetings

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually and will be held when we believe such convention will be beneficial for our franchisees. We may designate that attendance at a franchisee meeting by you and/or your Office administrator is mandatory. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products and/or to provide training. We may designate the location of the meeting, but we will not designate an unreasonably expensive location. You must pay our then-current fee for each attendee from your Office and for all expenses incurred by you, your Office administrator and/or any other attendees at the franchisee meeting, including travel, lodging, meals and applicable wages.

4.6 Private-Care Employee Wages and Benefits

We shall be responsible for all wages, bonuses and benefits payable to the private-care employees you place with clients. We shall also be responsible to pay all related payroll and other taxes. Such wages, bonuses, benefits and taxes are included in the Direct Costs that are deducted from your revenue, as described in Section 3.2. We shall not, under any circumstances, be responsible to pay any portion of wages, bonuses, benefits or applicable taxes for your Office's staff.

ARTICLE 5
MARKS

5.1 Ownership and Goodwill of Marks

You acknowledge that we are the sole owner of the right, title and interest in and to the Marks. You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Office according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Office under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

5.2 Limitations on Your Use of Marks

You agree to use the Marks as the sole trade identification of the Office, provided that you shall identify yourself as the independent owner of the Office in a manner acceptable to us. You may not use any Mark or any variation thereof (a) as part of any corporate or legal business name, (b) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (c)

in selling any unauthorized services or products, (d) as part of any domain name, electronic address or search engine you maintain on any "Website" (defined in Article 9 hereof); or (e) in any other manner we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Office without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Office and on forms, advertising and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

5.3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action we deem appropriate (including no action) and may control exclusively any settlement, litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

5.4 Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one (1) or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Office's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

5.5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided that you have timely notified us of the proceeding, are in compliance with this Agreement, and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding relating to any Mark. If any action taken by us with respect to any such claim or proceeding results in any monetary recovery for you which exceeds your costs, then the amount of such recovery which exceeds your costs will first be used to reimburse us for our expenses in connection with such action, and any remainder will be distributed to you.

ARTICLE 6
CONFIDENTIAL AND GENERAL INFORMATION

6.1 Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of CareBuilders At Home businesses (the "Confidential Information"), which includes (without limitation):

6.1.1 methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating CareBuilders At Home businesses (including, without limitation, the System Standards);

6.1.2 market research and promotional, marketing and advertising programs for CareBuilders At Home businesses;

6.1.3 knowledge of specifications for and suppliers of, and methods of ordering certain Operating Assets, materials, equipment and fixtures that CareBuilders At Home businesses use;

6.1.4 knowledge of the operating results and financial performance of CareBuilders At Home businesses other than your Office;

6.1.5 client communication programs, along with data used or generated in connection with those programs;

6.1.6 the terms of this Agreement;

6.1.7 the Operations Manual;

6.1.8 graphic designs and related intellectual property; and

6.1.9 the Client List (as described in Section 6.3 below).

6.2 Restriction on Use of Confidential Information

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in operating the Office during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees and may violate certain laws. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your Principals, employees and/or independent contractors who have access to it agree, and they do agree, that you, your Principals and such employees and/or independent contractors:

6.2.1 will not use any Confidential Information in any other business or capacity;

6.2.2 will keep the Confidential Information absolutely confidential during and after this Agreement's term;

6.2.3 will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

6.2.4 will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Office personnel and others needing to know such Confidential Information to operate the Office, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us. We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

All ideas, concepts, techniques or materials relating to a CareBuilders At Home business, whether or not protectable intellectual property and whether created by or for you or your employees and independent contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive

property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

"Confidential Information" does not include information, knowledge or know-how which you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Office. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

6.3 Client List

You agree that the list of the names, addresses and other information regarding your current clients, former clients, and those who have inquired about the Services (the "Client List") shall be included in the Confidential Information, shall be our property and shall constitute a trade secret of ours. You agree that you may not disclose the Client List, or any portion thereof, to any person other than us, either during the term of this Agreement or thereafter. You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14.2.

ARTICLE 7
EXCLUSIVE RELATIONSHIP

You and your Principals acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You and your Principals therefore agree that, during this Agreement's term, neither you, nor any Principal, nor any member of your Principal(s)' immediate family will:

(a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise) in a Competitive Office (defined below), wherever located or operating;

(b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Office, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or client of the Office to a Competitive Office; or

(d) divert or attempt to divert any actual or potential business or client of any other CareBuilders At Home business operating in the System to your Office.

The term "Competitive Office" means any business that provides or arranges for medical personnel placement services on a temporary or permanent basis, or any business which grants franchises or licenses to others to operate such a business, other than a CareBuilders At Home business operated under a franchise agreement with us. You and your Principals also agree that they will not, during the term of this Agreement, operate or otherwise become affiliated with any Website involving, referring to, or in any way related to a Competitive Office.

Notwithstanding the foregoing, you and your Principals further agree that you and your Principals shall restrict your activities to the operation of the Office franchised hereunder, and neither you nor any of your Principals shall be employed by your Office to provide the Services to clients without our prior written consent. You, your Principals, and any and all immediate family members thereof are strictly prohibited from working as caregivers with clients of the Franchise.

Spousal Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 3.

ARTICLE 8
BUSINESS OPERATION AND SYSTEM STANDARDS

8.1 Condition and Appearance of the Office

You agree that you will not use the Office or any part of the Site for any business purpose other than operating a CareBuilders At Home business in compliance with this Agreement, and that you will place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time. You further agree to maintain the condition and appearance of the Office, its Operating Assets and the Site (including any parking area) in accordance with the System Standards and consistent with the image of a CareBuilders At Home business as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service. Therefore, you agree to take, without limitation, the following actions during this Agreement's term at your expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may prescribe; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

8.2 Products and Services the Office Offers

You agree that you (a) will offer and sell from the Office only the products and services that we periodically specify; (b) will not offer or sell at the Office, the Site or any other location any products or services we have not authorized; and (c) will discontinue selling and offering for sale any products or services that we at any time disapprove. We may change the services offered by CareBuilders At Home businesses by adding additional services or modifying the services offered. If you want to offer an additional service which is in keeping with the types of services provided by a CareBuilders At Home business, you shall request and obtain our prior written approval to do so.

You shall assume all responsibility and expense for recruiting, evaluating and training private-care employees, for diligently marketing and selling the Services, and for otherwise operating the Office according to our System Standards, as we may modify them from time to time. You understand that in recruiting and evaluating candidates, you shall conduct advertising (including job board postings), interviews, background checks (including checks for proper credentials or criminal activity), and drug screenings according to System Standards and the client's requirements and specifications at your cost. You shall also verify eligibility for per diem housing and expense reimbursement, verify I-9 status, and arrange for orientation at the client's facility.

8.3 Approved Products, Services, and Suppliers

We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use in the Office. During this Agreement's term you must purchase or lease all Operating Assets and other products and services for the Office only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services

we or our affiliates provide to you and from payments made to us by suppliers that we designate or approve for some or all of our franchisees).

Upon our request, or if you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria, together with payment of our then-current evaluation fee. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria.

8.4 Compliance with Laws and Good Business Practices

You must secure and maintain in force and in good standing throughout this Agreement's term all required licenses and permits relating to the provision of the Services and the operation of the Office and operate the Office in full compliance with all applicable laws, ordinances and regulations. You must comply with any federal, state and local laws pertaining to labor and employment, including those laws pertaining to wages and work hours, in the vetting and hiring of the candidates you recruit as caregivers in your Designated Territory. You must also comply with all state and federal labor laws and regulations for your administrative staff. Your failure to comply with any such laws shall be a material default of this Agreement.

The Office must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other CareBuilders At Home businesses.

Any client contract, license, city or state license, provider number, or certification under which the Office operates pursuant to this Agreement shall belong to us. You agree to take such steps as are reasonably necessary to assign any such licenses to us, upon our request.

You must notify us in writing within three (3) business days of: (a) the commencement of any action, suit or proceeding relating to the Office; (b) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to the Office (including, without limitation, the revocation or threatened revocation of any license or permit applicable to the Office); (c) any notice of violation from a governing authority of any law, ordinance or regulation relating to the Office; and (d) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to the Office. You must immediately provide to us copies of any documentation you receive of events in (a) through (d) above. If we believe you are not adequately responding to or handling any event listed in (a) through (d), we reserve the right to require you to resolve the matter in a prompt and reasonable manner in accordance with good business practices; we may require you to participate in consultation, issue resolution and/or retraining to address such matters, and we may charge you for such ongoing guidance in accordance with Section 4.2 herein.

You understand and acknowledge that the provisions of a client's contract may require you to participate in accreditation programs, at your expense. If required, you shall take all steps necessary to obtain such accreditation, and we shall provide advice and guidance in preparing for such accreditation.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.

8.5 Insurance

You shall procure, at your sole expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting you, us, our respective officers, directors, partners and employees against any loss, liability, personal injury, death or property damage or expense whatsoever arising or occurring upon or in connection with your Office, as we may reasonably require for our own and your protection. We shall be named an additional insured in such policy or policies.

Such policy or policies shall be written by our designated supplier WorldWide Specialty Programs, Inc. Your policy shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by us in the Operations Manual or otherwise in writing), the following:

8.5.1 workers' compensation, employer's liability and unemployment insurance for your staff according to state requirements;

8.5.2 broad form general liability insurance of at least One Million Dollars ($1,000,000) per occurrence;

8.5.3 employers' non-owned and hired automobile insurance covering your employees;

8.5.4 temporary help services errors and omissions insurance with limits of at least One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate;

8.5.5 permanent employment agency errors and omissions insurance with limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate;

8.5.6 state disability insurance for your staff employees according to state requirements;

8.5.7 fidelity bonding against losses from dishonest acts by your employees in the amount of One Hundred Thousand Dollars ($100,000) with a maximum deductible of Five Thousand Dollars ($5,000). This bond shall also extend to cover any loss to us;

8.5.8 all-risk property damage insurance in an amount to cover the full replacement cost of all equipment loaned to you by us, including a loss payee clause in our favor; and

8.5.9 employment practice liability insurance (EPLI); of at least One Million Dollars ($1,000,000) with a maximum deductible of Ten Thousand Dollars ($10,000) and

8.5.10 any other insurance required by the state or local municipality where the Office is located (which may include the requirement that you obtain professional liability insurance), or as may be required by the lease for your Office.

The amounts required herein may be modified from time to time by us to reflect inflation or future experience with claims. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by us. Not later than two (2) weeks prior to commencement of operations of the Office, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us for approval. Such certificate shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to us and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by you of the obligations under this Section 8 shall not relieve you of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to you.

Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, shall be payable by you immediately upon notice or, in our discretion, we may deduct such amounts from any Distributed Balance payable to you, as described in Section 3.2.

8.6 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Office according to System Standards is essential to preserve the goodwill of the Marks and the goodwill of all CareBuilders At Home businesses. Therefore, you agree at all times to operate and maintain the Office according to each and every System Standard, as we periodically modify and supplement them. System Standards may regulate any aspect of the Office's operation and maintenance, including but not limited to any one (1) or more of the following:

8.6.1 sales, marketing, advertising and promotional programs and materials and media used in these programs;

8.6.2 staffing levels for the Office and employee and/or independent contractor's qualifications, training, dress and appearance (although you have sole responsibility and authority concerning staff selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions);

8.6.3 use and display of the Marks;

8.6.4 days and hours of operation;

8.6.5 participation in market research and testing and product and service development programs;

8.6.6 bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition;

and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential);

8.6.7 types, amounts, terms and conditions of insurance coverage required for the Office, including criteria for your insurance carriers;

8.6.8 standards for customer satisfaction and quality control; and

8.6.9 any other aspects of operating and maintaining the Office that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and CareBuilders At Home businesses.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. Subject to your rights under Section 8.1 relating to alterations to the Office's appearance, layout and/or design and/or replacement of a material portion of your Operating Assets, you acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System) may obligate you to invest additional capital in the Office and/or incur higher operating costs.

All care and Services provided to a CareBuilders At Home client must be performed by a qualified caregiver. Qualifications are based on our credentialing and on-boarding requirements as prescribed in the Operations Manual, including but not limited to criminal background checks, drug screening, driving records checks, satisfactory supervisory references, completion of an I-9 and an application. All caregivers are W2 employees of CareBuilders At Home, LLC. You, your Principals, and any and all immediate family members thereof are strictly prohibited from working as caregivers with clients of the Franchise.

Your administrative employees are key assets to the success of the Franchise. You must notify us when you hire a new staff member for your Office and you must provide us with their title and job description, and we must be notified within three (3) business days when an employee is released.

8.7 Client Contracts

You shall, at all times, maintain a rate and term sheet for each client or a contract with each client, that has been approved by us in writing. You are required to use the form of contract specified by us, and you may not alter our form of contract except to comply with applicable law, and any revisions must first be approved by us. You shall also obtain credit approval for each client according to our System Standards before you may begin providing Services to such client. All contracts for Services will be entered into by and between us and the client, and such contracts shall remain our property. You are not permitted to sign any client contracts or related contractual documents. You are not a party to these client contracts.

In addition, you are required to research the rates of pay and rates being charged to clients by competitors within the Designated Territory, which research shall be conducted not less frequently than every six (6) months during the term of this Agreement. You shall report the result of your research to us in the manner we require.

8.8 Development of Designated Territory

During the term of this Agreement, you shall be responsible for developing all market segments within your Designated Territory to their maximum potential. If we believe, in our reasonable business

judgment, that a market segment of your Designated Territory is not being developed or utilized to its full potential, we reserve the right to appoint an additional representative to service the market segment that we deem to be neglected. The additional representative we designate will be an employee of us or our affiliates. You must pay our then-current management fee for our representative, and you shall reimburse our representative's expenses in so acting, including, but not limited to, travel, lodging and meals expenses, if incurred. We reserve the right to deduct the management fee and expenses from your total revenue, before Direct Costs are deducted.

ARTICLE 9
ADVERTISING AND MARKETING

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

9.1 Participation in Advertising

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all CareBuilders At Home businesses operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

9.2 Local Advertising

In addition to the Brand Development Fee, if and when implemented, you shall spend, throughout the term of this Agreement, not less than one percent (1%) of your Office's total revenue each month on advertising for the Office in your Designated Territory, including approved job board advertising ("Local Advertising"). You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require.

9.3 Brand Development Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right, but not the obligation, to establish, maintain and administer a brand development fund (hereinafter referred to as the "Fund") for such national, regional and/or local advertising programs as we may deem necessary or appropriate, in our sole discretion. We shall not be obligated to establish the Fund until we believe that doing so would be in the best interests of us, our affiliates, our franchisees and the System. If established, you agree to pay the Brand Development Fee, as described in Section 3.3. If we elect to establish the Fund, the Fund will be administered as follows:

9.3.1 The Fund may be managed by us, our designee or a professional agency to advertise and promote the System and CareBuilders At Home businesses. The Fund will be used for national, regional and/or local advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. The Fund will not be audited.

9.3.2 We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting

the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fees). The Fund is not our asset, and it is not a trust. We do not owe you any fiduciary obligations because we maintain the Fund. We may spend in any calendar year an amount greater or less than the aggregate contributions made by all offices contributing to the Fund in that year. We may make loans to the Fund (and the Fund may borrow from us or other lenders) bearing reasonable interest to cover any deficits of the Fund or cause the Fund to invest surplus for future use. Any money remaining in the Fund at the end of any year will carry over to the next year.

9.3.3 Any CareBuilders At Home business owned by us or our affiliates will contribute to the Fund on the same basis as franchisees in the System. Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above, and will not be used for advertising that is primarily a solicitation of new franchisees. We will prepare, and furnish to you upon written request, an unaudited annual statement of funds collected and costs incurred.

9.3.4 We may incorporate the Fund or operate it through a separate entity whenever we want. The Fund is intended to maximize general public recognition and patronage of all CareBuilders At Home businesses and the Marks for the benefit of all CareBuilders At Home businesses. We have no obligation to make sure that expenditures by the Fund are proportionate or equivalent to contributions by your Office or to make sure that any office will benefit directly or in proportion to its contribution to the Fund from the conduct of marketing programs or the placement or advertising.

9.3.5 We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Fund.

9.3.6 We may at any time defer or reduce the Fund contributions of any office and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one (1) or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all offices (whether franchised or operated by us or our affiliates) in proportion to their respective Fund contributions during the preceding twelve (12) month period. If we terminate the Fund we will have the right to reinstated it at any time, and the reinstated Fund will be maintained as described above.

9.4 Conduct of Advertising; Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Operations Manual or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all advertising to be used locally by you, including, but not limited to, "Franchises Available" and reference to our telephone number and/or Website.

9.5 Launch Program

In addition to the ongoing advertising expenditures set forth herein, you shall be required to pay to us an amount equal to Ten Thousand Dollars ($10,000) to be used in your Office's start-up phase. Under this program we will consult with you on the proper allocation of these funds towards marketing, promotions, lead generation, and targeting of potential clients in your Office's first six (6) months of operation to help accelerate the Office's start-up. These funds will be spent to increase traffic and generate leads to your Office's website through online marketing via Pay Per Click (PPC), Search Engine Optimization(SEO) and retargeting. Funds may also be used to promote your Office on social media platforms and to provide local listings and reputation management. Additionally, we shall provide you with a launch kit which shall include such items as brochures, business cards, car magnets, and display signs. Usage of launch program funds shall count against your Office's local advertising requirement. We may pay launch program vendors out of the program funds on your behalf, or we may reimburse you from the launch program funds for payments you make directly to vendors.

9.6 Websites

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, internet and world wide web home pages. In connection with any Website, you agree to the following:

9.6.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, CareBuilders At Home businesses and any or all of the products and services offered at offices, the franchising of CareBuilders At Home businesses, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

9.6.2 We shall have the right, but not the obligation, to designate one (1) or more web page(s) to describe you and/or your Office, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

9.6.3 You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under this Article 9.

9.6.4 We shall have the right to modify the provisions of this Section 9.6 relating to Websites as we shall solely determine is necessary or appropriate.

9.6.5 You understand and agree that you may not promote your Office or use any Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn and Twitter, without our prior written consent. You must comply with our System standards regarding the use

of social media in your Office's operation, including prohibitions on your and the Office's employees posting or blogging comments about the Office or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

9.6.6 You understand and agree that we will provide you with an email address for your use in operating the Office, and you shall not establish a separate email address for the Office without our prior written consent.

ARTICLE 10
RECORDS, REPORTS AND FINANCIAL STATEMENTS

10.1 Records and Reporting Requirements

You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time. All of your bookkeeping and recordkeeping practices shall conform to applicable federal, state or local requirements. We will require you to use a Computer System to input and maintain certain sales data, financial information and other information, in such formats and in such manner as we periodically prescribe, and to store, save, back up and transmit that data and information to us on a schedule we periodically prescribe. You also must maintain the Computer System and purchase the hardware and software we designate in order to allow us unlimited access to, and the ability to download, all information in your Computer System at any time. You shall, at all times during the term of this Agreement, maintain a highspeed internet connection for the Computer System. We shall have access to the data on your Computer System at all times, and any data related to the Office shall become our property.

You agree to give us, in the manner and format that we periodically prescribe:

(a) within thirty (30) days after the end of each calendar quarter, the operating statements, financial statements, statistical reports and other information we request regarding you and the Office covering that quarter, prepared according to generally accepted accounting principles;

(b) within forty-five (45) days after the end of the Office's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Office as of the end of that fiscal year, prepared according to generally accepted accounting principles; and

(c) within ten (10) days after filing thereof, exact copies of federal and state income and other tax returns and any other forms, records, books and other information we periodically require relating to the Office, you and your Principals, or the Franchise (we will use reasonable efforts to keep such records confidential).

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not (without your consent) disclose your identity in any materials that we circulate publicly. If you ever receive formal notice from us of your failure to comply with your reporting or payment obligations under this Agreement, we may require you to have reviewed financial statements prepared annually during this Agreement's remaining term.

10.2 Our Right to Audit

We may at any time during your business hours, and with seventy-two (72) hours' prior notice to you, examine the Office's bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any inspection or audit. If any inspection or audit discloses an understatement of any amounts owed to us, you shall pay such understated amount together with applicable interest thereon. If any inspection or audit discloses a discrepancy of three percent (3%) or more of any amounts owed to us, then in addition to paying any understated amount plus interest, you agree to reimburse us for the cost of our examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees and/or independent contractors. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

ARTICLE 11
INSPECTIONS

To determine whether you and the Office are complying with this Agreement and all System Standards, we and our designated agents and representatives may at all times during normal business hours, and with seventy-two (72) hours' prior notice to you, inspect your Office. During any inspection conducted by us or our designated agents or representatives we may, without limitation:

(a) inspect the Office;

(b) observe, photograph, and videotape the Office's operation for consecutive or intermittent periods we deem necessary;

(c) interview Office personnel and clients; and

(d) inspect and copy any books, records and documents relating to the Office's operation, including, but not limited to, verifying your compliance with client contracts; license, permit and/or credential requirements; and worker's compensation rules.

You agree to cooperate with us and/or our agents fully. If we exercise any of these rights, you will use your best efforts not to interfere unreasonably with the Office's operation. You agree to present to your clients the evaluation forms that we periodically prescribe and to participate and/or request your clients to participate in any surveys performed by or for us.

ARTICLE 12
TRANSFER

12.1 By Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; sell or buy company shares; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with

regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "CareBuilders At Home, LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the temporary or permanent employment business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

12.2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your Principals and that we have granted you the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Principals. Accordingly, neither (i) this Agreement (or any interest in this Agreement), nor (ii) any interest in the ownership of you, the Franchise, the Office (or any right to receive all or a portion of the Office's profits or losses), or all or substantially all of the Operating Assets, may be transferred without our prior written approval. A transfer of the Office's and the Operating Assets' ownership, possession or control may be made only with a transfer of this Agreement. Any transfer without our prior written approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

12.2.1 transfer of interest, in whole or in part, in this Agreement, the Operating Assets or the Office (or any right to receive all or a portion of the Office's profits or losses) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law; or

12.2.2 if you or any Principal die, transfer of an interest in this Agreement, the Operating Assets or the Office (or any right to receive all or a portion of the Office's profits or losses) by will, declaration of or transfer in trust, or under the laws of intestate succession; or

12.2.3 pledge of this Agreement (to someone other than us) as security, foreclosure upon the Office, or your transfer, surrender or loss of the Office's possession, control or management; or

12.2.4 if you are an entity, the transfer of shares, partnership or member interests, or other ownership interests of you, among the Principals or to a new principal; or

12.2.5 merger or consolidation or issuance of additional securities representing ownership interests; or

12.2.6 any sale of ownership interests carrying voting rights in you or any security convertible to voting ownership interests in you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest.

12.3 Conditions for Approval of Transfer

If you and your Principals are in full compliance with this Agreement, then, subject to the other provisions of this Section, we will not unreasonably withhold our approval of a transfer that meets all the requirements in this Section; provided, however, that if the transfer is of a minority ownership interest in you (and you retain a majority equity interest and voting control), Subsections 12.3.2, 12.3.5, 12.3.6, 12.3.7, 12.3.10 and 12.3.11 below shall not apply. Except as described in the previous sentence, all of the following conditions must be met before or concurrently with the effective date of the transfer:

12.3.1 the transferee and its principals must be individuals of good moral character and otherwise meet our then applicable standards for a CareBuilders At Home franchisee;

12.3.2 the transferee has sufficient business experience, aptitude and financial resources to operate the Office;

12.3.3 you have paid all required Continuing Royalty Fees, Brand Development Fees and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates;

12.3.4 the transferee does not operate, or have an ownership or other interest in or relationship with a Competitive Office or has fully divested all such ownership or other interest in such Competitive Office at least fourteen (14) days prior to transfer, and shall execute an affidavit undertaking to such effect;

12.3.5 the transferee satisfactorily completes our training program;

12.3.6 the transferee and any other persons designated by us sign our then-current form of franchise agreement and related documents, the provisions of which may differ materially from any and all of those contained in this Agreement and the term of which shall be for the remaining term of this Agreement at the time of transfer;

12.3.7 you or the transferee pay us, upon consummation of the transfer, a transfer fee equal to Ten Thousand Dollars ($10,000); provided, however, that in the event the transfer is to an immediate family member (which for purposes of this Agreement includes parents, siblings and/or children), the transfer fee payable hereunder shall be Seven Thousand Five Hundred Dollars ($7,500);

12.3.8 you and the transferring Principals sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied);

12.3.9 we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Office;

12.3.10 if we finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Office are subordinate to the transferee's obligation to pay Continuing Royalty Fees and other amounts due to us and otherwise to comply with this Agreement;

12.3.11 the landlord of the Office must consent in writing to the assignment of your lease to the transferee;

12.3.12 if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee will be your Principal and as such agrees to be individually bound by the obligations in this Agreement and is not released from any obligations to us;

12.3.13 you agree for two (2) years beginning on the transfer's effective date, not to engage in any of the activities prescribed in Section 15.4 below;

12.3.14 you will not directly or indirectly at any time or in any manner (except with respect to other CareBuilders At Home businesses you own and operate pursuant to franchise agreements with us) identify yourself or any business as a current or former CareBuilders At Home business or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a CareBuilders At Home business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us; and

12.3.15 the spouse of transferee, if applicable, shall execute our Spousal Guaranty.

We may review all information regarding the Office that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Office.

12.4 Transfer to a Wholly Owned or Controlled Entity

If you are an individual or individuals and are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a transfer of this Agreement, the Franchise, and the Office, one (1) time only, to a corporation or comparable legal entity: (i) which conducts no business other than the CareBuilders At Home business, and (ii) in which the Principal(s) originally purchasing the Franchise maintain control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests in the same proportional interest as originally owned. Such an assignment shall not relieve you and your Principals of your obligations hereunder; the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us. Copies of the articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may reasonably be required by us shall be furnished to us prior to the addition of your corporation or limited liability company as a "franchisee" under this Agreement. Shareholder certificates or other documents representing ownership interests of such legal entity must be endorsed with a legend in form approved by us reciting that the transfer of interests in you is subject to the restrictions of this Agreement. A transfer pursuant to this Section 12.4 may occur one (1) time only without payment of the transfer fee.

12.5 Transfer Upon Death or Disability

If you or one of your Principals die, leaving, in our discretion, no fully experienced survivor capable of carrying on the business of the Office in a satisfactory manner, or shall become disabled from performing their functions for a period of time that the viability of the Office is endangered in our reasonable opinion, or if you cease to operate under the provisions of this Agreement for any other reason, we shall be entitled, at our option, to hire a manager to operate the day-to-day business at your cost, or to cause the immediate assignment of your rights and interest in this Agreement to us. If an assignment occurs as the result of the death or disability of you or one of your Principals and if the Office has been in operation for twelve (12) months or longer (but not otherwise), we shall pay you (or your survivors or estate, as the case may be) an amount equal to fifty percent (50%) of that portion of the net sales (being total revenue less Direct Costs) of the Office during the six (6) months next following your ceasing to so operate, based upon actual net sales for Services performed by the Office during that six (6) month period. The purchase price shall be paid in installments on the last day of each of the twelve (12) fiscal months next following our exercise of this option, in amounts representing each half-fiscal month's net sales. Any amounts payable to you hereunder shall be offset by any amounts due to us from you.

12.6 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Office's operations which would cause harm to the Office, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Office, operate the Office for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Office during such period of operation by us shall be kept in a separate account, and the expenses of the Office, including reasonable compensation and expenses for our representative as well as our other expenses incurred in exercising our rights pursuant to this Section 12.6, shall be charged to said account. If, as herein provided, we temporarily operate the Office franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

12.7 Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Office's or transferee's prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee's full compliance with this Agreement's terms or conditions.

12.8 Our Right of First Refusal

If you at any time determine to sell or transfer (a) an interest in this Agreement, (b) all or substantially all of the Operating Assets, or (c) the Office (including the right to receive your portion of the Office's profits or losses) – except to or among your Principals – you agree to obtain from a responsible and fully disclosed buyer, and send to us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement, the Operating Assets and the Office. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (i) we may substitute cash for any form of payment proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed buyer; (iii) we will have not less than sixty (60) days to prepare for closing after notifying you of our election to purchase; and (iv) we must receive, and you agree to make, all customary representations and warranties given by the seller of the assets of a business, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased. If we exercise our right of first refusal, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 below.

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided in Sections 12.2 and 12.3 above. If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

12.9 Ownership Structure

If you are an entity, you represent and warrant that your ownership structure is as set forth on Attachment 1 hereto and covenant that you will not vary from that ownership structure without our prior written approval.

As the Franchise owner you must designate yourself with one of the following approved titles: Executive Director, Managing Director, Franchise Owner or President.

ARTICLE 13
GRANT OF A RENEWAL FRANCHISE

13.1 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the initial term of this Agreement) to renew the franchise hereunder for up to two (2) additional terms of five (5) years each, if:

13.1.1 you have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

13.1.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

13.1.3 you are able to maintain possession of the Site for the Office (or at a relocated site) pursuant to a lease reasonably acceptable to us;

13.1.4 you refurbish, upgrade, and/or renovate your Office as we require in order that your Office will meet our then-current standards and image for CareBuilders At Home businesses;

13.1.5 the landlord of the site consents to a renewal or extension of the lease;

13.1.6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

13.1.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied); and

13.1.8 you pay to us a renewal fee equal to Five Thousand Dollars ($5,000).

13.2 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Office premises is not extended before your renewal term is to take effect to cover the first year of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the first year of the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

13.3 Renewal Under Law

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

13.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within thirty (30) days after we have delivered them to you.

ARTICLE 14
TERMINATION OF AGREEMENT

14.1 Our Termination Rights – No Opportunity to Cure

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

14.1.1 you or any of your Principals have made or make a material misrepresentation or omission in acquiring the Franchise or operating the Office;

14.1.2 you fail to open the Office for business within the time frame required by Section 2.4;

14.1.3 you do not satisfactorily complete initial training, after giving you an opportunity to re-take the initial training;

14.1.4 you abandon or fail actively to operate the Office for thirty (30) or more consecutive business days without our prior approval, except for in the case of acts of God, war, terrorism and other situations which are beyond your control;

14.1.5 you or any Principal surrenders or transfers control of the Office's operation without our prior written consent;

14.1.6 you or a Principal are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or misdemeanor involving violence, or moral turpitude, or if you or any

Principal engage in consumer fraud, dishonesty, diversion or attempted diversion (either intentional or by neglect) of payments due to us hereunder, breach of ethical standards generally recognized in the in-home private care services field, or engage in any illegal activities at or from the Office, whether or not such actions result in conviction by a trial court;

14.1.7 you interfere with our right to inspect the Office or observe its operation, as provided in Article 11 of this Agreement;

14.1.8 you or any Principal engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Office's reputation, the reputation of other CareBuilders At Home businesses or the goodwill associated with the Marks;

14.1.9 you or any Principal make an unauthorized assignment or transfer of this Agreement, all or substantially all of the Operating Assets, the Office or the right to receive all or any part of the Office's profits or losses;

14.1.10 any material licenses or permits necessary for the Office's proper operation are revoked or not renewed;

14.1.11 you or any Principal make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information, or disclose all or any part of the Client List;

14.1.12 you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Office's operation, unless you are in good faith contesting your liability for these taxes;

14.1.13 you (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us (or our affiliates), or otherwise to comply with this Agreement, whether or not you correct any of these failures after we deliver written notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not you correct either of the failures after we deliver written notice to you;

14.1.14 you, or any of your Principals shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or any of your Principals or such a petition is filed against and not opposed by you or such Principal; if you or any of your Principals is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets or any of your Principals or their business or assets is filed and consented to by you or such Principal; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, or the assets or property of any of your Principals, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you or any of your Principals; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your or their business or property; if suit to foreclose any lien or mortgage against the Office premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Office shall be sold after levy thereupon by any sheriff, marshal, or constable;

14.1.15 you, your Principals or any immediate family member thereof violates the restrictions of Article 7 (Exclusive Relationship) or any other non-compete agreement. As used herein, the

term “immediate family” includes a spouse or life partner, children (including step-children and adopted children), parents and siblings;

14.1.16 you cause or permit to exist a material default under the lease or sublease for the site and fail to cure such default within the applicable cure period set forth in the lease or sublease;

14.1.17 you fail to pay us (or our affiliates) any amounts due and do not correct the failure within five (5) business days after we deliver written notice of that failure to you;

14.1.18 your or your Principals’ assets, property or interests are “blocked” under any law, ordinance or regulation relating to terrorist activities or if you or your Principals otherwise are in violation of any such law, ordinance or regulation, or any other law, ordinance or regulation applicable to the Office; or

14.1.19 you fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you.

14.2 Our Termination Rights – Opportunity to Cure

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you:

14.2.1 fail or refuse to make payments of any amounts due us for Continuing Royalty Fees or any other amounts due to us or our affiliates, and do not correct such failure or refusal within five (5) business days after written notice of such failure is delivered to you;

14.2.2 fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise in writing, and do not correct such failure within thirty (30) days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected; if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to you;

14.2.3 materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks and do not correct the misuses or unauthorized use within thirty (30) days of receiving notice;

14.2.4 have any required license or permit suspended and do not reinstate such license or permit in good standing within thirty (30) days of receiving notice;

14.2.5 fail to maintain the insurance and/or bonds required hereunder and do not obtain such required insurance and/or bonds within seven (7) days of receiving notice;

14.2.6 receive an unreasonable amount of patient or client complaints against your Office which, in our reasonable judgment, damage the goodwill of us and/or the Proprietary Marks and which are not resolved to our satisfaction; or

14.2.7 fail or refuse to comply with any federal, state or local laws pertaining to labor and employment, including but not limited to those pertaining to wages and work hours, in the vetting and

hiring of caregivers, and/or any state or federal labor laws and regulations in employing Office staff. You shall have five (5) days in which to cure such default.

14.3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, we may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

14.4 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

14.5 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement.

14.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 15
RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

15.1 Payment of Amounts Owed

You agree to pay, within thirty (30) days after this Agreement expires or is terminated, or on any later date that we determine, the amounts due to us or our affiliates which then are unpaid.

15.2 De-Identification

When this Agreement expires or is terminated for any reason:

15.2.1 you shall not directly or indirectly at any time thereafter or in any manner (except in connection with other CareBuilders At Home businesses you own and operate pursuant to Franchise Agreements with us): (a) identify yourself or any business as a current or former CareBuilders At Home business or as one of our franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of a CareBuilders At Home business in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

15.2.2 you agree to take the action required to cancel all fictitious or assumed name (d/b/a) or equivalent registrations relating to your use of any Mark;

15.2.3 you agree to deliver to us within thirty (30) days all signs; advertising, marketing and promotional materials; forms; and other materials containing any Mark or otherwise identifying or relating to a CareBuilders At Home business that we request and allow us, without liability to you or third parties, to remove these items from the Office;

15.2.4 if we do not exercise an option to purchase the Office under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in the Operations Manual (or otherwise) to distinguish the Office clearly from its former appearance and from other CareBuilders At Home businesses in order to prevent public confusion;

15.2.5 you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and telephone directory listings associated with any Mark, to authorize the transfer of these numbers and directory listings to us or at our direction, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. As soon as you obtain any such numbers and listings, you shall sign our form of Internet Advertising, Social Media and Telephone Account Agreement, attached to this Agreement as Attachment 4. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events;

15.2.6 you agree to notify all internet-based service providers used by you in the operation of the Office, including, without limitation, job posting boards, internet advertisements and/or social or networking Website accounts (whether or not established according to the provisions of this Agreement), that you are no longer authorized to use such services related to the Office, that we own all accounts related to such services, and you shall take all actions required to ensure that ownership of such services and/or accounts is transferred to us; and

15.2.7 you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of Confidential Information in any business or otherwise and return to us all Confidential Information, including all copies of the Operations Manual, the Client List, all client records and any confidential materials that we have loaned you. You shall also assign to us or our designee (which may be another franchisee in the System) each client contract and, if applicable, employment contract with private-care employees in effect at the time this Agreement expires or is terminated, and you shall execute any documents necessary to effectuate such assignment. You understand and acknowledge that we have the right to withhold payments otherwise due to you under this Agreement (without loss of our rights to any other remedies provided by law) in the event of any breach by you of your duty to assist in the orderly transfer of client contracts and employment contracts to us or our designee.

15.4 Covenant Not to Compete

Upon our termination of this Agreement according to its terms and conditions, upon transfer of this Agreement, or upon expiration of this Agreement without renewal, you agree that, for two (2) years beginning on the effective date of termination, the effective date of transfer, the expiration date or the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4, neither you nor any Principal will have any direct or indirect interest (e.g. through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Office (as defined in Article 7 above) within seventy-five (75) miles of any CareBuilders At Home business in the System.

You and your Principals expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, we in enforcing the covenants made in this Section will not deprive you or your Principals of your or their personal goodwill or ability to earn a living.

15.5 Our Right to Purchase Office

15.5.1 Exercise of Option. Upon our termination of this Agreement according to its terms and conditions or upon expiration of this Agreement without renewal, we have the option, exercisable by giving you written notice within thirty (30) days after the date of termination or expiration, to purchase any assets of the Office that we designate. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise.

15.5.2 Purchase Price. The purchase price for the assets we choose to acquire will be their book value, provided that these items will not include any value for the Franchise or any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, and other intellectual property or participation in the network of CareBuilders At Home businesses. For purposes of determining the book value of all equipment (including the Computer System) used in operating the Office, the equipment's useful life shall be determined to be no more than three (3) years.

15.5.3 We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option. We may set off

against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Office's licenses and permits which may be assigned or transferred.

15.5.4 If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our respective shareholders, officers, directors, employees, agents, representatives, successors and assigns. If we exercise our rights under this Section 15.5, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 above.

15.6 Continuing Obligations

All of our and your obligations hereunder which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

15.7 Liquidated Damages

If we terminate this Agreement pursuant to Article 14, you must pay us liquidated damages equal to the average value of the Continuing Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by twenty-four (24), being the number of months in two (2) full years.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Continuing Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Continuing Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Continuing Royalty Fee section. You and each of your Principals agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Continuing Royalty Fee section.

ARTICLE 16
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

16.1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with clients, suppliers, public officials, Office personnel and others as the Office's independent owner under a Franchise we have granted. You further agree to place notices of independent ownership on the forms, business cards, stationery,

advertising and other materials we require from time to time, including without limitation a conspicuously placed sign at the Office.

16.2 No Liability for Acts of Other Party

We and you agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Office's operation or the business you conduct under this Agreement.

16.3 Taxes

We will have no liability for any sales, use, service, occupation, excise, sales, income, property, corporate or other taxes, whether levied upon you or the Office, due to the business you conduct (except any taxes we are required by law to collect from you for purchases from us, if we are an approved supplier). You are responsible for paying these taxes.

16.4 Indemnification by You

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Franchisor Indemnified Parties") from and against, and to reimburse any one (1) or more of the Franchisor Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the Office's operation, the business you conduct under this Agreement, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Franchisor Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Franchisor Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, a Franchisor Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Franchisor Indemnified Party for any amount that the Franchisor Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. A Franchisor Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that a Franchisor Indemnified Party may recover from you.

16.5 Indemnification by Us

To the fullest extent permitted by law, we agree to indemnify, defend and hold harmless you, your affiliates, and your respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Franchisee Indemnified Parties") from and against, and to reimburse any one (1) or more of the Franchisee Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of our gross negligence or intentional acts. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Franchisee Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution,

including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Franchisee Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at our expense, and we may settle any claim or take any other remedial, corrective or other actions relating to any claim we may choose. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. A Franchisee Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against us. We agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that a Franchisee Indemnified Party may recover from us.

ARTICLE 17
MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION

17.1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto; otherwise upon your receipt of written notice of non-enforcement thereof from us. If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. You agree to be bound by any such modification to this Agreement.

17.2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of ours or yours to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of

the same, similar or different nature, with respect to other CareBuilders At Home businesses; or our acceptance of any payments due from you after any breach of this Agreement.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our respective obligations results from: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (c) acts of God; (d) fires, strikes, embargoes, war or riot; or (e) any other similar event or cause, except where you are found to have deliberately or by gross negligence been the direct or indirect cause of the calamity. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Continuing Royalty Fees, Brand Development Fees or other payments due hereunder.

17.3 Injunctive Relief

Notwithstanding anything to the contrary contained in Section 17.6 of this Article, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute to arbitration on the merits in accordance with Section 17.6 of this Article. You agree that we may have such temporary or preliminary injunctive relief without bond, but upon due notice, and your sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

17.4 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercises or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce.

17.5 Costs and Attorneys' Fees

If we incur expenses in connection with your failure to pay when due amounts to us or our affiliates, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you shall reimburse us for any such costs and expenses which we incur, including but not limited to reasonable legal, arbitrators', accounting and related fees.

17.6 Dispute Resolution

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Nassau County, New York, under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not

inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

17.7 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of New York, without regard for its conflicts of laws principles.

17.8 Jurisdiction

With respect to actions described in Section 17.3 above and any other actions not subject to arbitration under Section 17.6 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in Nassau County, New York. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.9 Waiver of Punitive Damages

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

17.10 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

17.11 You May Not Withhold Payments

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Continuing Royalty Fees, Brand Development Fees, Direct Costs, amounts due to us for purchases by you or any other amounts due to us.

17.12 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to our right to modify the Operations Manual, this Agreement shall not be modified except by written agreement signed by you and us.

17.13 Limitations of Claims

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims. You must notify us within twenty-four (24) hours of any and all notices of claims, litigation threats; and employment issues.

17.14 Entire Agreement; Construction

The preambles and attachments are a part of this Agreement, which together with the Operations Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporate entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee hereunder, their obligations and liabilities to us shall be joint and several. References to "Franchisee" and "transferee" which are applicable to an individual or individuals shall also mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

17.15 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

17.16 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your Office is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Office which would cause harm to the System and thereby lessen its value, you authorize us to operate your Office for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Office if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Office; or we determine that operational problems require that we operate your Office for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Office as a going concern.

17.17 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your Office, less the expenses of the Office, including reasonable compensation and expenses for our representatives as well as our other expenses incurred in exercising our rights pursuant to Sections 17.16 and 17.17. In the event of our exercise of the Step-In Rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

ARTICLE 18
NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(a) at the time delivered by hand with confirmation receipt;

(b) with respect to the Continuing Royalty Fee and other amounts due, at the time we actually credit/debit your account (if we use electronic funds transfer for the Office);

(c) with respect to materials that we post on our intranet or similar electronic site for franchisees, at the time such materials are first accessible at the site;

(d) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent; or

(e) with respect to notices to you of any breach of this Agreement, one (1) business day after being placed in the hands of a commercial courier service for next business day delivery or by Certified Mail, Return Receipt Requested.

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, and signed by the party giving the same. The addresses for notification are as set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

ARTICLE 19
SECURITY INTERESTS

19.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Office, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Office. All items in which a security interest is granted are referred to as the "Collateral".

19.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

19.2.1 All amounts due under this Agreement or otherwise by you;

19.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

19.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

19.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

19.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Office, including, but not limited to, a real property mortgage and equipment leases.

19.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one (1) or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

19.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

19.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

19.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 20
ACKNOWLEDGMENTS

You shall acknowledge the truthfulness of the statements contained in Attachment 5 hereto. Your acknowledgements are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 5 is incomplete or incorrect.

The parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	**Percentage of Ownership**

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

SITE AND DESIGNATED TERRITORY

1. The Site of the Office will be located at (to be filled in subsequent to the acquisition of the Franchise territory as per paragraph 2.1 of the Franchise Agreement):

2. The Designated Territory shall be:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____
Date:_____

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT

SPOUSAL GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on ____ _____ (the "Effective Date"), to CareBuilders At Home, LLC, a Georgia limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchisee Agreement") with _____ _____, a(n) _____, _____ _____ and _____(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Articles 6 and 7 and Sections 15.3 and 15.4 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____

Signature

Name:_____

Address:_____

_____

_____

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of _____ (the "Effective Date"), by and between CareBuilders At Home, LLC, a Georgia limited liability company (the "Franchisor"), and _____, a _____, and _____ _____'s Principal, _____, an individual (jointly, "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a CareBuilders At Home business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the CareBuilders At Home brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Office or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Office or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary

to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

FRANCHISEE ACKNOWLEDGMENT STATEMENT

You hereby acknowledge the following:

1. You have conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchise. You further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchise provided for in this Agreement has been made to you by us and you and any and all principals hereby waive any claim against us for any business failure you may experience as a franchisee under this Agreement.

_____
Initial

2. You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.

_____
Initial

3. You agree that no claims of success or failure have been made to you prior to signing the Franchise Agreement and that you understand all the terms and conditions of the Franchise Agreement. You further acknowledge that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. We expressly disclaim the making of, and you acknowledge that you have not received or relied

upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. You acknowledge that our approval or acceptance of your Office's location does not constitute a warranty, recommendation, or endorsement of the location for the Office, nor any assurance by us that the operation of the Office at the premises will be successful or profitable.

_____
Initial

7. You acknowledge that you have received the CareBuilders At Home, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

_____
Initial

8. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants, and other advisors and that the attorneys for us have not advised or represented you with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that we do not warrant that

such products will not be sold within the your Designated Territory by others who may have purchased such products from us.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CAREBUILDERS AT HOME, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

Acknowledged this day of _____.

INDIVIDUAL FRANCHISEE:

_____
Signature
Name:_____

FRANCHISEE ENTITY:

_____

By:_____
Name:_____
Title:_____

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this day of _____, by _____, a(n) _____ _____ ("Franchisee"), a franchisee of CareBuilders At Home, LLC, a Georgia limited liability company ("Franchisor"), and _____, an individual ("Covenantor"), in connection with a Franchise Agreement dated _____.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ _____ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, trademark "CareBuilders At Home" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of a CareBuilders At Home franchise (the "Franchised Business");

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the CareBuilders At Home operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. **Confidentiality Agreement.**

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential

Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. <u>Covenants Not to Compete</u>.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer, vendor or referral source of the Franchised Business or of other CareBuilders At Home franchisees in the System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any recruiting or staffing business similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for two (2) years thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer, vendor or referral source of the Franchise or of other franchisees in the CareBuilders At Home System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any recruiting or staffing business similar to the System within seventy-five (75) miles outside of the boundaries of the Franchisee's Designated Territory or within seventy-five (75) miles of any CareBuilders At Home office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF NEW YORK. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF NEW YORK; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused.

All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

_____

_____

If directed to Covenantor:

_____

_____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

COVENANTOR:

_____

Name:_____

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to CareBuilders At Home, LLC, a Georgia limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a CareBuilders At Home business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE: CAREBUILDERS AT HOME, LLC	ASSIGNOR: _____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a CareBuilders At Home business.

Dated:_____

_____

_____, Lessor

EXHIBIT D TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS
INCLUDING GUARANTEE OF PERFORMANCE

Form E – Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, ATC Healthcare, Inc., a Delaware corporation (the "Guarantor"), located at 1983 Marcus Avenue, Suite 122, Lake Success, New York, 11042, absolutely and unconditionally guarantees to assume the duties and obligations of CureBuilders At Home, LLC, located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all obligations of the Franchisor under the franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Lake Success NY on the 12 day of January, 2021.

Guarantor:
ATC HEALTHCARE, INC.

By: _____

Name: David Savitsky

Title: CEO

ATC HEALTHCARE, INC.
AND SUBSIDIARIES

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2020 AND 2019

ATC HEALTHCARE, INC. AND SUBSIDIARIES

CONTENTS

Independent Auditor's Report 1

Consolidated Financial Statements:

Consolidated Balance Sheets 2

Consolidated Statements of Operations 3

Consolidated Statements of Stockholders' Equity 4

Consolidated Statements of Cash Flows 5

Notes to Consolidated Financial Statements 6 - 31

Hoberman & Lesser
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

252 West 37th Street, Suite 600 E
New York, NY 10018-6636
212-463-0900
www.hobermanlesser.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ATC Healthcare, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ATC Healthcare, Inc. and Subsidiaries which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ATC Healthcare, Inc. and Subsidiaries as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hoberman & Lesser CPA's, LLP

January 28, 2021
New York, New York

MGI Worldwide is a network of independent audit, tax, accounting and consulting firms. MGI Worldwide does not provide any services and its member firms are not an international partnership. Each member firm is a separate entity and neither MGI Worldwide nor any member firm accepts responsibility for the activities, work, opinions or services of any other member firm. For more information visit www.mgiworld.com/legal

A member of mgiworldwide

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Share and Per Share Data)

AS OF		September 30, 2020		September 30, 2019
ASSETS				
Current Assets				
Cash	$	3,130	$	642
Accounts receivable, less allowance for doubtful accounts of $613 and $476		18,003		14,451
Notes receivable - franchisees		99		106
Prepaid expenses and other current assets		1,672		1,339
Total Current Assets		22,904		16,538
Fixed assets, net		971		388
Intangible assets		265		165
Goodwill		4,379		4,379
Notes receivable - Officers		4,104		3,736
Notes receivable - Franchisees		906		548
Investment in Flexwise Health, Inc.		98		706
Other assets		324		1,137
Total Assets	$	33,951	$	27,597
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Due under bank financing - revolver	$	83	$	896
Accounts payable		1,209		675
Accrued expenses and other current liabilities		10,026		7,992
Total Current Liabilities		11,318		9,563
Note payable, related party		654		595
Other liabilities		663		267
Total Liabilities		12,635		10,425
Commitments and Contingencies				
Stockholders' Equity				
Class A Common Stock - $.01 par value; 320,000,000 shares authorized; 200,481,242 and 181,596,941 shares issued and outstanding		2,004		1,815
Class B Common Stock - $.01 par value; 1,554,936 shares authorized; 166,158 shares issued and outstanding		2		2
Additional paid-in capital		33,072		33,049
Accumulated deficit		(13,762)		(17,694)
Total Stockholders' Equity		21,316		17,172
Total Liabilities and Stockholders' Equity	$	33,951	$	27,597

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

FOR THE YEARS ENDED	September 30, 2020	September 30, 2019
Revenues		
Service revenues	$ 109,472	$ 85,818
Costs and Expenses		
Service costs	79,616	61,661
Franchise fees and licensee royalty expenses	15,326	11,694
General and administrative expenses	9,276	7,867
Depreciation and amortization	60	68
Total Operating Expenses	104,278	81,290
Income from Operations	5,194	4,528
Other (Expense) Income		
Interest expense, net	(75)	(126)
Gain on deconsolidation of subsidiary	-	554
Loss from equity investment	(607)	(777)
Other expense	(89)	(519)
Total Other Expense, Net	(771)	(868)
Income Before Provision for Income Taxes	4,423	3,660
Provision for Income Taxes	491	250
Net Income	$ 3,932	$ 3,410

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in Thousands)

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

	CLASS A COMMON STOCK SHARES	CLASS A COMMON STOCK AMOUNT	CLASS B COMMON STOCK SHARES	CLASS B COMMON STOCK AMOUNT	ADDITIONAL PAID -IN CAPITAL	ACCUMULATED DEFICIT	NONCONTROLLING INTEREST IN SUBSIDIARY	TOTAL
BALANCE -October 1, 2018	***181,596,941***	***$ 1,815***	***166,158***	***$ 2***	***$ 33,049***	***$ (21,104)***	***$ (330)***	***$ 13,432***
DECONSOLIDATION OF SUBSIDIARY	-	-	-	-	-	-	330	330
NET INCOME	-	-	-	-	-	3,410	-	3,410
BALANCE -September 30, 2019	***181,596,941***	***1,815***	***166,158***	***2***	***33,049***	***(17,694)***	***-***	***17,172***
STOCK BASED COMPENSATION	-	-	-	-	23	-	-	23
OPTIONS EXERCISED	18,884,301	189	-	-	-	-	-	189
NET INCOME	-	-	-	-	-	3,932	-	3,932
BALANCE -September 30, 2020	***200,481,242***	***$ 2,004***	***166,158***	***$ 2***	***$ 33,072***	***$ (13,762)***	***$ -***	***$ 21,316***

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

FOR THE YEARS ENDED	September 30, 2020	September 30, 2019
Cash Flows from Operating Activities		
Net income	$ 3,932	3,410
Adjustments to Reconcile Net Income		
to Net Cash Provided By Operating Activities		
Depreciation and amortization	60	68
Stock based compensation	23	-
Provision for doubtful accounts	137	182
Interest accrued on notes payable, related parties	60	60
Interest accrued on notes receivable, officers	(179)	(77)
Gain on deconsolidation of Flexwise Health, Inc.	-	(554)
Loss from equity investment	607	777
Loss on agreement with former software provider	25	-
Changes in Operating Assets and Liabilities		
Accounts receivable	(3,689)	558
Prepaid expenses and other current assets	(333)	(560)
Other assets	111	(10)
Accounts payable and accrued expenses	2,208	1,226
Other liabilities	27	(122)
Net Cash Provided By Operating Activities	2,989	4,958
Cash Flows from Investing Activities		
Capital expenditures	(289)	(398)
Investment in Flexwise Health, Inc.	-	(198)
Proceeds from settlement agreement with prior software vendor	350	-
Net Cash Provided By (Used In) Investing Activities	61	(596)
Cash Flows from Financing Activities		
Collection of (issuance of) notes receivable - Franchisees, net	251	(826)
Issuance of notes receivable - officers	(189)	(3,000)
Proceeds from exercise of stock options	189	-
(Repayment of) proceeds from bank financing - Revolver, net	(813)	51
Issuance of notes receivable - Flexwise Health, Inc.	-	(250)
Advances on behalf of Flexwise Health, Inc.	-	(145)
Net Cash Used In Financing Activities	(562)	(4,170)
Net Increase in Cash	2,488	192
Cash - Beginning of year	642	450
Cash - End of Year	$ 3,130	$ 642
Supplemental Data		
Interest paid	$ 166	$ 183
Income taxes paid	$ 370	$ 390
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchase of capital expenditures	$ 729	
Investment in Flexwise Health, Inc. in exchange for previously issued notes receivable and advances		$ 395
Territories aquired in satisfaction of note receivable franchisee	$ 100	
Reclassification of other asset to note receivable franchisee in connection with settlement agreement	$ 702	
Reclassification of accrued expense to other liabilities in connection with legal settlement	$ 369	

See notes to consolidated financial statements.

1. Organization

ATC Healthcare, Inc. (the "Parent") through its majority owned subsidiaries (collectively the "Company") provide temporary (predominantly healthcare) staffing services including per diem, short-term contracts and travel nurses throughout the United States. The Company services hospitals, government facilities and other entities. The Company offers a skills list of qualified health care associates in various job categories ranging from the highest level of specialty nurse, including critical care, neonatal, labor and delivery, to medical administrative staff. The Company also provides non-medical care to the elderly and others who require assistance with their daily living needs. Finally, during the year ended September 30, 2020, the Company established a single member limited liability company for the purpose of administering COVID-19 testing and screening.

In September 2017, the Parent, along with its board of directors, determined to effect a restructuring of the then existing company. Accordingly, on September 20, 2017, each of the Parent's former wholly-owned subsidiaries, entered into a separate Plan of Conversion to Limited Liability Company Agreement (the "Plan of Conversion"). Pursuant to each respective Plan of Conversion each wholly-owned subsidiary was converted to a limited liability company (the "Converted Limited Liability Company"), and upon the conversion effective date, all shares of stock of the subsidiary held by the Parent were converted to an aggregate 100% membership interest in the respective limited liability company.

In connection with the restructuring the membership interest in each of the operating Converted Limited Liability Companies were contributed to two newly formed single member limited liability companies owned by two other newly formed holding limited liability companies owned principally by the Parent and certain executives of the Parent.

In connection with the restructuring the Parent also entered into separate Limited Liability Company Agreements (the "LLC Agreements") with each of the two newly formed holding limited liability companies. Pursuant to the LLC Agreements, profit or loss from the operations of the Company is to be allocated 100% to the Parent until such time there is a capital transaction, as defined, in the LLC Agreements.

The conversion effective date was October 1, 2017.

In connection with the restructuring management changed its year-end for financial reporting and income tax reporting from February 28 to September 30.

In September, 2017, Parent acquired an interest in Flexwise Health, Inc. (See Note 3).

2. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Parent and its majority owned subsidiaries, except for a subsidiary (Flexwise Health, Inc.) that was deconsolidated as of April 1, 2019 (see Note 3). The Company accounts for investments in less than majority owned subsidiaries under the equity method. All intercompany balances and transactions have been eliminated in consolidation.

Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus, also known as COVID-19, a global pandemic. Due to the pandemic, there has been uncertainty and disruption in the global economy and significant volatility of financial markets. The Company has closely monitored the impact of the pandemic, which continues to evolve, and its effects and risks on operations, liquidity, financial condition, and financial results, and intends to continue to monitor the impact. The Company also implemented remote-work arrangements effective mid-March 2020 and, to date, transitioning to a remote-work environment has not had a material adverse impact on the Company's ability to continue to operate its business, financial reporting process, or internal controls and procedures.

The estimates used for, but not limited to, determining the collectability of accounts receivable, fair value of long-lived assets, and goodwill could be impacted by the pandemic. While the full impact of COVID-19, including the duration and severity of the pandemic, remains unknown, the Company has made appropriate estimates based on the facts and circumstances available as of the reporting date. Specifically, the Company continues to monitor the impact of the pandemic on its customers' liquidity and capital resources and, therefore, the Company's ability to collect, or the timeliness of collection of accounts receivable. The impact of COVID-19 did not have a material effect on the Company's estimates as of September 30, 2020. These estimates may change as new events occur and additional information is obtained.

Cash

The Company maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

Accounts Receivable and Allowance for Doubtful Accounts

The Company records accounts receivable at the invoiced amounts. Accounts receivable are non-interest bearing. The Company's customers are primarily health care providers and third party administrators. The allowance for doubtful accounts represents the Company's estimate of uncollectible receivables based on a review of specific accounts and an assessment of its customers' financial condition. The Company writes off specific accounts based on an ongoing review of collectability as well as past experience with the customer.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The majority of the Company's service revenues are derived from a form of franchising under which independent companies or contractors ("licensees") represent the Company within a designated territory. These licensees assign Company medical staffing personnel to service clients under the Company's contracts, trade names and service marks. In addition, over the past several years healthcare providers have increasingly utilized vendor management system ("VMS") programs for the administration of their medical staffing personnel requirements. Accordingly, contracts for those health care providers administered under a VMS program are between the Company and the VMS provider. During the years ended September 30, 2020 and 2019, revenues of approximately $14,080 and $11,300, respectively, were derived from healthcare providers administered under VMS programs. Revenues administered under the VMS programs as well as the related direct costs are reflected on a gross basis as is standard in the industry. The Company pays and distributes the payroll for the direct service personnel who are all employees of the Company. The Company administers all payroll withholdings and payments, bills the customers and receives and processes the accounts receivable.

The revenues and related direct costs are included in the Company's service revenues and service costs. The licensees are responsible for providing an office and paying related expenses for administration including rent, utilities and costs for administrative personnel.

In connection with its healthcare and administrative staffing operations the Company pays a monthly royalty to its licensees based on a defined formula of gross margin generated. Generally, the Company pays a licensee a percentage of gross margin ranging from 55% to 70%.

In connection with its non-medical staffing operations to the elderly and others the Company pays a monthly royalty to its licensees based on a defined formula of revenue generated, generally approximately 92% of the net sales.

The Company sells individual franchises as well as territory agreements that grant the right to operate in designated areas. Revenue generated from the sale of these individual franchise and territory agreements in the form of initial franchise fees, which are non-refundable, is generally recognized upon completion of training and any other services required of the Company as stipulated in the franchise agreement. In instances where a franchisee's territory agreement expires, and the franchisee has not opened a franchise in the designated area, the Company grants a 24-month waiver of the agreement, after which it recognizes the applicable fee. Certain agreements also provide for a non-refundable fee upon execution of the agreement.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue from these agreements is recognized immediately upon execution of the agreement.

Amounts received, net of expenses in connection with the sale of franchises or territories are recorded as deferred revenue until earned. At September 30, 2020 and 2019, the Company had $235 and $214, respectively, of deferred revenue included in other liabilities in the accompanying consolidated balance sheets. The Company recorded revenue from net franchise fees of $211 and $739 for the years ended September 30, 2020 and 2019, respectively.

The Company recognizes revenue as the related services are provided to customers. The Company bills its customers an hourly rate for the services performed by its nurses on a weekly basis. Terms of payment are generally due upon receipt of invoice.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities in the consolidated financial statements. Actual results could differ from those estimates. The most significant estimates relate to the collectability of accounts receivable, obligations due under workers' compensation policies, professional liability, provision for income taxes, determination of a valuation allowance on net deferred tax assets, and the determination of estimates used in the impairment analysis of goodwill and other intangible assets.

Concentrations of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across a number of geographic areas. However, essentially all trade receivables are concentrated in the hospital, government facilitites, healthcare sectors and VMS providers, in the United States and, accordingly, the Company is exposed to their respective business, economic and location-specific variables. Although the Company does not currently foresee a concentrated credit risk associated with these receivables, repayment is dependent upon the financial stability of these industry sectors (See Note 16).

2. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets, consisting of equipment (primarily computer hardware and software), furniture and fixtures and leasehold improvements, are stated at cost and depreciated from the date placed into service over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the improvement. Maintenance and repairs are charged to expense as incurred. Improvements that extend the life of the asset are capitalized.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over the fair value of identifiable net assets of companies acquired. Goodwill and certain intangible assets with indefinite lives are not amortized. Instead, Financial Accounting Standards Board Accounting Standards Codification ("ASC") 350 requires that these assets be reviewed for impairment annually (or more often if certain events occur which could impact their carrying value), and the Company's operations be formally identified into reporting units for the purpose of assessing impairments of goodwill and other intangible assets.

The Company assesses goodwill and other intangible assets for potential impairments at the end of each fiscal year. In evaluating these assets for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If the Company concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then no further testing of the goodwill and other intangible assets assigned to the reporting unit is required. However, if the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company performs a two-step impairment test, as delineated in ASC 350, to identify potential impairment and measure the amount of impairment to be recognized, if any.

The Company performed annual impairment tests at September 30, 2020 and 2019 and determined no impairment exists. The Company assessed qualitative factors to determine whether it is more likely than not that the fair value of the other reporting units is less than their carrying amount.

As a result of the qualitative assessments, the Company determined that it is more likely than not that the fair value of the reporting units is greater than their carrying amounts and there was no impairment of goodwill and other intangible assets. No events or circumstances have occurred subsequent to September 30, 2020 that indicate that additional impairment may have occurred.

2. Summary of Significant Accounting Policies (Continued)

Workers' Compensation

The Company participates in a "captive" insurance program (the "Program") for its medical staffing operation and shares the burden of risk of workers' compensation claims with other participants of the Program. The Company is currently obligated to pay its insurance premiums under the Program. The Company is required to establish a standby letter of credit (the "LOC") (see Note 7) to fund a certain percentage of its insurance premiums for the policy year the premiums relate to. The Company reimburses the captive (on a quarterly basis) for all claims paid by the captive on its behalf until the total difference between the premium paid and the actual premium has been paid. As of September 30, 2020 and 2019, there is nothing due from the captive.

The Company periodically recognizes investment income or losses on its equity in the Program. Zurich insurance company provides for excess re-insurance for all claims over $400 per occurrence, as well as aggregate coverage for overall claims borne by the group of companies that participate in the Program. The Company is responsible for all claims under $100. The Program also provides for risk sharing among the participants for infrequent claims between $100 and less than $400. In addition, included in accrued expenses and other current liabilities are workers' compensation premiums for prior years in which the Company is obligated for paying claims up to the amount of the premiums. The Company does not provide a reserve for claims reported but not resolved as of the balance sheet date since information regarding the propriety of these claims is not available from the Program and amounts cannot be estimated. Additionally, the Company recognizes, as other income or losses, any gains or losses in the year in which it becomes known that the Program is closing out a previous coverage year and will make a closing distribution or require the Company to pay additional amounts as a result of closing that coverage year.

Stock-Based Compensation

The Company measures and recognizes compensation awards for all stock option grants made to officers and employees, based on their fair value in accordance with ASC 718 "Compensation-Stock Compensation", which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. The cost will be recognized over the service period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). The Company uses the Black-Scholes method for valuing its stock options. The Company has recorded an expense of $23 for the year ended September 30, 2020 and no expense for the year ended September 30, 2019.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company accounts for income taxes in accordance with ASC 740. Deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using the enacted statutory rates in effect at the balance sheet date. The Company records a valuation allowance to reduce its deferred tax assets when uncertainty regarding their realizability exists. The tax provision for the years ended September 30, 2020 and 2019 consists of federal, state and local income taxes representing taxes due to certain states and local jurisdictions.

In addition, the Company follows ASC 740 rules governing uncertain tax positions which provide guidance for recognition and measurement. This prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on derecognization, classification and disclosure of these uncertain tax positions.

Fair Value Measurements

U.S. generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Represents financial assets whose fair value is determined based upon observable quoted market prices for identical financial assets in active markets that the Company has the ability to access.

Level 2 – Represents financial assets whose fair value is determined based upon: quoted market prices for similar assets in active markets; quoted market prices for identical assets in inactive markets; inputs other than quoted market prices that are observable for the asset such as interest rates or yield curves; or other inputs derived principally from or corroborated from other observable market information.

Level 3 – Represents financial assets whose fair value is determined based upon inputs that are unobservable, including the Company's own determinations of the assumptions that a market participant would use in pricing the asset.

The Company considers its investment in the captive as a Level 2 financial asset based on the net asset value provided by the captive's administrator.

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* Topic 606 introduced a new five-step revenue recognition model in which an entity should recognize revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements. The FASB has issued several other subsequent updates including the following: 1) further clarification of the guidance on principal versus agent considerations; 2) expanded guidance on identifying performance obligations; and 3) additional guidance and practical expedients in response to identified implementation issues. Collectively, Topic 606, Subtopic 340-40, and all subsequent ASUs that modified Topic 606, are referred to as the "new revenue standard." The new revenue standard is effective for the Company beginning October 1, 2020.

The Company has determined that the adoption of the new revenue standard will not have a material impact on its consolidated financial statements, other than expanded disclosures. The Company has concluded that transfer of control of its staffing services which represent the majority of its revenues, occurs as the services are provided, which is consistent with recognition under the prior guidance.

In February, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("Topic 842"), which amends the existing accounting standards for leases. The new standard requires lessees to record a right-of-use ("ROU") asset and a corresponding lease liability on the balance sheet (with the exception of short-term leases), whereas under current accounting standards, the Company's operating lease is not recognized on its balance sheets. The new standard also requires expanded disclosures regarding leasing arrangements. The new standard is effective for the Company beginning October 1, 2022.

The Company is in the process of evaluating the effect of Topic 842 on the Company's financial statements and disclosures. The Company will continue to monitor industry activities and any additional guidance provided by regulators, standards setters, or the accounting profession, and adjust the Company's assessment and implementation.

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In June, 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.* The amendments in this update require a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected based on historical experience, current conditions, and reasonable supportable forecasts. A modified retrospective approach is required for all investments, except debt securities for which an other-than-temporary impairment has been recognized prior to the effective date, which will require a prospective transition approach and should be applied either prospectively or retrospectively depending on the nature of the disclosure. The adoption of ASU 2016-13 will require expanded quantitative and qualitative disclosures about the Company's expected credit losses. The Company plans to adopt this standard effective October 1, 2023, related primarily to its trade accounts receivable and notes receivable, and expects no material impact.

In 2018 the FASB issued *ASU No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,* which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). This standard is effective for the Company beginning October 1, 2022, and the Company is currently evaluating the effect of ASU No. 2018-15.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the Company's consolidated financial statements.

Events Occurring After Reporting Date

The Company has evaluated events and transactions that occurred between September 30, 2020 and January 28, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

3. Deconsolidation of and Retained Investment in Flexwise Health, Inc.

In September, 2017, Parent entered into a stock purchase agreement (the "Stock Purchase Agreement") with Flexwise Health, Inc. ("Flexwise") and made an initial investment of $150. Flexwise is developing proprietary technology that will use machine learning to advertise, recruit, credential and match healthcare workers with temporary jobs in healthcare organizations. It will provide an online marketplace and staffing service that enables healthcare organizations to hire credentialed workers on a temporary basis. Pursuant to the Stock Purchase Agreement, Parent agreed to invest an additional $850 through May 1, 2018, based on Flexwise meeting certain milestones. As of September 30, 2018, Parent had invested approximately $973 and owned approximately 66% of the outstanding common shares of Flexwise.

In October 2018, pursuant to an amendment to the Stock Purchase Agreement, Parent agreed to invest an additional $170. In December 2018, Parent paid the additional $170 and owned approximately 72% of the outstanding common shares of Flexwise.

In December 2018, Parent was issued additional shares with no consideration pursuant to the Stock Purchase Agreement as certain milestones were not met, resulting in an ownership of approximately 73% of the outstanding common shares of Flexwise.

In connection with the Stock Purchase Agreement, Parent entered into a Service Wrap Agreement (the "Service Agreement"), as amended, pursuant to which Parent provides certain services to Flexwise in exchange for a fee. Services under this agreement commenced in March 2019. Fees amounted to $20 and $11 for the years ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, the amount due from Flexwise under this agreement is $120 and $167, respectively. Effective March, 2020, the Company is no longer providing services under the Service Agreement.

Flexwise has agreed to provide the technology, including without limitation all updates, upgrades, modifications, enhancements, new versions and replacements of the technology, for no charge to the Company for use by the Company or any of its franchisees in providing staffing services to customers. The Company may at its option and in its sole discretion identify the services it or any of its franchisees provides using the technology as services of the Company or using another name chosen by the Company, with or without any reference to Flexwise, or as services of or provided with the assistance of Flexwise.

3. Deconsolidation of and Retained Investment in Flexwise Health, Inc. (Continued)

In April 2019, Flexwise, the Parent and another investor entered into a Series A Preferred Stock Purchase agreement (the "Series A Purchase Agreement"). Pursuant to this agreement, the Parent acquired 376,987 shares of Series A-1 Preferred Shares, $.00001 par value per share at $.3757 per share and 964,151 shares of Series A-2 Preferred Shares, $.00001 par value per share at $.2630 per share for a total investment of $537. In addition, another investor acquired 7,984,101 shares of Series A-1 Preferred Shares as part of the agreement.

As a result of the Series A Purchase Agreement, the Parent's ownership interest was reduced to approximately 39% and, therefore, Flexwise was deconsolidated from the Company's consolidated financial statements, in accordance with ASC 810. Pursuant to the deconsolidation, Parent recognized a gain, included in the accompanying consolidated statements of operations, of $554 measured as the difference between the net fair value of the retained interest and the carrying value of the investment. The fair value was determined based upon a third-party valuation.

On June 5, 2020, Flexwise issued additional shares to the other investors, thus diluting the Company's ownership percentage to 28.99% Flexwise remains a related party to the Company at September 30, 2020.

Summary information of Flexwise for September 30, 2020 and 2019 is as follows:

	September 30, 2020	September 30, 2019
Assets	$ 3,195	$ 2,006
Liabilities	123	217
Stockholders' Equity	3,072	1,789
Loss for the year ended September 30, 2020 and period of April 1 to September 30, 2019	1,673	1,107

4. Fixed Assets

Fixed assets consist of the following:

	Estimated Useful Life in Years	September 30, 2020	September 30, 2019
Computer equipment and software	3 to 5	$ 2,453	$ 1,913
Office equipment, furniture and fixtures	5	1,078	985
Telecommunications equipment and software	5	112	112
Leasehold improvements	5	112	101
		3,755	3,111
Less accumulated depreciation and amortization		2,784	2,723
TOTAL		$ 971	$ 388

Depreciation and amortization expense were $60 and $68 for the years ended September 30, 2020 and 2019, respectively.

In November, 2017, the Company entered into a software subscription and implementation agreement with a third party vendor for the purpose of converting part of its existing software. During fiscal 2019 the Company was informed that the cost for the completion of the conversion would be significantly greater than originally quoted. Through September 30, 2019, the Company had expended approximately $375 on the conversion, which was not being depreciated. On March 5, 2020, the Company entered into a settlement agreement with the vendor and received a refund of $350. The remaining balance was written off.

In May, 2020 the Company entered into an agreement with a third party vendor to provide services in connection with the implementation of a cloud based computer software arrangement, with another vendor for a software license. As of September 30, 2020 the Company has not implemented the new cloud based software and the applicable service. In accordance with ASC 350 once its evaluation is complete and the cloud based software is implemented, the Company will either expense or depreciate its costs. The total cost for such services amounted to $850 which has been capitalized as of September 30, 2020, of which $729 is unpaid at September 30, 2020.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	September 30, 2020	September 30, 2019
Prepaid Insurance	$ 921	$ 932
Due from Flexwise	168	167
Other	583	240
TOTAL	$ 1,672	$ 1,339

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	September 30, 2020	September 30, 2019
Payroll and related taxes, net	$ 2,091	$ 1,511
Royalty payable	3,654	2,525
Accrued workers compensation insurance	1,325	1,015
Accrued insurance	950	932
Accrued professional and service fees	214	593
Income taxes	177	(46)
Other	1,615	1,462
TOTAL	$ 10,026	$ 7,992

7. Financing Arrangements

The Company has a financing arrangement with CapitalSource Bank ("CapitalSource"), a division of Pacific Western Bank, pursuant to a Revolving Credit and Security Agreement (the "Agreement") providing for a credit facility (the "Credit Facility") in the maximum principal amount of $7,000. Advances under the Credit Facility are limited to 85% of eligible accounts receivable, as defined.

Pursuant to a series of amendments to the Agreement (the "Amendments"), the last one of which was entered into in January, 2020, advances under the Credit Facility bear interest at LIBOR plus 3.25%, however, for purposes of calculating interest, LIBOR may not be less than 1.0% (4.25% at September 30, 2020 and 5.30% at September 30, 2019). The Amendments also provide for the establishment of a LOC in favor of the Captive which is in lieu of the cash collateral that was in place (See Note 2). The LOC balance was $3,052 and $2,640 at September 30, 2020 and 2019, respectively.

7. Financing Arrangements
(Continued)

The Amendments also consent to the issuance of Shareholder/Officer notes in the aggregate amount of $243 in 2016 and $3,000 in 2019 to two of the Company's executive officers, while the Shareholder/Officer notes in the aggregate amount of $189 in 2020 did not require formal approval (See Note 15).

The Credit Facility is collateralized by all the assets of the Company and requires the subordination of a note payable to the spouse of one of the executive officers of the Company (see Note 8). Pursuant to the Agreement, the spouse of the executive officer agreed to convert a $1,052 convertible note payable held by her into 2,104,000 shares of the Company's Class A Preferred stock (subsequently converted into the Company's common stock) and $428 of accrued interest thereon was converted into a note payable, bearing interest at 10% per annum, due in 2014.

The Agreement also requires the maintenance of certain financial and non-financial covenants, and is also subject to a monthly unused line fee in the amount of .42%, as defined in the Agreement

As of September 30, 2020 and 2019, the amount due under the Credit Facility is $83 and $896 respectively, including accrued interest.

The Agreement expires on March 21, 2022.

8. Note Payable, Related Party

In November 2010, in connection with the conversion of the Company's $1,052 convertible subordinated note payable to the wife of one of the executive officers of the Company into 2,104,000 shares of the Company's then Class A Preferred Stock (subsequently converted into common stock), $428 of accrued principal and interest thereon was converted into a convertible subordinated note payable, bearing interest at 10% per annum (compounding every October 31st), due in 2014 (see Note 7). During the year ended September 30, 2018 the Company, with the approval of CapitalSource, repaid $300 of the convertible note payable. As of September 30, 2020 and 2019, the accrued principal and interest amounted to $711 and $646, respectively, and the due date has been extended to March, 2022. At the option of the holder, all or a portion of the note, plus accrued but unpaid interest, can be converted into shares of the Company's Class A Common Stock at a per share price equal to $.03 per share. The note is subordinated to borrowings under the Company's Credit Facility. Interest expense amounted to $65 and $59 for the years ended September 30, 2020 and 2019, respectively.

9. Other Liabilities

Other liabilities consist of the following:

	September 30, 2020	September 30, 2019
Interest payable - related party	$ 57	$ 51
Deferred revenue, net	237	214
Other liabilities	369	2
TOTAL	$ 663	$ 267

10. Income Taxes

The Company is subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the ”Act”) resulting in significant modifications to existing law including lowering the corporate tax rate from 34% to 21%. In addition to applying the new lower corporate tax rate in 2018 and thereafter to any taxable income the Company may have, the legislation affects the way the Company can use and carry forward net operating losses previously accumulated and results in the revaluation of deferred tax assets and liabilities recorded on the balance sheet. The Company has completed the accounting for the effects of the Act during the year ended September 30, 2019. Given that current deferred tax assets are offset by a full valuation allowance, these changes had no impact on the balance sheet. The valuation allowance decreased $1,209 and $991 for the years ended September 30, 2020 and 2019, respectively.

The Company reflects income tax related interest and penalties, if any, as other expense in the statement of operations.

The disproportionate relationship between the statutory rate and the Company’s effective tax rate for the years ended September 30, 2020 and 2019 is the result of utilization of the Company’s net operating loss carryforward for which the related deferred tax asset has been fully reserved.

10. Income Taxes
(Continued)

The Company's net deferred tax assets are comprised of the following:

	September 30, 2020	September 30, 2019
Current:		
Allowance for doubtful accounts	$ 153	$ 119
Prepaid Expenses	5	4
Accrued Expenses	172	145
Total Current Deferred Tax Assets	330	268
Long-Term:		
Net operating loss carryfoward	1,967	3,390
Contribution carryover	60	29
Basis of fixed assets and intangible assets	59	104
Investment in Flexwise	207	56
Other liabilities	78	63
Total Long-Term Deferred Tax Assets	2,371	3,642
Total Deferred Tax Asset	2,701	3,910
Valuation Allowance	(2,701)	(3,910)
Deferred Tax Assets, Net	$ -	$ -

At September 30, 2020 the Company has a federal net operating loss carryforward of approximately $8,312 which expires beginning in 2024, and state net operating loss carryforwards varying in amounts which expire beginning in 2024. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of net operating loss carryforwards, as defined under that section, in the event of an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders, as defined, in the Company's stock by more than 50% over a testing period (generally three years).

11. Commitments and Contingencies

Lease Commitments

The Company leases office facilities and certain equipment under operating leases that expire through 2026. Future minimum rental payments, including other operating expenses, as of September 30, 2020 are as follows:

Year Ending September 30,	
2021	$341
2022	339
2023	329
2024	318
2025	327
Thereafter	167
Total Minimum Lease Payments	$1,821

The operating lease contains escalation clauses with respect to real estate taxes and related operating costs.

Rent expense was $268 and $389 for the years ended September 30, 2020 and 2019, respectively.

In April 2020, the Company entered into a subscription agreement for a software license with a third party provider. The agreement is for a period of three years for a total of $1,125. For the year ended September 30, 2020, the Company expensed $153 in license fees. Amounts unpaid as of September 30, 2020, payable at $94 per quarter through January 2023, amounted to $938.

Employment Agreements

In November 2002, the Company entered into amended employment agreements with two of its officers, under which they will receive annual base salaries of $302 and $404, respectively. In January 2015, the agreement with one of the officers was further amended, increasing the annual base salary from $404 to $420. The employment agreements are automatically extended at the end of each fiscal year and are terminable by the Company.

If a “change of control” (as defined in the agreements) were to occur and cause the respective employment agreements to terminate, the Company would be required to make lump sum severance payments of $904 and

$1,205, respectively, to the officers who amended their employment contracts in November 2002.

11. Commitments and Contingencies (Continued)

Employment Agreements
(Continued)

In January, 2016, the Company entered into an amended employment agreement with another officer pursuant to which the officer received an annual base salary ranging from $294 to $304 through January, 2018. After expiration the employment agreement automatically renewed for additional one year terms unless the Company, within sixty days prior to the expiration, provided the officer with written notice of its intent not to renew the agreement. In July 2019, the Company entered into an amended agreement with this executive pursuant to his transition to a consulting role.

The agreement provides for, among other things, an initial salary of $200 decreasing annually through the expiration in 2023.

Litigation

In the ordinary course of its business the Company may be subject to various claims and legal proceedings covering a wide range of matters that arise including payroll, contract, and employment-related matters. These matters may sometimes include individual and collective lawsuits and inquiries and investigations by governmental agencies regarding the Company's employment practices. Management and legal counsel periodically review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, and the availability and extent of insurance coverage and established reserves.

On April 16, 2019 a complaint was filed against the Company and one of its franchisees alleging certain wage and hour matters and violations of the Fair Credit Reporting Act. On January 8, 2020, the Company executed a memorandum of understanding setting out the terms and conditions of the settlement to be approved by the court, which was subsequently approved. The parties agreed to a settlement of all claims in the amount of approximately $2,750, of which the Company's insurance carrier is responsible for approximately $1,763. The remaining balance of $987 is apportioned between the Company and the franchisee. The Company paid approximately $619 in December, 2020 with the remaining balance of $368 due in December, 2021.

The Company in September, 2019 reflected its share of expense in the amount of $385.

11. Commitments and Contingencies (Continued)

Litigation
(Continued)

In connection with the apportionment the Company and the franchisee entered into a note agreement whereby the franchisee is obligated to reimburse the Company for it's proportionate share of the settlement in the amount of approximately $700. The original amount due by the franchisee was reduced by approximately $100 in consideration of the franchisee relinquishing its right to certain territories. The balance due from the franchisee of approximately $600 is payable over 5 years bearing interest at 6% and is included in Due from Franchisee in the accompanying balance sheet as of September 30, 2020.

While it is not possible at this time to predict the outcome of all legal actions, in the opinion of management, based on these reviews and the likely disposition of the actions other than the complaint discussed above, these matters will not have a material effect on the Company's financial position, results of operations or cash flows.

Gross Receipts Tax Liability

The Company was audited by the New Mexico Taxation and Revenue Department and, in August, 2012, was assessed an aggregate amount of $344 for gross receipts tax, interest and penalty. In November, 2012, the Company filed a protest with the Department to contest the Department's assessment. A hearing on this matter was held in September, 2015. The Administrative Hearings Office issued a decision adverse to the Company in November, 2016 and in December 2016, the Company filed a Notice of Appeal. In July, 2019, the Company reached an agreement wherein New Mexico agreed to forego all penalties. The accompanying financial statements as of September 30, 2019 reflect the assessment inclusive of interest in the aggregate amount of $435.

In July 2020, the Company entered into a settlement agreement with the state of New Mexico in the amount of $283 payable in monthly installments of $24 through June 2021. The outstanding balance of $212 is included in accrued expenses and other current liabilities in the accompanying balance sheet as of September 30, 2020.

12. Stockholders' Equity

Common Stock Class A

In January, 2015, pursuant to a Restated Certificate of Incorporation, the Company increased its authorized Class A Common Stock from 200,000,000 to 320,000,000 shares.

12. Stockholders' Equity (Continued)

Voting Rights

A holder of Class B Common Stock is entitled to ten votes for each share and each share is convertible into one share of Class A Common Stock (and will automatically convert into one share of Class A Common Stock upon transfer, as defined, subject to certain limited exceptions). Except as otherwise required by the Delaware General Corporation Law, all shares of common stock vote as a single class on all matters submitted to a vote by the shareholders.

2015 Stock Option Plan

During Fiscal 2015, the Company adopted a stock option plan (the "2015 Stock Option Plan") under which an aggregate of 110,000,000 shares of Class A Common Stock are reserved for issuance. Options granted under the 2015 Stock Option Plan may be ISOs or NQSOs. A total of 108,000,000 stock options were granted under the plan at an exercise price of $.01, of which 83,663,000 were outstanding as of September 30, 2019. The 2015 Stock Option Plan expires 10 years from its effective date.

Stock Options

During June, 2010, the board of directors granted an aggregate of 9,000,000 non-qualified stock options to three of its executive officers (3,000,000 each) exercisable for Class A Common Stock of the Company with an exercise price of $.07 per share. The stock options vested on the second anniversary of the grant date, subject to earlier vesting upon the Company meeting certain milestones, all of which had been met at February 28, 2011.

The fair value of the options is equal to $436 based on the fair value method of accounting using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 138%.

In addition during January, 2011, the board of directors granted one of the Company's executive officers 5,000,000 non-qualified stock options exercisable for Class A Common Stock of the Company with an exercise price of $.03 per share. Half of the options vested upon the issuance of the Company's financial statements for the year ended February 28, 2011, accompanied by the report of the Company's independent auditors, while the remaining 2,500,000 options vested upon the issuance of the Company's financial statements for the year ended February 28, 2012, accompanied by the report of the Company's independent auditors. These options were also valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 153%, resulting in the fair value equal to $49.

12. Stockholders' Equity (Continued)

Stock Options
(Continued)

In August 2011, the board of directors granted one of the Company's executive officers 500,000 non-qualified stock options exercisable for Class A Common Stock of the Company with an exercise price of $.03 per share. As of September 30, 2019, 500,000 options have vested based on the completion of certain performance targets by the officer. These options were also valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 153%, resulting in the fair value equal to $5.

In January, 2015, the board of directors granted four of the Company's executive officers a total of 108,000,000 stock options for Class A Common Stock of the Company with an exercise price of $.01 per share. These options were valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 1.5%; expected life of 10 years, 5 years for certain executive officers, and no volatility, resulting in the fair value equal to $78. The options become exercisable in accordance with the option agreements unless a change in control, as defined in the agreements, occured in which case the options would have become exercisable in full.

In August, 2016, two of the Company's executive officers exercised options for a total of 24,337,000 Class A Common shares.

As of September 30, 2020, all options issued prior to 2017 were either exercised or expired.

In February 2020, the Board of Directors granted two of the Company's executive officers a total of 10,000,000 stock options exercisable for Class A Common Stock of the Company with an exercise price of $.09 per share. The shares vest as follows: 1) 2,000,000 shares on the grant date, 2) 2,000,000 on each of the first, second, third and fourth anniversaries of the grant date. Also in February 2020, the Board of Directors granted another executive officer 500,000 stock options exercisable for Class A Common Stock of the Company with an exercise price of $.08 per share. The shares vest as follows; 80,000 on July 15, 2020 and 35,000 on each of October 15, January 15, April 15 and July 15 thereafter. These options were valued using the Black-Scholes option pricing model with the following assumptions: no dividends; risk free interest rate of 1.5%; expected life of 5 years and no volatility, resulting in a total fair value equal to $73.

During the years ended September 30, 2020 and 2019, respectively, the Company recorded $23 and $0 of stock-based compensation expense, which is included in general and administrative expenses.

12. Stockholders' Equity (Continued)

Stock Options
(Continued)

The following table summarizes information about all stock options outstanding at September 30, 2020:

Options Outstanding							Options Exercisable		
Range of Exercise Prices	Beginning of Year Number Outstanding	Granted	Exercised	Expired	End of Year Number Outstanding	Weighted Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$.01 to $.01	83,663,000		(18,881,727)	(64,781,273)					
$.07 to $.07	9,000,000			(9,000,000)					
$.03 to $.03	5,000,000			(5,000,000)					
$.03 to $.03	500,000			(500,000)					
$.09 to $.09		10,000,000			10,000,000	4.33	$0.09	2,000,000	$0.09
$.08 to $.08		500,000			500,000	4.33	$0.08	80,000	$0.08
	98,163,000	10,500,000	(18,881,727)	(79,281,273)	10,500,000		$0.09	2,080,000	$0.09

A summary of the Company's nonvested options as of September 30, 2020, and changes during the years then ended is presented below:

	Options	Weighted Average Grant Date Fair Value
Non Vested Options Outstanding as of October 1, 2018	16,000,000	$0.01
Granted	-	
Vested	16,000,000	$0.01
Terminated	-	
Non Vested Options Outstanding as of October 1, 2019	-	
Granted	10,500,000	$0.09
Vested	2,080,000	$0.09
Terminated	-	
Non Vested Options Outstanding as of September 30, 2019	8,420,000	$0.09

13. Employee 401(k) Savings Plan

The Company maintains an Employee 401(k) Savings Plan. The plan is a defined contribution plan that is administered by the Company. All regular, full-time employees are eligible for voluntary participation upon completing one year of service and having attained the age of 21. The plan provides for growth in savings through contributions and income from investments. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Plan participants are allowed to contribute a specified percentage of their base salary. Contributions to the plan by the Company are discretionary. During each of the years ended September 30, 2020 and 2019 the Company contributed $2 to the plan.

14. Licensee Financial Data

The Company's consolidated financial statements include service revenues and service costs associated with its licensees. Summarized below is the breakdown between licensee and Company generated items for the years ended September 30, 2020 and 2019.

	September 30, 2020	September 30, 2019
Company service revenue	$ 556	$ 643
Sale of Franchises, net	211	739
Licensee service revenue	108,705	84,436
Total Service Revenue	$ 109,472	$ 85,818

	September 30, 2020	September 30, 2019
Company service costs	$ 302	$ 493
Licensee service costs	79,314	61,168
Total Service Costs	$ 79,616	$ 61,661

	September 30, 2020	September 30, 2019
Franchise Fees	$ 4,083	$ 2,868
Licensee Royalty, net	11,243	8,826
Total Franchise Fees and Licensee Royalty Expense	$ 15,326	$ 11,694

15. Related Party Transactions

In August 2016, in connection with the funding of the exercise of a portion of their vested stock options (See Note 12), two executive officers entered into promissory note agreements with the Company in the aggregate amount of $243. The loans bear interest at the rate of 3% per annum, are unsecured and are due together with unpaid interest at the earliest of the third anniversary of the loans or a change in control of the Company, as defined in the agreement. In August 2019 the agreements were extended until December 31, 2024. Interest income amounted to $7 for each of the years ended September 30, 2020 and 2019. Unpaid interest income amounted to $30 and $23 as of September 30, 2020 and 2019, respectively.

In August 2017 two executive officers entered into promissory note agreements with the Company in the aggregate amount of $250. The loans bear interest at the rate of 5% per annum, are unsecured and are due together with unpaid interest at the earliest of December 31, 2024 or a change in control of the Company, as defined in the agreement. Interest income amounted to $13 for each of the years ended September 30, 2020 and 2019. Unpaid interest income as of September 30, 2020 and 2019 amounted to $40 and $27, respectively.

In September, 2017, the two executive officers entered into promissory note agreements with the Company in the aggregate amount of $131 in connection with the purchase of a 50% interest in a franchise. The loans bear interest at the rate of 3% per annum, are unsecured and are due together with unpaid interest at the earliest of December 31, 2024 or a change in control of the Company, as defined in the agreement. Interest income amounted to $4 for each of the years ended September 30, 2020 and 2019. Unpaid interest amounted to $12 and $8 as of September 30, 2020 and 2019, respectively.

In May, 2019, the two executive officers entered into promissory note agreements with the Company in the aggregate amount of $3,000. The loans bear interest at the rate of 5% per annum and are unsecured. Interest accruing at the rate of 2.37% annually is payable each year on the anniversary date of the note. The remainder of the interest accruing on the notes together with the principal are due on the earliest of the seventh anniversary of the notes, a change in control of the Company, as defined in the agreement, or the voluntary termination of the executive officers. Interest income amounted to $150 and $54 for the years ended September 30, 2020 and 2019, respectively. Unpaid interest amounted to $204 and $54 as of September 30, 2020 and 2019, respectively.

15. Related Party Transactions (Continued)

In January, 2020, in connection with the funding of the exercise of a portion of their vested stock options (See Note 12), two executive officers entered into promissory note agreements with the Company in the aggregate amount of $189. The loans bear interest at the rate of 4% per annum, are unsecured and are due together with unpaid interest at the earliest of the fourth anniversary of the loans or a change in control of the Company, as defined in the agreement. Interest income amounted to $5 for the year ended September 30, 2020. Unpaid interest income amounted to $5 as of September 30, 2020.

The two executive officers own and operate three of the Company's franchises which provide travel nurses and other staffing services.

The following is a summary of the income and expenses of these three franchises for the years ended September 30, 2020 and 2019;

	September 30, 2019	September 30, 2019
Service Revenue	$ 6,054	$ 5,412
Service Costs	4,919	4,341
Operating and Royalty Expenses	657	634
Net Income	$ 478	$ 437

As of September 30, 2020 and 2019, these three franchises owed the Company approximately $312 and $273, respectively, representing certain expenses paid by the Company on behalf of these franchises. The Company can also advance one of the franchises up to $85 bearing interest at 5% per annum. As of September 30, 2020 and 2019, there is $16 and $33, respectively, inclusive of interest, due from this franchise.

15. Related Party Transactions (Continued)

The Company provides management services to an entity owned by a family member of an officer. Revenue amounted to $606 and $428 for the years ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019 the related entity owes the Company $176 and $320, respectively.

The Company has engaged an entity owned by the son of an executive as a consultant. The related consulting expense amounted to $110 and $57 for the years ended September 30, 2020 and 2019, respectively.

16. Concentrations

During the years ended September 30, 2020 and 2019, the Company did not have any one customer that had service revenues greater than 10% of the Company's total revenue. The Company does however have a Franchisee that during the years ended September 30, 2020 and 2019 represents 17% and 13%, respectively, of the Company's revenue.

During the year ended September 30, 2020, the Company incurred royalty expense to one of its licensees including franchises under common control, which represented 16% of the Company's royalty and franchise expense.

During the year ended September 30, 2019, the Company incurred royalty expense to two of its licensees including franchises under common control, which represented 24% of the Company's royalty and franchise expense.

ATC HEALTHCARE, INC.
AND SUBSIDIARIES

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

ATC HEALTHCARE, INC. AND SUBSIDIARIES

CONTENTS

Independent Auditor's Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Stockholders' Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 28

Hoberman & Lesser
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

252 West 37th Street, Suite 600 E
New York, NY 10018-6636
212-463-0900
www.hobermanlesser.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ATC Healthcare, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ATC Healthcare, Inc. and Subsidiaries which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ATC Healthcare, Inc. and Subsidiaries as of September 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hoberman & Lesser, LLP

January 16, 2020

MGI Worldwide is a network of independent audit, tax, accounting and consulting firms. MGI Worldwide does not provide any services and its member firms are not an international partnership. Each member firm is a separate entity and neither MGI Worldwide nor any member firm accepts responsibility for the activities, work, opinions or services of any other member firm. For more information visit www.mgiworld.com/legal

A member of mgiworldwide

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Share and Per Share Data)

AS OF	September 30, 2019	September 30, 2018
ASSETS		
Current Assets		
Cash	$ 642	$ 450
Accounts receivable, less allowance for doubtful accounts of $476 and $320	14,451	15,191
Notes receivable - franchisees	106	76
Prepaid expenses and other current assets	1,339	915
Total Current Assets	16,538	16,632
Fixed assets, net	388	58
Intangible assets	165	165
Goodwill	4,379	4,379
Notes receivable - Officers	3,736	659
Notes receivable - Franchisees	548	353
Investment in Flexwise Health, Inc.	706	-
Other assets	1,137	389
Total Assets	$ 27,597	$ 22,635
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Due under bank financing - revolver	$ 896	$ 845
Accounts payable	675	358
Accrued expenses and other current liabilities	7,992	7,076
Total Current Liabilities	9,563	8,279
Note payable, related party	595	535
Other liabilities	267	389
Total Liabilities	10,425	9,203
Commitments and Contingencies		
Stockholders' Equity		
Class A Common Stock - $.01 par value; 320,000,000 shares authorized; 181,596,941 shares issued and outstanding	1,815	1,815
Class B Common Stock - $.01 par value; 1,554,936 shares authorized; 166,158 shares issued and outstanding	2	2
Additional paid-in capital	33,049	33,049
Accumulated deficit	(17,694)	(21,104)
Total ATC Healthcare, Inc. Stockholders' Equity	17,172	13,762
Non-controlling interest in subsidiary	-	(330)
Total Stockholders' Equity	17,172	13,432
Total Liabilities and Stockholders' Equity	$ 27,597	$ 22,635

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

FOR THE YEARS ENDED	September 30, 2019	September 30, 2018
Revenues		
Service revenues	$ 85,818	$ 85,325
Costs and Expenses		
Service costs	61,661	62,702
Franchise fees and licensee royalty expenses	11,694	10,869
General and administrative expenses	7,867	7,221
Research and development	-	966
Depreciation and amortization	68	103
Total Operating Expenses	81,290	81,861
Income from Operations	4,528	3,464
Other (Expense) Income		
Interest expense	(126)	(250)
Gain on deconsolidation of subsidiary	554	-
Loss from equity in investment	(777)	-
Other expense	(519)	(25)
Total Other Expense, Net	(868)	(275)
Income Before Provision for Income Taxes	3,660	3,189
Provision for Income Taxes	250	111
Consolidated Net Income	3,410	3,078
Net loss attributable to noncontrolling interest in subsidiary	-	330
Net Income Attributable to ATC Healthcare, Inc.	$ 3,410	$ 3,408

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in Thousands)

FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2019

	CLASS A COMMON STOCK SHARES	CLASS A COMMON STOCK AMOUNT	CLASS B COMMON STOCK SHARES	CLASS B COMMON STOCK AMOUNT	ADDITIONAL PAID -IN CAPITAL	ACCUMULATED DEFICIT	NONCONTROLLING INTEREST IN SUBSIDIARY	TOTAL
BALANCE -October 1, 2017	***181,596,941***	***$ 1,815***	***166,158***	***$ 2***	***$ 33,041***	***$ (24,512)***	***$ -***	***$ 10,346***
STOCK BASED COMPENSATION	-	-	-	-	8	-		8
NET INCOME	-	-	-	-	-	3,408	(330)	3,078
BALANCE -September 30, 2018	***181,596,941***	***1,815***	***166,158***	***2***	***33,049***	***(21,104)***	***(330)***	***13,432***
DECONSOLIDATION OF SUBSIDIARY	-	-	-	-	-	-	330	330
NET INCOME	-	-	-	-	-	3,410	-	3,410
BALANCE -September 30, 2019	***181,596,941***	***$ 1,815***	***166,158***	***$ 2***	***$ 33,049***	***$ (17,694)***	***$ -***	***$ 17,172***

See notes to consolidated financial statements.

ATC HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

FOR THE YEARS ENDED	September 30, 2019	September 30 2018
Cash Flows from Operating Activities		
Net income	$ 3,410	$ 3,408
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities		
Depreciation and amortization	68	103
Stock based compensation	-	8
Provision for doubtful accounts	182	19
Interest accrued on notes payable, related parties	60	76
Interest accrued on notes receivable, officers	(77)	(24)
Net loss attributable to non controlling interest	-	(330)
Gain on deconsolidation of Flexwise Health, Inc.	(554)	-
Loss from equity investment	777	
Changes in Operating Assets and Liabilities		
Accounts receivable	558	(3,635)
Prepaid expenses and other current assets	(560)	31
Other assets	(10)	143
Accounts payable and accrued expenses	1,226	1,554
Other liabilities	(122)	(21)
Net Cash Provided By Operating Activities	4,958	1,332
Cash Flows from Investing Activities		
Capital expenditures	(398)	(25)
Investment in Flexwise Health, Inc.	(198)	
Acquisition of intangible assets	-	(165)
Net Cash Used In Investing Activities	(596)	(190)
Cash Flows from Financing Activities		
Issuance of notes receivable - Franchisees, net	(826)	(404)
Issuance of notes receivable - officer	(3,000)	
Repayment of note payable - related party	-	(300)
Repayment of bank financing - Revolver, net	51	(786)
Issuance of notes receivable - Flexwise Health, Inc.	(250)	-
Advances on behalf of Flexwise Health, Inc.	(145)	-
Net Cash Used In Financing Activities	(4,170)	(1,490)
Net assets of previously unconsolidated subsidiary		150
Net Increase (Decrease) in Cash	192	(198)
Cash - Beginning of year	450	648
Cash - End of Year	$ 642	$ 450
Supplemental Data		
Interest paid	$ 183	$ 497
Income taxes paid	$ 390	$ 101
Supplemental Disclosure, Non-Cash Investing and Financing Activities		
Investment in Flexwise Health, Inc. in exchange for previously issued notes receivable and advances	$ 395	$ -

See notes to consolidated financial statements.

1. Organization

ATC Healthcare, Inc. (the "Parent") through its majority owned subsidiaries (collectively the "Company") provide temporary (predominantly healthcare) staffing services including per diem, short-term contracts and travel nurses throughout the United States. The Company services hospitals, government facilities and other entities. The Company offers a skills list of qualified health care associates in various job categories ranging from the highest level of specialty nurse, including critical care, neonatal, labor and delivery, to medical administrative staff. The Company also provides non-medical care to the elderly and others who require assistance with their daily living needs.

In September 2017, the Parent, along with its board of directors, determined to effect a restructuring of the then existing company. Accordingly, on September 20, 2017, each of the Parent's former wholly-owned subsidiaries, entered into a separate Plan of Conversion to Limited Liability Company Agreement (the "Plan of Conversion"). Pursuant to each respective Plan of Conversion each wholly-owned subsidiary was converted to a limited liability company (the "Converted Limited Liability Company"), and upon the conversion effective date, all shares of stock of the subsidiary held by the Parent were converted to an aggregate 100% membership interest in the respective limited liability company.

In connection with the restructuring the membership interest in each of the operating Converted Limited Liability Companies were contributed to two newly formed single member limited liability companies owned by two other newly formed holding limited liability companies owned principally by the Parent and certain executives of the Parent.

In connection with the restructuring the Parent also entered into separate Limited Liability Company Agreements (the "LLC Agreements") with each of the two newly formed holding limited liability companies. Pursuant to the LLC Agreements, profit or loss from the operations of the Company is to be allocated 100% to the Parent until such time there is a capital transaction, as defined, in the LLC Agreements.

The conversion effective date was October 1, 2017.

In connection with the restructuring management changed its year-end for financial reporting and income tax reporting from February 28 to September 30.

In September, 2017, Parent acquired an interest in Flexwise Health, Inc. (See Note 3).

2. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Parent and its majority owned subsidiaries, except for a subsidiary (Flexwise Health, Inc.) that was deconsolidated as of April 1, 2019 (see Note 3). The Company accounts for investments in less than majority owned subsidiaries under the equity method. All intercompany balances and transactions have been eliminated in consolidation.

Cash

The Company maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

Accounts Receivable and Allowance for Doubtful Accounts

The Company records accounts receivable at the invoiced amounts. Accounts receivable are non-interest bearing. The Company's customers are primarily health care providers and third party administrators. The allowance for doubtful accounts represents the Company's estimate of uncollectible receivables based on a review of specific accounts and an assessment of its customers' financial condition. The Company writes off specific accounts based on an ongoing review of collectability as well as past experience with the customer.

Revenue Recognition

The majority of the Company's service revenues are derived from a form of franchising under which independent companies or contractors ("licensees") represent the Company within a designated territory. These licensees assign Company medical staffing personnel to service clients under the Company's contracts, trade names and service marks. In addition, over the past several years healthcare providers have increasingly utilized vendor management system ("VMS") programs for the administration of their medical staffing personnel requirements. Accordingly, contracts for those health care providers administered under a VMS program are between the Company and the VMS provider. During the years ended September 30, 2019 and 2018, revenues of approximately $11,300 and $15,800, respectively, were derived from healthcare providers administered under VMS programs. Revenues administered under the VMS programs as well as the related direct costs are reflected on a gross basis as is standard in the industry. The Company pays and distributes the payroll for the direct service personnel who are all employees of the Company. The Company administers all payroll withholdings and payments, bills the customers and receives and processes the accounts receivable.

The revenues and related direct costs are included in the Company's service revenues and service costs. The licensees are responsible for providing an

2. Summary of Significant Accounting Policies
(Continued)

Revenue Recognition
(Continued)

office and paying related expenses for administration including rent, utilities and costs for administrative personnel.

In connection with its healthcare and administrative staffing operations the Company pays a monthly royalty to its licensees based on a defined formula of gross margin generated. Generally, the Company pays a licensee a percentage of gross margin ranging from 55% to 70%.

In connection with its non-medical staffing operations to the elderly and others the Company pays a monthly royalty to its licensees based on a defined formula of revenue generated, generally approximately 92% of the net sales.

The Company sells individual franchises as well as territory agreements that grant the right to operate in designated areas. Revenue generated from the sale of these individual franchise and territory agreements in the form of initial franchise fees, which are non-refundable, is generally recognized upon completion of training and any other services required of the Company as stipulated in the franchise agreement. In instances where a franchisee's territory agreement expires, and the franchisee has not opened a franchise in the designated area, the Company grants a 24-month waiver of the agreement, after which it recognizes the applicable fee. Certain agreements also provide for a non-refundable fee upon execution of the agreement. Revenue from these agreements is recognized immediately upon execution of the agreement.

Amounts received, net of expenses in connection with the sale of franchises or territories are recorded as deferred revenue until earned. At September 30, 2019 and 2018, the Company had $214 and $300, respectively, of deferred revenue included in other liabilities in the accompanying consolidated balance sheets. The Company recorded revenue from net franchise fees of $739 and $831 for the years ended September 30, 2019 and 2018, respectively.

The Company recognizes revenue as the related services are provided to customers. The Company bills its customers an hourly rate for the services performed by its nurses on a weekly basis. Terms of payment are generally net 30 days.

2. Summary of Significant Accounting Policies
(Continued)

Research and Development Costs

Research and development costs incurred in connection with the development of Flexwise Health, Inc.'s proprietary software have been expensed as incurred until such time as technological feasibility of the software can be established (see Note 3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities in the consolidated financial statements. Actual results could differ from those estimates. The most significant estimates relate to the collectability of accounts receivable, obligations due under workers' compensation policies, professional liability, provision for income taxes, determination of a valuation allowance on net deferred tax assets, and the determination of estimates used in the impairment analysis of goodwill and other intangible assets.

Concentrations of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across a number of geographic areas. However, essentially all trade receivables are concentrated in the hospital, government facilitites, healthcare sectors and VMS providers, in the United States and, accordingly, the Company is exposed to their respective business, economic and location-specific variables. Although the Company does not currently foresee a concentrated credit risk associated with these receivables, repayment is dependent upon the financial stability of these industry sectors (See Note 16).

Fixed Assets

Fixed assets, consisting of equipment (primarily computer hardware and software), furniture and fixtures and leasehold improvements, are stated at cost and depreciated from the date placed into service over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the improvement. Maintenance and repairs are charged to expense as incurred. Improvements that extend the life of the asset are capitalized.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over the fair value of identifiable net assets of companies acquired. Goodwill and certain intangible assets with indefinite lives are not amortized. Instead, Financial

2. Summary of Significant Accounting Policies (Continued)

Goodwill and Other Intangible Assets (Continued)

Accounting Standards Board Accounting Standards Codification ("ASC") 350 requires that these assets be reviewed for impairment annually (or more often if certain events occur which could impact their carrying value), and the Company's operations be formally identified into reporting units for the purpose of assessing impairments of goodwill and other intangible assets.

The Company assesses goodwill and other intangible assets for potential impairments at the end of each fiscal year. In evaluating these assets for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If the Company concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then no further testing of the goodwill and other intangible assets assigned to the reporting unit is required. However, if the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company performs a two-step impairment test, as delineated in ASC 350, to identify potential impairment and measure the amount of impairment to be recognized, if any.

The Company performed annual impairment tests at September 30, 2019 and 2018 and determined no impairment exists. The Company assessed qualitative factors to determine whether it is more likely than not that the fair value of the other reporting units is less than their carrying amount.

As a result of the qualitative assessments, the Company determined that it is more likely than not that the fair value of the reporting units is greater than their carrying amounts and there was no impairment of goodwill and other intangible assets. No events or circumstances have occurred subsequent to September 30, 2019 that indicate that additional impairment may have occurred.

Workers' Compensation

The Company participates in a "captive" insurance program (the "Program") and shares the burden of risk of workers' compensation claims with other participants of the Program. The Company is currently obligated to pay its insurance premiums under the Program. The Company is required to establish a standby letter of credit (the "LOC") (see Note 7) to fund a certain percentage of its insurance premiums for the policy year the premiums relate to. The Company reimburses the captive (on a quarterly basis) for all claims paid by the captive on its behalf until the total difference between the premium paid and the actual premium has been paid. As of September 30, 2019 and 2018, there is nothing due from the captive.

2. Summary of Significant Accounting Policies (Continued)

Workers' Compensation (Continued)

The Company periodically recognizes investment income or losses on its equity in the Program. Zurich insurance company provides for excess re-insurance for all claims over $400 per occurrence, as well as aggregate coverage for overall claims borne by the group of companies that participate in the Program. The Company is responsible for all claims under $100. The Program also provides for risk sharing among the participants for infrequent claims between $100 and less than $400. In addition, included in accrued expenses and other current liabilities are workers' compensation premiums for prior years in which the Company is obligated for paying claims up to the amount of the premiums. The Company does not provide a reserve for claims reported but not resolved as of the balance sheet date since information regarding the propriety of these claims is not available from the Program. Additionally, the Company recognizes, as other income or losses, any gains or losses in the year in which it becomes known that the Program is closing out a previous coverage year and will make a closing distribution or require the Company to pay additional amounts as a result of closing that coverage year.

Stock-Based Compensation

The Company measures and recognizes compensation awards for all stock option grants made to officers and employees, based on their fair value in accordance with ASC 718 "Compensation-Stock Compensation", which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. The cost will be recognized over the service period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). The Company uses the Black-Scholes method for valuing its stock options. The Company has recorded no expense for the year ended September 30, 2019 and an expense of $8 for the year ended September 30, 2018.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740. Deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using the enacted statutory rates in effect at the balance sheet date. The Company records a valuation allowance to reduce its deferred tax assets when uncertainty regarding their realizability exists. The tax provision for the years ended September 30, 2019 and 2018 consists of federal, state and local income taxes representing taxes due to certain states and local jurisdictions.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Company follows ASC 740 rules governing uncertain tax positions which provide guidance for recognition and measurement. This prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on derecognization, classification and disclosure of these uncertain tax positions.

Fair Value Measurements

U.S. generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Represents financial assets whose fair value is determined based upon observable quoted market prices for identical financial assets in active markets that the Company has the ability to access.

Level 2 – Represents financial assets whose fair value is determined based upon: quoted market prices for similar assets in active markets; quoted market prices for identical assets in inactive markets; inputs other than quoted market prices that are observable for the asset such as interest rates or yield curves; or other inputs derived principally from or corroborated from other observable market information.

Level 3 – Represents financial assets whose fair value is determined based upon inputs that are unobservable, including the Company's own determinations of the assumptions that a market participant would use in pricing the asset.

The Company considers its investment in the captive as a Level 2 financial asset based on the net asset value provided by the captive's administrator.

The Company considers its investment in Flexwise Health, Inc. as a Level 3 financial asset based on a valuation performed by a third party.

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* Topic 606 introduced a new five-step revenue recognition model in which an entity should recognize revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements. The FASB has issued several other subsequent updates including the following: 1) further clarification of the guidance on principal versus agent considerations; 2) expanded guidance on identifying performance obligations; and 3) additional guidance and practical expedients in response to identified implementation issues. Collectively, Topic 606, Subtopic 340-40, and all subsequent ASUs that modified Topic 606, are referred to as the "new revenue standard." The new revenue standard is effective for annual reporting periods beginning after December 15, 2018.

The Company has determined that the adoption of the new revenue standard will not have a material impact on its consolidated financial statements, other than expanded disclosures. The Company has concluded that transfer of control of its staffing services which represent the majority of its revenues, occurs as the services are provided, which is consistent with recognition under the prior guidance.

In February, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 842"), which amends the existing accounting standards for leases. The new standard requires lessees to record a right-of-use ("ROU") asset and a corresponding lease liability on the balance sheet (with the exception of short-term leases), whereas under current accounting standards, the Company's operating lease is not recognized on its balance sheets. The new standard also requires expanded disclosures regarding leasing arrangements. The new standard is effective for the Company beginning October 1, 2021.

While substantially complete, the Company is still in the process of finalizing its evaluation of the effect of ASU 842 on the Company's financial statements and disclosures. The Company will finalize its accounting assessment and quantitative impact on the adoption during the first half of fiscal 2020. As the Company completes its evaluation of this new standard, new information may arise that could change the Company's current understanding of the impact to leases. Additionally, the Company will continue to monitor industry activities and any additional guidance provided by regulators, standards setters, or the accounting profession, and adjust the Company's assessment and implementation.

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the Company's consolidated financial statements.

Events Occurring After Reporting Date

The Company has evaluated events and transactions that occurred between September 30, 2019 and January 16, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

3. Deconsolidation of and Retained Investment in Flexwise Health, Inc.

In September, 2017, Parent entered into a stock purchase agreement (the "Stock Purchase Agreement") with Flexwise Health, Inc. ("Flexwise") and made an initial investment of $150. Flexwise is developing proprietary technology that will use machine learning to advertise, recruit, credential and match healthcare workers with temporary jobs in healthcare organizations. It will provide an online marketplace and staffing service that enables healthcare organizations to hire credentialed workers on a temporary basis. Pursuant to the Stock Purchase Agreement, Parent agreed to invest an additional $850 through May 1, 2018, based on Flexwise meeting certain milestones. As of September 30, 2018, Parent had invested approximately $973 and owned approximately 66% of the outstanding common shares of Flexwise.

In October 2018, pursuant to an amendment to the Stock Purchase Agreement, Parent agreed to invest an additional $170. In December 2018, Parent paid the additional $170 and owned approximately 72% of the outstanding common shares of Flexwise.

In December 2018, Parent was issued additional shares with no consideration pursuant to the Stock Purchase Agreement as certain milestones were not met, resulting in an ownership of approximately 73% of the outstanding common shares of Flexwise.

In connection with the Stock Purchase Agreement, Parent entered into a Service Wrap Agreement (the "Service Agreement"), as amended, pursuant to which Parent provides certain services to Flexwise in exchange for a fee. Services under this agreement commenced in March 2019 and fees amounted to $11 for the year ended September 30, 2019. At September 30, 2019, the amount due from Flexwise under this agreement is $167.

Flexwise has agreed to provide the technology, including without limitation all updates, upgrades, modifications, enhancements, new versions and replacements of the technology, for no charge to the Company for use by

3. Deconsolidation of and Retained Investment in Flexwise Health, Inc.
(Continued)

the Company or any of its franchisees in providing staffing services to customers. The Company may at its option and in its sole discretion identify the services it or any of its franchisees provides using the technology as services of the Company or using another name chosen by the Company, with or without any reference to Flexwise, or as services of or provided with the assistance of Flexwise.

In April 2019, Flexwise, the Parent and another investor entered into a Series A Preferred Stock Purchase agreement (the "Series A Purchase Agreement"). Pursuant to this agreement, the Parent acquired 376,987 shares of Series A-1 Preferred Shares, $.00001 par value per share at $.3757 per share and 964,151 shares of Series A-2 Preferred Shares, $.00001 par value per share at $.2630 per share for a total investment of $537. In addition, another investor acquired 7,984,101 shares of Series A-1 Preferred Shares as part of the agreement.

As a result of the Series A Purchase Agreement, the Parent's ownership interest was reduced to approximately 39% and, therefore, Flexwise was deconsolidated from the Company's consolidated financial statements. Pursuant to the deconsolidation, Parent recognized a gain, included in the accompanying consolidated statements of operations, of $554 measured as the difference between the net fair value of the retained interest and the carrying value of the investment. The fair value was determined based upon a third-party valuation. Flexwise remains a related party to the Company at September 30, 2019.

Summary information of Flexwise for September 30, 2019 is as follows;

Assets	$	2,006
Liabilities		217
Stockholders' Equity		1,789
Loss for the period April1 to September 30, 2019		1,107

4. Fixed Assets

Fixed assets consist of the following:

	Estimated Useful Life in Years	September 30, 2019	September 30, 2018
Computer equipment and software	3 to 5	$ 1,913	$ 1,524
Office equipment, furniture and fixtures	5	985	984
Telecommunications equipment and software	5	112	112
Leasehold improvements	5	101	93
		3,111	2,713
Less accumulated depreciation and amortization		2,723	2,655
TOTAL		$ 388	$ 58

Depreciation and amortization expense were $ 68 and $103 for the years ended September 30, 2019 and 2018, respectively.

In November, 2017, the Company entered into a software subscription and implementation agreement with a third party vendor for the purpose of converting part of its existing software. During fiscal 2019 the Company was informed that the cost for the completion of the conversion would be significantly greater than originally quoted. The Company is considering its options with respect to this matter. Through September 30, 2019, the Company has expended approximately $400 on the conversion, which is currently not being depreciated.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	September 30, 2019	September 30, 2018
Prepaid Insurance	$ 932	$ 814
Due from Flexwise	167	-
Other	240	101
TOTAL	$ 1,339	$ 915

6. Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	September 30, 2019	September 30, 2018
Payroll and related taxes, net	$ 1,511	$ 1,681
Royalty payable	2,525	2,426
Accrued workers compensation insurance	1,015	974
Accrued insurance	932	915
Accrued professional and service fees	593	449
Income taxes	(46)	100
Other	1,462	531
TOTAL	$ 7,992	$ 7,076

7. Financing Arrangements

The Company has a financing arrangement with CapitalSource Bank ("CapitalSource"), a division of Pacific Western Bank, pursuant to a Revolving Credit and Security Agreement (the "Agreement") providing for a credit facility (the "Credit Facility") in the maximum principal amount of $7,000. Advances under the Credit Facility are limited to 85% of eligible accounts receivable, as defined.

Pursuant to a series of amendments to the Agreement (the "Amendments"), the last one of which was entered into in May, 2019, advances under the Credit Facility bear interest at LIBOR plus 3.25%, however, for purposes of calculating interest, LIBOR may not be less than 1.0% (5.30% at September 30, 2019). The Amendments also provide for the establishment of an LOC in favor of the Captive which is in lieu of the cash collateral that was in place (See Note 2). The LOC balance was $2,640 and $2,164 at September 30, 2019 and 2018, respectively.

The Amendments also consent to the issuance of Shareholder notes in the aggregate amount of $243 in 2016 and $3,000 in 2019 to two of the Company's executive officers (See Note 15).

The Credit Facility is collateralized by all the assets of the Company and requires the subordination of a note payable to the spouse of one of the executive officers of the Company (see Note 8). Pursuant to the Agreement, the spouse of the executive officer agreed to convert a $1,052 convertible note payable held by her into 2,104,000 shares of the Company's Class A Preferred stock (subsequently converted into the Company's common stock) and $428 of accrued interest thereon was converted into a note payable, bearing interest at 10% per annum, due in 2014.

7. Financing Arrangements
(Continued)

The Agreement also requires the maintenance of certain financial and non-financial covenants, and is also subject to a monthly unused line fee in the amount of .42%, as defined in the Agreement

As of September 30, 2019 and 2018, the amount due under the Credit Facility is $896 and $845 respectively, including accrued interest.

The Agreement expires on March 21, 2022.

8. Note Payable, Related Party

In November 2010, in connection with the conversion of the Company's $1,052 convertible subordinated note payable to the wife of one of the executive officers of the Company into 2,104,000 shares of the Company's then Class A Preferred Stock (subsequently converted into common stock), $428 of accrued principal and interest thereon was converted into a convertible subordinated note payable, bearing interest at 10% per annum (compounding every October 31st), due in 2014 (see Note 7). During the year ended September 30, 2018 the Company, with the approval of CapitalSource, repaid $300 of the convertible note payable. As of September 30, 2019 and 2018, the accrued principal and interest amounted to $646 and $588, respectively, and the due date has been extended to March, 2022. At the option of the holder, all or a portion of the note, plus accrued but unpaid interest, can be converted into shares of the Company's Class A Common Stock at a per share price equal to $.03 per share. The note is subordinated to borrowings under the Company's Credit Facility. Interest expense amounted to $59 and $63 for the years ended September 30, 2019 and 2018, respectively.

9. Other Liabilities

Other liabilities consist of the following:

	September 30, 2019	September 30, 2018
Interest payable - related party	$ 51	$ 53
Deferred revenue, net	214	300
Other liabilites	2	36
	$ 267	$ 389

10. Income Taxes

The Company is subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "Act") resulting in significant modifications to existing law including

10. Income Taxes
(Continued)

lowering the corporate tax rate from 34% to 21%. In addition to applying the new lower corporate tax rate in 2018 and thereafter to any taxable income the Company may have, the legislation affects the way the Company can use and carry forward net operating losses previously accumulated and results in the revaluation of deferred tax assets and liabilities recorded on the balance sheet. The Company has completed the accounting for the effects of the Act during the year ended September 30, 2019. Given that current deferred tax assets are offset by a full valuation allowance, these changes will have no impact on the balance sheet. The valuation allowance decreased $991 from September 30, 2018 to 2019.

The Company reflects income tax related interest and penalties, if any, as other expense in the statement of operations.

The disproportionate relationship between the statutory rate and the Company's effective tax rate for the years ended September 30, 2019 and 2018 is the result of utilization of the Company's net operating loss carryforward for which the related deferred tax asset has been fully reserved.

The Company's net deferred tax assets are comprised of the following:

	September 30, 2019	September 30, 2018
Current:		
Allowance for doubtful accounts	$ 119	$ 80
Prepaid Expenses	4	8
Accrued Expenses	145	114
Total Current Deferred Tax Assets	268	202
Long-Term:		
Net operating loss carryfoward	3,390	4,338
Contribution carryover	29	
Basis of fixed assets and intangible assets	104	145
Investment in Flexwise	56	159
Other liabilities	63	57
Total Long-Term Deferred Tax Assets	3,642	4,699
Total Deferred Tax Asset	3,910	4,901
Valuation Allowance	(3,910)	(4,901)
Deferred Tax Assets, Net	$ -	$ -

At September 30, 2019 the Company has a federal net operating loss carryforward of approximately $13,089 which expires beginning in 2024, and state net operating loss carryforwards varying in amounts which expire

10. Income Taxes
(Continued)

beginning in 2024. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of net operating loss carryforwards, as defined under that section, in the event of an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders, as defined, in the Company's stock by more than 50% over a testing period (generally three years).

11. Commitments and Contingencies

Lease Commitments

The Company leases office facilities and certain equipment under operating leases that expire through 2023. Future minimum rental payments, including other operating expenses, as of September 30, 2019 are as follows:

Year Ending September 30,	
2020	$359
2021	90
2022	30
2023	15
Total Minimum Lease Payments	$494

The operating lease contains escalation clauses with respect to real estate taxes and related operating costs.

Rent expense was $389 for each of the years ended September 30, 2019 and 2018.

Employment Agreements

In November 2002, the Company entered into amended employment agreements with two of its officers, under which they will receive annual base salaries of $302 and $404, respectively. In January 2015, the agreement with one of the officers was further amended, increasing the annual base salary from $404 to $420. The employment agreements are automatically extended at the end of each fiscal year and are terminable by the Company.

If a "change of control" (as defined in the agreements) were to occur and cause the respective employment agreements to terminate, the Company would be required to make lump sum severance payments of $904 and $1,205, respectively, to the officers who amended their employment contracts in November 2002.

11. Commitments and Contingencies
(Continued)

Employment Agreements
(Continued)

In January, 2016, the Company entered into an amended employment agreement with another officer pursuant to which the officer received an annual base salary ranging from $294 to $304 through January, 2018. After expiration the employment agreement automatically renewed for additional one year terms unless the Company, within sixty days prior to the expiration, provided the officer with written notice of its intent not to renew the agreement. In July 2019, the Company entered into an amended agreement with this executive pursuant to his transition to a consulting role. The agreement provides for, among other things, an initial salary of $200 decreasing annually through the expiration in 2023.

Litigation

In the ordinary course of its business the Company may be subject to various claims and legal proceedings covering a wide range of matters that arise including payroll, contract, and employment-related matters. These matters may sometimes include individual and collective lawsuits and inquiries and investigations by governmental agencies regarding the Company's employment practices. Management and legal counsel periodically review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, and the availability and extent of insurance coverage and established reserves.

On April 16, 2019 a complaint was filed against ATC and one of its franchisees alleging certain wage and hour matters and violations of the Fair Credit Reporting Act. On November 19, 2019 the parties agreed to a settlement in principle of all claims. A portion of the settlement is covered by insurance and the balance apportioned between the Company and the franchisee.

Accordingly, at September 30, 2019, the Company recorded a reserve in the amount $385 for its proportionate share.

While it is not possible at this time to predict the outcome of all legal actions, in the opinion of management, based on these reviews and the likely disposition of the actions other than the complaint discussed above, these matters will not have a material effect on the Company's financial position, results of operations or cash flows.

Gross Receipts Tax Liability

The Company was audited by the New Mexico Taxation and Revenue Department and, in August, 2012, was assessed an aggregate amount of $344 for gross receipts tax, interest and penalty. In November, 2012, the Company filed a protest with the Department to contest the Department's assessment. A hearing on this matter was held in September, 2015. The

11. Commitments and Contingencies
(Continued)

Gross Receipts Tax Liability
(Continued)

Administrative Hearings Office issued a decision adverse to the Company in November, 2016 and in December 2016, the Company filed a Notice of Appeal. In July, 2019, the Company reached an agreement wherein New Mexico agreed to forego all penalties. The accompanying financial statements as of September 30, 2019 reflect the assessment inclusive of interest in the aggregate amount of $435.

12. Stockholders' Equity

Common Stock Class A

In January, 2015, pursuant to a Restated Certificate of Incorporation, the Company increased its authorized Class A Common Stock from 200,000,000 to 320,000,000 shares.

Voting Rights

A holder of Class B Common Stock is entitled to ten votes for each share and each share is convertible into one share of Class A Common Stock (and will automatically convert into one share of Class A Common Stock upon transfer subject to certain limited exceptions). Except as otherwise required by the Delaware General Corporation Law, all shares of common stock vote as a single class on all matters submitted to a vote by the shareholders.

2015 Stock Option Plan

During Fiscal 2015, the Company adopted a stock option plan (the "2015 Stock Option Plan") under which an aggregate of 110,000,000 shares of Class A Common Stock are reserved for issuance. Options granted under the 2015 Stock Option Plan may be ISOs or NQSOs. A total of 108,000,000 stock options were granted under the plan at an exercise price of $.01, of which 83,663,000 are outstanding as of September 30, 2019. The 2015 Stock Option Plan expires 10 years from its effective date.

Stock Options

During June, 2010, the board of directors granted an aggregate of 9,000,000 non-qualified stock options to three of its executive officers (3,000,000 each) exercisable for Class A Common Stock of the Company with an exercise price of $.07 per share. The stock options vest on the second anniversary of the grant date, subject to earlier vesting upon the Company meeting certain milestones, all of which had been met at February 28, 2011.

The fair value of the options is equal to $436 based on the fair value method of accounting using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 138%.

12. Stockholders' Equity
(Continued)

Stock Options
(Continued)

In addition during January, 2011, the board of directors granted one of the Company's executive officers 5,000,000 non-qualified stock options exercisable for Class A Common Stock of the Company with an exercise price of $.03 per share. Half of the options vested upon the issuance of the Company's financial statements for the year ended February 28, 2011, accompanied by the report of the Company's independent auditors, while the remaining 2,500,000 options vested upon the issuance of the Company's financial statements for the year ended February 28, 2012, accompanied by the report of the Company's independent auditors. These options were also valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 153%, resulting in the fair value equal to $49.

In August 2011, the board of directors granted one of the Company's executive officers 500,000 non-qualified stock options exercisable for Class A Common Stock of the Company with an exercise price of $.03 per share. As of September 30, 2019, 500,000 options have vested based on the completion of certain performance targets by the officer. These options were also valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3%; expected life of 10 years and volatility of 153%, resulting in the fair value equal to $5.

In January, 2015, the board of directors granted four of the Company's executive officers a total of 108,000,000 stock options for Class A Common Stock of the Company with an exercise price of $.01 per share. These options were valued using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 1.5%; expected life of 10 years, 5 years for certain executive officers, and no volatility, resulting in the fair value equal to $78. The options become exercisable in accordance with the option agreements unless a change in control, as defined in the agreements, occurs in which case the options shall become exercisable in full.

In August, 2016, two of the Company's executive officers exercised options for a total of 24,337,000 Class A Common shares.

During the year ended September 30, 2019 and 2018, respectively, the Company recorded $0 and $8 of stock-based compensation expense, which is included in general and administrative expenses. As of September 30, 2019 and 2018, there was no unrecognized compensation expense related to nonvested share-based compensation.

12. Stockholders' Equity (Continued)

Stock Options
(Continued)

The following table summarizes information about all stock options outstanding at September 30, 2019:

Options Outstanding							Options Exercisable	
Range of Exercise Prices	Beginning of Year Number Outstanding	Exercised	Expired	End of Year Number Outstanding	Weighted Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$.01 to $.01	83,663,000	-		83,663,000	0.42	$0.01	83,663,000	$0.01
$.07 to $.07	9,000,000			9,000,000	0.42	$0.07	9,000,000	$0.07
$.03 to $.03	5,000,000			5,000,000	1.42	$0.03	5,000,000	$0.03
$.03 to $.03	500,000			500,000	0.92	$0.03	500,000	$0.03
	98,163,000	-	-	98,163,000		$0.02	98,163,000	$0.02

A summary of the Company's nonvested options as of September 30, 2019, and changes during the years then ended is presented below:

	Options	Grant Date Fair Value
Non Vested Options Outstanding as of October 1, 2017	16,000,000	$0.01
Granted	-	
Vested	-	
Terminated	-	-
Non Vested Options Outstanding as of October 1, 2018	16,000,000	$0.01
Granted	-	
Vested	16,000,000	$0.01
Terminated	-	
Non Vested Options Outstanding as of September 30, 2019	-	-

13. Employee 401(k) Savings Plan

The Company maintains an Employee 401(k) Savings Plan. The plan is a defined contribution plan that is administered by the Company. All regular, full-time employees are eligible for voluntary participation upon completing one year of service and having attained the age of 21. The plan provides for growth in savings through contributions and income from investments. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Plan participants are allowed to contribute a specified percentage of their base salary. Contributions to the plan by the Company are discretionary. During each of the years ended September 30, 2019 and 2018 the Company contributed $2 to the plan.

14. Licensee Financial Data

The Company's consolidated financial statements include service revenues and service costs associated with its licensees. Summarized below is the breakdown between licensee and Company generated items for the years ended September 30, 2019 and 2018.

	September 30, 2019	September 30, 2018
Company service revenue	$ 643	$ 723
Sale of Franchises, net	739	831
Licensee service revenue	84,436	83,771
Total Service Revenue	$ 85,818	$ 85,325

	September 30, 2019	September 30, 2018
Company service costs	$ 493	$ 554
Licensee service costs	61,168	62,148
Total Service Costs	$ 61,661	$ 62,702

	September 30, 2019	September 30, 2018
Franchise Fees	2,868	2,616
Licensee Royalty, net	8,826	8,253
Total Franchise Fees and Licensee Royalty Expenses	$ 11,694	$ 10,869

15. Related Party Transactions

In August 2016, in connection with the funding of the exercise of a portion of their vested stock options (See Note 12), two executive officers entered into promissory note agreements with the Company in the aggregate amount of $243. The loans bear interest at the rate of 3% per annum, are unsecured and are due together with unpaid interest at the earliest of the third anniversary of the loans or a change in control of the Company, as defined in the agreement. In August 2019 the agreements were extended until December 31, 2024. Interest income amounted to $7 for each of the years ended September 30, 2019 and 2018. Unpaid interest income amounted to $23 and $16 as of September 30, 2019 and 2018, respectively.

In August 2017 two executive officers entered into promissory note agreements with the Company in the aggregate amount of $250. The loans bear interest at the rate of 5% per annum, are unsecured and are due together with unpaid interest at the earliest of December 31, 2024 or a change in control of the Company, as defined in the agreement. Interest income amounted to $13 for each of the years ended September 30, 2019 and 2018. Unpaid interest income as of September 30, 2019 and 2018 amounted to $27 and $15, respectively.

In September, 2017, the two executive officers entered into promissory note agreements with the Company in the aggregate amount of $131 in connection with the purchase of a 50% interest in a franchise. The loans bear interest at the rate of 3% per annum, are unsecured and are due together with unpaid interest at the earliest of December 31, 2024 or a change in control of the Company, as defined in the agreement. Interest income amounted to $4 for each of the years ended September 30, 2019 and 2018. Unpaid interest amounted to $8 and $4 as of September 30, 2019 and 2018, respectively.

In May, 2019, the two executive officers entered into promissory note agreements with the Company in the aggregate amount of $3,000. The loans bear interest at the rate of 5% per annum and are unsecured. Interest accruing at the rate of 2.37% annually is payable each year on the anniversary date of the note. The remainder of the interest accruing on the notes together with the principal are due on the earliest of the seventh anniversary of the notes, a change in control of the Company, as defined in the agreement, or the voluntary termination of the executive officers. Interest income amounted to $54 for the year ended September 30, 2019. Unpaid interest amounted to $54 as of September 30, 2019.

The two executive officers own and operate three of the Company's franchises which provide travel nurses and other staffing services.

15. Related Party Transactions (Continued)

The following is a summary of the income and expenses of these three franchises for the years ended September 30, 2019 and 2018;

	September 30, 2019	September 30, 2018
Service Revenue	$ 5,412	$ 5,665
Service Costs	4,341	4,471
Operating and Royalty Expenses	634	708
Net Income	$ 437	$ 486

As of September 30, 2019 and 2018, these three franchises owed the Company approximately $273 and $137, respectively, representing certain expenses paid by the Company on behalf of these franchises.

In December 2016, the Company entered into a Management Agreement with Health Placements Two, LLC, a New York limited liability company (“Health Placements"), which is partially owned by two executive officers of the Company. Healthcare Placements places healthcare professionals with clients nationwide for long term assignments. The Management Agreement has an initial term of ten years and automatically renews for subsequent ten-year renewal terms.

The Management Agreement provides for a management fee to be paid to Healthcare Placements of 60% of the gross margin on the service revenue. The management fee for each of the years ended September 30, 2019 and 2018 amounted to $221.

Pursuant to the Management Agreement the Company can advance Healthcare Placements up to $85 bearing interest at 5% per annum. As of September 30, 2019 and 2018, there is $33 and $64, respectively, inclusive of interest, due from Healthcare Placements.

The Company has engaged an entity owned by the son of an executive as a social media consultant. The related consulting expense amounted to $57 and $17 for the years ended September 30, 2019 and 2018, respectively.

16. Concentrations

During the years ended September 30, 2019 and 2018, the Company did not have any one customer that had service revenues greater than 10% of the Company’s total revenue. The Company does however have a Franchisee that during the years ended September 30, 2019 and 2018 represents 13% and 12%, respectively, of the Company’s revenue.

16. Concentrations
(Continued)

During the years ended September 30, 2019 and 2018, the Company incurred royalty expense to two of its licensees including franchises under common control, which represented 24% and 23% of the Company's royalty and franchise expense, respectively.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
(As of September 30, 2020)

CALIFORNIA	
Bryan Ricks 400 29th Street, Suite 403 Oakland, California 94609 510-628-8426	
ILLINOIS	
Enrique Vasquez 28521 West Harvest Glen Circle Cary, Illinois 60013 847-208-1174 Territory: Cary, Illinois	
KENTUCKY	
Laura Curry 2210 Goldsmith Lane, Suite 209 Louisville, Kentucky 40218	
MICHIGAN	
Wendy White 203 Dartmouth Drive Midland, Michigan 48640 989-839-2310	
MINNESOTA	
Joel Denney 250 Prairie Center Drive, Suite 317 Eden Prairie, Minnesota 55344 612-730-6682	
OHIO	
Gina McLaughlin 4728 Logan Way Hubbard, Ohio 44425 330-759-9722	
NEBRASKA	
Brenda Ouellette 4611 South 96th Street, Suite 101 Omaha, Nebraska 68127 402-506-9368	

PENNSYLVANIA	
CareBuilders at Home Pittsburgh Rick Carr 821 Main Street Pittsburgh, Pennsylvania 15215 412-782-4282	Sean Murphy 1325 Spruce Street, Suite 400 Philadelphia, Pennsylvania 19107 215-259-2906 Territory: Delaware & Philadelphia Counties
Dan Glennon 1325 Spruce Street, Suite 4000 Philadelphia, Pennsylvania 19107 Territory: Bucks County *Ceased operations 2019*	Dan Glennon 1325 Spruce Street, Suite 4000 Philadelphia, Pennsylvania 19107 Territory: Lower Montgomery County *Ceased operations 2019*
TEXAS	
Robin and Thomas Holmes 1414 South Friendswood Drive, Suite 218 Friendswood, Texas 77546 855-422-7389	Shelly Crosby 101 Oyster Creek Drive Lake Jackson, Texas 77566 979-258-6728 Territory: Lake Jackson, Texas
Nicole Kennedy 17906 Norwood Oaks Drive Spring, Texas 77379	

Franchise agreements signed but unit not opened as of September 30, 2020:

CALIFORNIA	
Kimberly Scherzi 968 South Barrington Avenue, Apt. 2 Los Angeles, California 90049	
MICHIGAN	
JNB Fam Corp Jeff Brown 18201 Kirkshire Avenue Beverly Hills, Michigan 48025	
MISSISSIPPI	
Jawona Ducksworth 1104 West 1st Street, Suite 6 Laurel, Mississippi 39440 601-670-5772	
PENNSYLVANIA	
Brian Fishman 1325 Spruce Street, Suite 4000 Philadelphia, Pennsylvania 19107 Territory: Upper Montgomery County	

TEXAS	
Brazos Management Group LLC Nabeel Khan 4507 Kelliwood Park Court Katy, Texas 77450 516-241-0097 Territory: Houston, Texas #3	Sabine Management Group LLC Nabeel Khan 4507 Kelliwood Park Court Katy, Texas 77450 516-241-0097 Territory: Houston, Texas #10
Pecos Management Group LLC Nabeel Khan 4507 Kelliwood Park Court Katy, Texas 77450 516-241-0097 Territory: Houston, Texas #15	CareBuilders At Home Houston 2 David Nitzschke 2116 Pleasant Palm Circle League City, Texas 77573 832-900-9416

FRANCHISEES WHO HAVE LEFT THE SYSTEM

(As of September 30, 2020)

CONNECTICUT	
Rob Ruotolo 101 Carpenter Avenue, Apt. A-13 Mount Kisco, New York 10549 *Terminated March 2020*	
TEXAS	
Dr. Harold Adams 3426 Scenic Elm Street Houston, Texas 77059 Bonnie Benkula 2116 Pleasant Palm Circle League City, Texas 77573 *Never opened & operated--Terminated August 2020*	Dr. Harold Adams 3426 Scenic Elm Street Houston, Texas 77059 Bonnie Benkula 2116 Pleasant Palm Circle League City, Texas 77573 *Never opened & operated--Terminated August 2020*
Dr. Harold Adams 3426 Scenic Elm Street Houston, Texas 77059 Bonnie Benkula 2116 Pleasant Palm Circle League City, Texas 77573 *Never opened & operated--Terminated August 2020*	

EXHIBIT F TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF THE OPERATIONS MANUAL

Table of Contents

Chapter 1: Introduction to Private Duty

1.1: Welcome
1.2: Background Information
1.3: Definition of Home Care
1.4: Certified Home Care Agency
1.5: Private Duty Non-Medical Support Services Agency
1.6: Description of Care Personnel For Non-medical Support Services Agency
1.7: Chart: Comparison of Services Provided by Non-medical Support Services Agency and Certified Home Care Agency
1.8: Who Pays for Private Duty Non-medical Services
1.9: Funding Payers
1.10: Public Third-Party Payers
1.11: Private Third-Party Payers
1.12: Health Maintenance Organizations (HMO)
1.13: Automobile Insurance Companies
1.14: Workers Compensation
1.15: Disease/Condition Focused Organizations
1.16: Limited Government Payers
1.17: Chart: Who Pays for Non-medical Support Services in the Home
1.18: The Statistics
1.19: Packaging Services/Tiered Packages
1.20: Levels of Service
1.21: Homemaker Services
1-22: Companion Services
1-23: Personal Care Services
1.24: Respite Services

Total Number of Pages: 24

Chapter 2: Branding

2.1: Introduction to Branding
2.2: CareBuilders At Home Branding
2.3: Methods to Getting CareBuilders At Home Brand Recognition in Your Market

Total Number of Pages: 3

Chapter 3: Leadership, Mission and Values

3.1: Leadership
3.2: Mission, Vision and Value Statements
3.3: Mission Statement
3.4: Vision Statement
3.5: Value/Belief Statement
3.6: Additional Skills

Total Number of Pages: 6

Chapter 4: Feasibility, Market Share and First Steps to Setting Up Your Business

4.1: Feasibility and Market Share
4.2: Market Research
4.3: Chart: Home Care Patients by Age and Disease
4.4: Conducting Test Market Research
4.5: Value and Format of Test Market Survey
4.6: Things to Research When Evaluating the Market
4.7: Market Area (Geographical)
4.8: Market Profile (Potential Clients, Competitors)
4.9: Competition
4.10: Market Status
4.11: Market Share
4.12: Determining Price Structure
4.13: Direct Labor (Variable) Costs
4.14: Overhead (Fixed) Costs
4.15: Determining Start-up Expenses/Costs
4.16: Chart: Start-up Expenses
4.17: Main Advertising Expenses
4.18: Newspaper, Yellow Pages, Business Directories
4.19: Brochures, Stationary and Business Cards
4.20: Introductory Letters
4.21: Equipment and Supplies
4.22: Housekeeping Equipment and Supplies
4.23: Personal Care Equipment/Supplies
4.24: Funds, Operating Money
4.25: Contingency Money
4.26: Determine Operating Expenses/Costs
4.27: Chart: Operating Expenses
4.28: Insurances
4.29: Disability Insurance
4.30: Vehicle Insurance (Business)
4.31: Employee Drivers
4.32: Homeowner's Insurance
4.33: Forecast/Project Service Revenues
4.34: Project Cash Flow

4.35: Analyze Cash Flow Projections
4.36: Analyze Other Factors

Total Number of Pages: 36

Chapter 5: Business Plan

5.1: Executive Summary
5.2: Management Biographies
5.3: Describing the Features and Strengths of Your Business
5.4: Competitive Analysis
5.5: Pricing Strategy
5.6: Marketing Strategy
5.7: Operations Strategy
5.8: Financial Projections

Total Number of Pages: 8

Chapter 6: Financing Your Business

6.1: Introduction
6.2: Chart: Common Loan Criteria
6.3: Additional Sources of Start-up Capital
6.4: Small Business Administration Loans
6.5: Shop Around

Total Number of Pages: 5

Chapter 7: Steps in Setting Up Your Business

7.1: Steps Required by Most States to Set-up Your Business
7.2: Establishing a Business Entity
7.3: Sole Proprietorship
7.4: Partnership
7.5: Limited Partnership
7.6: LLCs and Corporations
7.7: Business Name and Logo
7.8: Business License
7.9: Federal Employer Identification Number (FEIN)
7.10: Bank Accounts
7.11: General Hours of Operation
7.12: Employees Needed to Start Business
7.13: Start-up Supplies and Equipment
7.14: Telephone Systems
7.15: On-call System
7.16: Computers, Printers, Fax Machines and Copiers
7.17: Office Space
7.18: Additional Supplies

7.19: Recurring Expenses

Total Number of Pages: 19

Chapter 8: The Client Relationship

8.1: Clients to Attract
8.2: Referral Sources
8.3: Open Lines of Communication
8.4: Client Crisis
8.5: Define Customer Expectation
8.6: Exceed Customer Expectation
8.7: Meet Customer Expectation
8.8: Falling Short
8.9: Keep Communicating

Total Number of Pages: 9

Chapter 9: The Employee Relationship

9.1: Basic Recruitment Principles
9.2: Caregiver to Client Matching
9.3: Pets and Children
9.4: Social History and Background
9.5: Behavioral Styles
9.6: Values
9.7: Referral Bonuses

Total Number of Pages: 7

Chapter 10: Marketing

10.1: Making the Telephone Ring
10.2: Marketing Process and Strategy
10.3: Developing a Competitive Advantage
10.4: Conducting a SWOT Analysis
10.5 Creating a Unique Selling Position (USP), Slogans
10.6: Creating Your Image
10.7: Marketing Package
10.8: Introductory Letter
10.9: Example of Introductory Letter
10.10: Business Cards
10.11: Brochures
10.12: Fee Schedules
10.13: Promotion and Advertising
10.14: Advertising and Promotional Activities
10.15: E-Mail Marketing

Total Number of Pages: 15

Chapter 11: Selling

11.1: Personal Selling
11.2: Direct Marketing as a Sales Tool
11.3: Public Relations
11.4: Networking
11.5: People With Whom You Should Network
11.6: Ideas to Improve Community Networking
11.7: Selling to Physicians
11.8 Mailing Program

Total Number of Pages: 8

Chapter 12: The Internet as a Business Tool

12.1: The Internet Explosion
12.2: Maximizing Web Effectiveness
12.3: Social Networks
12.4: Getting Started With Social Media
12.5: Facebook
12.6: Twitter
12.7: YouTube
12.8: LinkedIn

Total Number of Pages: 8

Chapter 13: Readiness for Service Delivery

13.1: Introduction
13.2: Service Standards
13.3: Policies and Procedures
13.4: Basic Office Staff
13.5: Owner/Manager/Administrator
13.6: Office Coordinator/manager
13.7: Supervisor
13.8: Non-Medical Home Care Support Staff
13.9: Hiring Process
13.10: Chart: Sample Organizational Chart
13.11: Job Descriptions
13.12: Employment Application
13.13: Recruiting Non-medical Home Care Support Staff
13.14: Effective Recruitment
13.15: The Recruitment and Hiring Process
13.16: Define the Person and the Role/Job

13.17: Attracting Candidates to Your Agency
13.18: Example: Advertisement for Home Care Support Staff
13.19: Assessing Candidates
13.20: Screening and Short Listing
13.21: Interviewing
13.22: Key Factors for Assessing and Selecting Candidates
13.23: Physical requirements
13.24: Personal Attributes
13.25: Work Hours
13.26: Conducting Reference Checks
13.27: Conducting Criminal Background Checks and Drug Screens
13.28: Orientation of Staff
13.29: Conducting Effective Orientations
13.30: Criteria or Establishing Pay rates
13.31: The Going Rate
13.32: Negotiating Wages
13.33: Respect Privacy of information
13.34: Follow Payroll Obligations

Total Number of Pages: 34

Chapter 14: Service Delivery

14.1: Introduction
14.2: Chart: Service Delivery model
14.3: Initial Contac/Inquiry to Agency
14.4: Screening
14.5: Implementing and Delivering Services
14.6: Client/Representative Inquiries
14.7: Conduct In-home Interview
14.8: Home Safety
14.9: Develop Service Plan
14.10: Components of a Service Plan
14.11: Sign Service Agreement
14.12: Obtain Consent to Release Information
14.13: Schedule Staff
14.14: Deliver/Provide Services
14.15: Maintain Client Records
14.16: Effective Documentation
14.17: Responsibilities for Record Maintenance
14.18: Supervisor Responsibility in Record Keeping
14.19: Home Care Assistant Responsibility in Record Keeping
14.20: Incident Reports or Unusual Occurrences
14.21: Client Rights Regarding Records
14.22: Follow-up and Monitor
14.23: Make Changes to Service Plan as Required

Total Number of Pages: **23**

Chapter 15: Day-to-Day Operations

15.1: Introduction
15.2: Telephone Calls
15.3: Telephone Log
15.4: After Hour Calls
15.5: Staff Roster
15.6: Service Start-up Schedule
15.7: Client Rosters/Files
15.8: Service Cancellations
15.9: Billing
15.10: Credit Reports
15.11: Price Changes
15.12: Newsletters
15.13: Employees
15.14. Employee Timecards
15.15: Employee Mileage Records
15.16: Client Cash Transactions
15.17: Rates/Fees
15.18: Supervision
15.19: Continuous Quality Improvement

Total Number of Pages: **19**

Chapter 16: Quality Control

16.1: Policies and Procedures
16.2: Purpose of Quality Improvement Policy
16.3: Definitions
16.4: Procedures
16.5: Guidelines

Total Number of Pages: **5**

Chapter 17: Risk Management

17.1: Purpose of Risk Management
17.2: Definitions
17.3: Procedures
17.4: Guidelines
17.5: Annual Agency Evaluation
17.6: Procedure for Annual Evaluations

Total Number of Pages: **6**

Chapter 18: Workers Compensation and Loss Control

18.1: Loss Control
18.2: Explanation of Benefits
18.3: Lost time Benefits
18.4: Waiting Period
18.5: Paid Time Off (PTO)
18.6: Calculation of Benefits
18.7: Payment of Benefits
18.8: Termination of Benefits
18.9: Travel Expense Reimbursement
18.10: Permanent Disability Benefits
18.11: Return to Work
18.12: Death/Burial Benefits
18.13: Supervisor's Responsibility
18.14: Bloodborne and Environmental Exposures
18.15: Questionable Claims
18.16: First Aid
18.17: Lost time Compensation
18.18: Workers Compensation Education
18.19: Personnel Responsibilities
18.20: Description of Workers Compensation Forms

Total Number of Pages: 20

Chapter 19: Record Keeping, Billing, Accounting and Collections

19.1: Introduction
19.2: Components of an Effective Accounting System
19.3: Methods of Maintaining Good Records
19.4: Prepare to Accept Payment
19.5: Billing and Collections

Total Number of Pages: 5

Chapter 20: Emergency Preparedness

20.1: Emergency Planning
20.2: Sample Plan
20.3: Disaster Recovery

Total Number of Pages: 3

Chapter 21: Conflict of Interest

21.1: Introduction
21.2: Pay Rate Issues
21.3: Client Cancellations
21.4: Overtime Conflicts
21.5: Clinical Staff Working With Multiple Agencies

Total Number of Pages: 5

Chapter 22: Elder Abuse

22.1: Introduction
22.2: Definition of Elder Abuse
22.3: Signs of Elder Abuse
22.4: Actions to Take if Elder Abuse is Suspected
22.5: What to Expect When a Report of Elder Abuse is Made
22.6: What Happens After the Report is Made
22.7: Who Responds to Reports of Elder Abuse, Neglect, or Exploitation

Total Number of Pages: 7

Appendices

Appendix 1: Forms Library, Alphabetized

Appendix 2: Licensure Requirements and Contact Information by State

Appendix 3: Private Duty Groups, Associations and Other Links

Total Number of Pages: 22

References and Sources

Total Number of Pages in Operations Manual: 297

EXHIBIT G TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this day of _____, by and between CareBuilders At Home, LLC, a Georgia limited liability company, having its principal place of business located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York, 11042 (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein and said action must be filed in the State of New York.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

The parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

RELEASOR:

_____
(Name)

CAREBUILDERS AT HOME, LLC

By:_____
Name:_____
Title:_____

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	March 16, 2021, amended *Pending*
Illinois	January 29, 2021, amended *Pending*
Indiana	March 20, 2021, amended March 26, 2021
Maryland	*Pending*
Michigan	March 25, 2021
Minnesota	February 25, 2021, amended *Pending*
New York	January 20, 2012, amended February 17, 2021, amended *Pending*
North Dakota	March 17, 2021, *Pending*
Rhode Island	March 4, 2021, amended April 13, 2021
South Dakota	February 1, 2021
Virginia	March 22, 2021, amended *Pending*
Washington	*Pending*
Wisconsin	February 26, 2021, amended April 13, 2021

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

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If CareBuilders At Home, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise 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 you to receive 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 CareBuilders At Home, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

David Savitsky 1983 Marcus Avenue, Suite E-122 Lake Success, New York 11042 (516)750-1600	Paul Ackermann 1983 Marcus Avenue, Suite E-122 Lake Success, New York 11042 (516)750-1600

Issuance Date: January 28, 2021, amended March 18, 2021

I received a Disclosure Document date January 28, 2021, amended March 18, 2021, that included the following Exhibits:

EXHIBIT A: List of State Administrators/Agents for Service of Process
EXHIBIT B: State Addenda
EXHIBIT C: Franchise Agreement with Attachments
EXHIBIT D: Financial Statements including Guarantee of Performance
EXHIBIT E: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT F: Table of Contents of the Operations Manual
EXHIBIT G: Form of General Release

Date Received:_____
(If other than date signed)

Date:_____

_____
(Signature of recipient)

Print Name:_____

Print Address:_____

_____

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If CareBuilders At Home, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise 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 you to receive 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 CareBuilders At Home, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

David Savitsky 1983 Marcus Avenue, Suite E-122 Lake Success, New York 11042 (516)750-1600	Paul Ackermann 1983 Marcus Avenue, Suite E-122 Lake Success, New York 11042 (516)750-1600

Issuance Date: January 28, 2021, amended March 18, 2021

I received a Disclosure Document date January 28, 2021, amended March 18, 2021, that included the following Exhibits:

EXHIBIT A: List of State Administrators/Agents for Service of Process
EXHIBIT B: State Addenda
EXHIBIT C: Franchise Agreement with Attachments
EXHIBIT D: Financial Statements including Guarantee of Performance
EXHIBIT E: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT F: Table of Contents of the Operations Manual
EXHIBIT G: Form of General Release

Date Received:_____
(If other than date signed)

Date:_____

_____
(Signature of recipient)

Print Name:_____

Print Address:_____

_____

Please return signed Receipt to: CareBuilders At Home, LLC
1983 Marcus Avenue, Suite E-122
Lake Success, New York 11042