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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

TeamLogic, Inc.
A California Corporation
26722 Plaza, Mission Viejo, California 92691
(949)- 582-6300
franchise@TeamLogicIT.com
www.TeamLogicIT.com

TeamLogicIT®
Your Technology Advisor

As a TeamLogic IT® franchisee you will independently own and operate an information technology business providing outsourced IT managed services targeted to small and medium-sized businesses via qualified technicians.

The total investment necessary to begin operation of a TeamLogic IT® franchised business is from $106,375 to $146,300. This includes $40,000 to $45,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at 26722 Plaza, Mission Viejo, California 92691, (949) 582-6300.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov 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: March 17, 2020.

STATE COVER PAGE

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.
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 A 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 TeamLogic IT 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 TeamLogic IT franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **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.

3. **Sales Performance Requirements.** 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.

4. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

TEAMLOGIC, INC.
FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language of this disclosure document, "TeamLogic", "we," or "us", means TeamLogic, Inc., the franchisor. "You" means the person who acquires the TeamLogic IT® franchise, and each equity owner of the franchisee entity. If you are a corporation, limited liability company ("LLC") or other legal entity, "you" includes each of your owners, who will sign as a party and will also sign a Guarantee of the Franchise Agreement.

TeamLogic, Inc. ("TeamLogic") incorporated on September 1, 2004 in California. TeamLogic has its principal place of business at 26722 Plaza, Mission Viejo, California 92691. TeamLogic began offering franchises for computer consultation, maintenance, and proactive IT managed services in January 2005. It has not conducted business in any other line of business or offered franchises in any other line of business. TeamLogic does not operate businesses of the type being franchised. As of December 31, 2019 there were 201 TeamLogic IT® franchised Businesses located in the United States, including Canada and Puerto Rico.

TeamLogic has no predecessors. It is 100% owned by its parent company, Franchise Services, Inc., a California corporation, also located at 26722 Plaza, Mission Viejo, California 92691. Franchise Services, Inc., established in 1996 as a service company, owns, operates, and manages a variety of well- known international franchise brands and other companies. Franchise Services, Inc. is a wholly owned subsidiary of KOAH, Inc., a Delaware corporation ("KOAH").

Franchise Services, Inc. owns, operates, and manages the following companies:

Sir Speedy, Inc., a California corporation, 26722 Plaza, Mission Viejo, CA 92691, which has franchised printing, marketing and sign centers since 1968 and has 157 centers as of December 31, 2019;

Postal Instant Press, Inc., a California corporation ("PIP"), 26722 Plaza, Mission Viejo, CA 92691 which has franchised printing, marketing and sign centers since 1968 and has 65 centers as of December 31, 2019;

MultiCopy BV, a Netherlands corporation, Postbus 16503, 1001 RA Amsterdam, Netherlands, which has franchised printing, marketing and sign centers since 1981, and has 61 centers as of December 31, 2019;

Signal Graphics, Inc., a California corporation, 26722 Plaza, Mission Viejo, CA 92691 (949) 348-5000, which has franchised printing, marketing and sign centers since April 11, 2000, and has 10 centers as of December 31, 2019; and

Summit Marketing Communications, Inc. ("Summit"), 26722 Plaza, Mission Viejo, CA 92691, a California corporation, which provides advertising and media services to all Franchise Services, Inc. affiliates. None of these franchise companies has offered franchises in any other lines of business. Except as stated above, none of these affiliates provide any products and services to the TeamLogic franchises. Except as stated above, neither TeamLogic, nor any of its affiliates own or operate any TeamLogic IT® Businesses.

[continued on next page]

DESCRIPTION OF FRANCHISES

Our TeamLogic IT® Franchise (also referred to as "Business") is a license to independently own and operate an information technology business providing outsourced IT managed services targeted to small and medium-sized businesses via qualified technicians. You will offer a list of required Core Services that are outlined in the Franchise Agreement. Additional Non-Core Services can also be offered at your option, with appropriately trained, qualified technicians. You will proactively work with your clients to help determine if they have the correct IT equipment to properly meet their current and future needs, and will partner with your clients on a reactive basis to help them repair their IT equipment and services when the systems fail. You will offer SystemWatch IT® Managed Services to clients which will remotely monitor and manage servers and desktops to help to prevent problems, allow for local and remote back-up, and provide performance reports of the client's system.

CORE SERVICES

The Core Services that you will offer include:

i. SystemWatch IT® Managed Services providing remote monitoring, management and support (Network Operations Center or NOC) Computer Systems Assessment
ii. Troubleshooting and Repair
- On-Site
- Remote

iii. Installation of Systems, Hardware and Software
iv. Data Backup System Installation and Maintenance
- Local
- Remote/On-line

v. Data Recovery/Business Continuity
vi. IT Security
vii. Cloud Services
viii. Mobility Solutions
ix. E-mail Solutions
x. Telephony solutions
xi. Voice, Data, and Connectivity Solutions
xii. End-user support (Help Desk)
xiii. IT Consulting/IT Projects/Strategic Advice
xiv. Business Application Support

You will face competition from other computer repair businesses, and managed services providers including other franchised or non-franchised national chains as well as independent computer repair and managed services businesses. The computer services market is highly developed in many states.

We utilize franchising as our business strategy for expansion in the United States. We grant franchises with care to individuals we believe are qualified financially, have acquired the business acumen to handle running one's own business, have the personality traits most desirable to follow the TeamLogic IT® System to enhance the brand, and have a desire for success.

You will need to obtain the proper business license(s) from the proper licensing agencies. In addition, you may also be subject to federal, state, and local laws, regulations and ordinances generally applicable to new, start-up businesses, and the continuing operation of your business. These laws may include the Health Insurance Portability and Accountability Act (HIPAA) and privacy laws. We urge you to investigate the laws, regulations, and ordinances applicable to your Business in your state.

See Exhibit "B" for our Agents for Service of Process.

ITEM 2.
BUSINESS EXPERIENCE

CHIEF EXECUTIVE OFFICER AND DIRECTOR: DON F. LOWE

Don Lowe is the Chief Executive Officer and Director of TeamLogic, Inc., in Mission Viejo, California, a position held since its inception in September 2004. Mr. Lowe has been the Chief Executive Officer of Franchise Services, Inc. (parent of TeamLogic IT) in Mission Viejo, California since its inception in 1996, and has served as Chief Executive Officer of Sir Speedy, Inc. (affiliate of TeamLogic IT) since 1981, in Mission Viejo, California.

PRESIDENT AND DIRECTOR: DAN SHAPERO

Dan Shapero joined TeamLogic, Inc., in Mission Viejo, California on February 19, 2018, and was appointed President and Director. From 2014-2015, Mr. Shapero was the Head of Global Marketing-Cloud for Ingram Micro, Inc. in Irvine, California. From 2015-2019, Mr. Shapero joined the Board of Directors for COMPTIA in Downers Grove, Illinois. Since 2011, Mr. Shapero founded and owns Clikcloud in Laguna Beach, California.

EXECUTIVE VICE PRESIDENT AND DIRECTOR: CHARLES R. LENNON

Charles Lennon was appointed Executive Vice President and Director of TeamLogic, Inc., in Mission Viejo, California, in February 2018. Previously Mr. Lennon was the President of TeamLogic, Inc. since its inception in September 2004 to February 2018, at which time Mr. Lennon elected to relocate to the East Coast of the United States.

DIRECTOR: RICHARD LOWE

Richard Lowe serves as a Director of TeamLogic, Inc., since its inception in September 2004, in Mission Viejo, California. Mr. Lowe is the Chief Operating Officer of its parent company, Franchise Services, Inc. in Mission Viejo, California. He has served as President of Sir Speedy, Inc., in Mission Viejo, California, since May 1, 2006, and is a Director. Before becoming Sir Speedy's President, Mr. Lowe served as its Senior Vice President since January 1, 2005, Vice President of Franchise Services, Inc., in Mission Viejo, California, since March 1998, Assistant Vice President of Strategic Development from December 1994 to March 1998, and Western Region Operations Manager from 1992 to 1994. Mr. Lowe joined Sir Speedy in June 1989 as Director of Copies Now.

VICE PRESIDENT OF BUSINESS DEVELOPMENT: KARL HOENECKE

Karl Hoenecke joined TeamLogic, Inc. on January 1, 2019, and was appointed Vice President of Business Development, in Mission Viejo, California. Previously, Mr. Hoenecke was a Business Development Manager/National Accounts Manager for Starbucks Coffee Company from July 1, 2013 – December 28, 2018.

VICE PRESIDENT OF FRANCHISE SUPPORT AND TRAINING: LEE DYE

Lee Dye joined TeamLogic, Inc. on February 1, 2018, and was appointed Vice President of Franchise Support and Training, in Mission Viejo, California. Previously, Mr. Dye was Vice President of Operations & Business Development for MWG Media., in West Hollywood, California, a non-profit dog adoption franchise. From 2010-2016, Mr. Dye served as Director of Franchise Stores, Director of Business Development, and Director of Franchise Operations at GNC, in Pittsburgh, Pennsylvania, a nutritional supplement franchisor.

CHIEF MARKETING OFFICER: DAVID ROBIDOUX

David Robidoux was appointed Chief Marketing Officer of TeamLogic, Inc., in Mission Viejo, California, and Chief Marketing Officer of Franchise Services, Inc., both in January 2018. Mr. Robidoux was previously appointed Vice President of Marketing of TeamLogic, Inc., in March 2015 of TeamLogic, Inc. In 2008, Mr. Robidoux was hired as Vice President of Marketing of Franchise Services, Inc.

VICE PRESIDENT OF MARKETING: DENISE DENTON

Denise Denton was appointed Vice President of Marketing for TeamLogic, Inc., in Mission Viejo, California in January 2018 and was previously its Assistant Vice President of Marketing Communications since March 2015. In 2005, Ms. Denton joined Franchise Services, Inc., in Mission Viejo, California and has held a series of marketing positions.

CHIEF FINANCIAL OFFICER, SECRETARY, TREASURER AND DIRECTOR: DANIEL J. CONGER

Daniel Conger is the Chief Financial Officer, Secretary, Treasurer and Director of TeamLogic, Inc., in Mission Viejo, California, since its inception in September 2004. Mr. Conger has served as Chief Financial Officer, Secretary, Treasurer and Director of Franchise Services, Inc., since inception and Chief Financial Officer, Secretary and Treasurer of Sir Speedy, Inc., in Mission Viejo, California since 1992.

DIRECTOR OF BUSINESS DEVELOPMENT: JEFFREY PRINCE

Jeff Prince joined TeamLogic, Inc on October 26, 2019 and was appointed Director of Business Development, in Mission Viejo, California. Previously, Mr. Prince was a Regional Manager of Field Operations and Managed Services for Cox Communications, Time Warner Cable Business Class and Spectrum Enterprise from August 2008 – September 2018. Jeff also served as a Southern California Operations Manager for Tesla Energy until July, 2019.

DIRECTOR OF BUSINESS DEVELOPMENT: SHELDON TURNER

Sheldon Turner joined TeamLogic, Inc on December 9, 2019 and was appointed Director of Managed Services, in Mission Viejo, California. Previously, Mr. Turner served as a National Network Infrastructure Services Manager for DaVita Healthcare Partners. Recently, from May 20, 2018 until December 6, 2019, Mr. Turner served as a IT Operations and Infrastructure Manager for Generali Global Assistance.

ITEM 3.
LITIGATION

Litigation to Protect TeamLogic IT Brand and Proprietary Systems.
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

Concurrently with the execution of this Agreement, Franchisee shall pay to Franchisor a non-refundable Initial Franchise Fee in the amount of $45,000. If Franchisee qualifies for a Vet★Fran discount, the Initial Franchise Fee is $40,000. For multiple franchise purchases, the Initial Franchise Fee is $45,000, unless the multiple franchise will belong to a veteran in which the Franchise Fee would be $40,000. For a conversion franchise, the Initial Franchise Fee is $45,000.

The Initial Franchise Fee covers the training, the fee for training for up to 2 people, 1 hotel room (with double occupancy), and transportation for 2 to attend training. The Initial Franchise Fee is fully earned by us and is non-refundable, unless you do not satisfactorily complete the Initial Training, in which case, we will refund your Franchise Fee less our direct costs associated with this Franchise, which may range between $2,500 to $38,000.

You may purchase additional TeamLogic IT® Franchises for the Initial Franchise Fee of $45,000. You must obtain our prior written approval, and sign a new, then current Franchise Agreement for an additional TeamLogic IT® Franchise. You must change the term of any pre-existing Franchise Agreements to be co-terminus with your new Franchise Agreement for the additional TeamLogic IT® franchise. In order to purchase additional franchises, you must not be in default of your existing Franchise Agreement and must

meet our current financial requirements.

If you are converting an existing independent information technology business into a TeamLogic IT® franchise, your Initial Franchise Fee is $45,000, and you must sign the Conversion Addendum in Exhibit "G" and the then current Franchise Agreement.

ITEM 6.
OTHER FEES *

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
CONTINUING FRANCHISE FEES (1)(8)	Greater of 7% of Gross Sales or monthly minimum starting with the 13th month (1)	Monthly; collected electronically by us (7)	Subject to monthly minimums on Continuing Franchise Fees (1)
ADVERTISING FUND (2)	Greater of 1.2% of Gross Sales or $200 per month	Monthly; collected electronically by us (7)	
SYSTEMWATCH IT® MANAGED SERVICES FEES FOR RMM (1) (Remote Monitoring Management feature) (3)	RMM fees range from $6 down to $3 per agent, per month, depending on volume level, subject to change	Monthly; collected electronically by us (7)	You must maintain SystemWatch IT® managed services, specifically, RMM agents on at least 3 computers in your Business

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
ADDITIONAL TRAINING FEE (4)	Currently $1,000 per person, subject to change	At time of additional training	Payable if more than 2 people attend Initial Training; you must also pay travel, hotel, and meals for additional trainee(s)
MULTI– FACTOR AUTHENTICATION TOOL	MULTI-FACTOR $10 monthly	Monthly; collected electronically by us	Utilized to remotely access your clients' network
SOFTWARE FEES (9)	Currently $2,100 - $3,500 per year, subject to change	Monthly/Annually Portion payable to us	Payable to obtain various software programs; a portion is payable to us
TRANSFER FEE (5)	$10,000	Before consummation of transfer	Payable when you sell your franchise. There is no charge if transferred to a member of Franchisee's immediate family who has actively participated in the operations of the Business. You must also sign a Transfer Release Agreement in the form of Exhibit H to your Disclosure Document
AUDIT FEE (6)	Cost of audit $0-$3,500	Upon demand	You must pay only if audit shows an understatement greater than 2% of Gross Sales for any 2-month period
INTEREST	California Judgment Rate (currently 10%) or Maximum rate permitted by applicable law	Upon demand	Payable on overdue amounts
RENEWAL FEE	$2,000	When you sign the renewal Franchise Agreement. Upon renewal	You are qualified for renewal if you are in full compliance with your operating requirements, all fees are paid and you are not in breach of any term of your Franchise Agreement
CUSTOM DOMAIN NAMES	$0-$40/year	As appropriate	

* Except where otherwise specified, we impose all the fees in this table, you pay them to us, and we do not refund them.

Notes:

(1) The Continuing Franchise Fees are 7% of Gross Sales and are collected electronically. There are no monthly minimums for the first twelve (12) months. Starting with sales from month thirteen (13), the monthly minimum will be $1,000 a month until the end of the term of the contract. All fees are payable to us and are non-refundable. The term "Gross Sales" includes all sales by your Business for all services and installation of hardware and software, including buyouts, whether for cash, check, credit, financed, leased or barter, without deduction for failure to collect. Gross Sales includes all Core and Non-Core Services sold. Gross Sales does not include revenue from the sale of Products, nor any sales or use taxes.

(2) Minimum Advertising Fund Fees are waived for the first 6 months in business if the 1.2% does not reach the monthly minimum of $200. All fees are payable to the TeamLogic IT® Advertising Fund, and are non-refundable. You must also spend an additional minimum of $2,000 per month on local marketing, except for the first 3 months.

(3) Fees for the SystemWatch IT® Managed Services Remote Monitoring and Management Software agents (RMM agents) are based on volume level and must be purchased from and are payable to us. You are required to install and maintain internal SystemWatch IT® Managed Services for a minimum of 3 RMM agents in your Business and pay the associated fees. We collect the SystemWatch IT® fees electronically on a monthly basis (on the last business day of the month) for all SystemWatch IT® Managed Services' RMM agents in place at the end of the prior month, without deduction for failure to collect from your client. If you want to use or sell any equivalent or subset of remote monitoring and management software, you are required to obtain our prior written approval and we may require you to purchase the equivalent or subset tool from us.

(4) The additional training fee applies to additional people sent to training by you over and above the 2 provided for in your Franchise Agreement. Currently, the additional training fee is $1,000 per person.

(5) If you transfer your Franchise, the transfer fee will be the current transfer fee charged in the year you seek to transfer your Franchise. Currently, the transfer fee is $10,000.

(6) An audit may cost anywhere from $0 to $3,500 depending on the scope of the audit. You are also responsible for Continuing Franchise Fees and Advertising Fees on all under-reported sales.

(7) The Franchise Agreement authorizes us to debit your bank account for Continuing Franchise Fees, Advertising Fees, SystemWatch IT® Managed Services fees, and other fees due.

(8) Continuing Franchise Fees for an independent computer service business converting to a TeamLogic IT® Business are waived on an average of the existing Gross Sales for the first 12 months.

(9) The Software Fees, which are subject to change, are required to obtain various software programs, and a portion of the fees are payable to us. The Professional Services Automation software fees described in item 11 are payable to us. Third parties develop all software. We currently do not develop or license our own proprietary software to you but may do so in the future. We do not make any warranties or guaranties upon which you may rely, and assume no liability or obligation to you for any third-party software. The various software vendors may change from time to time.

(Continued on next page)

ITEM 7.
YOUR ESTIMATED INITIAL INVESTMENT*

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE (1)	$40,000 to $45,000	Lump Sum.	Upon execution of the Franchise Agreement	Us
ADVERTISING COOPERATIVE ASSOCIATION FEE (SEE ITEM 11)	Ranges from $50-$500 monthly. Determined by local Advertising Cooperative Association ("ACA"). Optional		Defined by local ACA	We cannot form, change or dissolve an ACA without a majority vote of the ACA's members. See Item 11. Paid directly to ACA.
MARKETING (6)	$2,000	Monthly; paid to various vendors		After the first 12-Month Marketing Program, you are required to spend a minimum of $2,000 per month on local advertising. Paid to Various vendors
HELP DESK SERVICE FEE	$1,200 (subject to change by vendor)	One-time set up/on-boarding fee	One time set-up fee if no lapse in use	Pay Vendor Directly
E-MAIL HOSTING	Ranges from $3.36 to $16.80 per email user	Monthly		Payable to approved outside vendor
SOFTWARE FEE(3)	$2,100 to $3,500 (subject to change)	Monthly/ Lump Sum.	Prior to opening for business	Us & approved outside vendor
QUICKBOOKS ONLINE	$100-$150 per month	Per Vendors Direction	Prior to opening for business	Pay Vendor Directly
VEHICLE LEASE AND GRAPHICS (2)	$0 to $350 (lease)/ $100 to $3,000 (graphics)	Lease Payment/ Lump sum.	As agreed	Approved outside vendor

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL EQUIPMENT [3]	$$4,425 to $7,000	Lump sum.	Prior to opening for business	Various outside Suppliers
REAL ESTATE LEASEHOLD IMPROVEMENTS [4] MONTHLY RENT	$750 to $1,500	As incurred.	As agreed	Lessor
ADDITIONAL FUNDS [5] - 6 to 8 months	$55,140 to $85,397	As incurred.	As agreed	Various
TOTAL INITIAL INVESTMENT [7]	**$106,375 to $146,300**			

*Unless otherwise stated, none of the expenses described in this chart are refundable.

Your salaries, draws, or personal living expenses are not included in the above tables. You must have additional sums available (whether in cash, credit or collateral) to cover these expenses. No part of your initial investment in your TeamLogic IT® franchise will be financed directly or indirectly by us.

Notes:

(1) Initial Franchise Fee. This fee must be paid in full at the time indicated. In order to be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the franchise. The Initial Franchise Fee is $45,000; Vet★Fran Discount franchise fee is $40,000; and the fee for a conversion franchise is $45,000. The Initial Franchise Fee includes training expenses for two people, including transportation, lodging (one room, double occupancy), and some meals.

(2) Vehicle. You may, but are not required to, lease a vehicle to be used in the Business. Any leased or personal vehicle used in the Business must be outfitted with, at a minimum, the approved vehicle graphics within 30 days of opening. Any vehicle used in the Business must be maintained in a neat, clean, undamaged and safe condition. All damages must be repaired in a prompt and timely manner.

(3) Initial Equipment. You must purchase, lease or otherwise have certain hardware and software, and telephone equipment. We estimate this hardware and software package will range in cost from $4,425 to $7,000, subject to change. The software fees, which are subject to change, are required to obtain various software programs, and a portion of the fees are payable to us. The Professional Services Automation software fees described in item 11 are payable to us. All software is developed by third parties. We currently do not develop or licensee our own proprietary software to you but may do so in the future. We do not make any warranties or guaranties upon which you may rely, and assume no liability or obligation to you for any third-party software. The various software vendors may change from time to time. The current equipment configuration is 3 laptops with Internet access and 2 monitors, 1 smartphones, and a telephone system capable of forwarding calls to remote numbers with a voice mail system that can be easily accessed from the field.

(4) Real Estate Leasehold Improvements. You are required to lease office space for the Business in your territory. The terms of your rent and other lease expenses and improvements will depend on the size, location, condition and desirability of the space.

(5) Additional Funds. Additional funds is an estimate of the funds needed for initial employee wages, insurance (which includes general liability for $1,000,000 minimum, property for $300,000 minimum , automobile bodily for $1,000,000 minimum, automobile property for $300,000 minimum, worker's compensation as defined by your State, and errors and omission plus cyber security for $1,000,000 minimum all as detailed in Section 6 of the Franchise Agreement), marketing, dues (including dues for being a member of local community groups such as the Chamber of Commerce), TeamLogic IT®apparel, recruitment, high speed Internet connection, credit card processing, as well as additional operating capital for other variable costs (e.g. rent, utilities and telephone). Additional funds are also an estimate of the monies you will need on hand during the initial phase of the Business operations. We estimate that the amount given will be sufficient for a 6 to 8-month start-up phase. However, actual breakeven timing can vary based on many factors including how well you follow our systems, actual market conditions and demand, fixed costs, etc.

(6) Minimum Advertising Fund Fees are waived for the first 6 months in business if the 1.2% does not reach the monthly minimum of $200. All fees are payable to the TeamLogic IT® Advertising Fund, and are non-refundable. You must also spend an additional minimum of $2,000 per month on local marketing, except for the first 3 months.

(7) Total Initial Investment. These figures are estimates only and it is possible to significantly exceed costs in any of the areas listed. We cannot guarantee that you will not have additional expenses starting the franchise. Your costs will depend upon such factors as how much you follow our methods and procedures; your management experience and skills. The area in which your business is located; local economic conditions; prevailing wage rate; the physical size of a leased location; the amount of any tenant improvements required; and the sales level reached during the initial
period. We relied on our 15 years of experience in the information technology business to compile these estimates and the working capital costs experienced by our franchisees. You should review these figures carefully with a business advisor before making any decision to purchase a Franchise.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must buy or lease certain basic computer hardware and software described in Item 11 to adequately serve your clients' needs. The hardware may be purchased or leased from any source. All software is developed by third parties. We currently do not develop or license our own proprietary software to you but may do so in the future. We do not make any warranties or guaranties upon which you may rely and assume no liability or obligation to you, for any third-party software. The various software vendors may change from time to time.

There are no suppliers in which any of our officers own an interest.

The TeamLogic IT® Managed Services solution consists of a variety of integrated services including technology that will proactively monitor the clients' IT infrastructure, help detect problems, and provide remote control access. Additionally, the Network Operations Center (NOC) provides proactive technical support, the Help Desk/Service Desk provides reactive end-user technical support and activity management, and our Business Continuity solutions provide back-up disaster recovery and account management support. Our Managed Services solution provides reports on performance optimization of the clients' systems regardless of whether the clients' technology is premised-based, in the cloud or a combination (hybrid).

SystemWatch IT® is our branded managed services offering. In order to maintain consistency and integrity of our Managed Services solution, all core remote monitoring and management software agents (RMM agents), within the SystemWatch® IT bundle, must be purchased from and are payable to us. Upon prior approval, software agents can be purchased from an approved supplier we designate. You are also required to utilize a multi-factor authentication tool. The naming configuration/branding assigned to our Managed Services solution has no bearing on the requirement to purchase the software agents from us. If you want to use or sell any equivalent or subset of remote RMM agents, you are required to obtain our prior written approval, and we may require you to purchase the equivalent or subset tool from us. The Professional Services Automation software fees, which are described in Item 11, are also payable to us. Other hardware, software, and computer supplies may be purchased from any supplier.

We currently have only general criteria for approving suppliers and, conversely, revoking approval. In determining whether to approve a supplier or revoke approval, we consider the conformity of the supplier's products to our needs, customer service, price, quality, and our franchisees' satisfaction with the supplier's product. We do not maintain written criteria for approving suppliers, and thus these criteria are

not available to you or a proposed supplier. You may submit names of suppliers whom you would like us to approve. We will then evaluate the supplier and inform you within 90 days whether we have approved or disapproved the supplier. We do not charge you any fee to secure supplier approval. We may in the future negotiate purchase arrangements and price terms with some suppliers for your benefit. We provide you with no material benefits based on your use of designated or approved suppliers, but doing so is one of your obligations under the Franchise Agreement.

Prior to opening and operating the Business, and at all times during the conduct of the Business, Franchisee must have a minimum of one (1) qualified technician. Franchisee may hire this technician as an employee or use other resources, such as an independent contractor or an employment agency (subject to applicable labor laws). Within 90 days after opening the business, and for the term of the Franchise Agreement, the Franchisee must have a minimum of one (1) technician that is a Kaseya Certified Administrator (KCA).The required purchase of a laptop, smartphones, and 3 software agents should account for less than 2-5% of all purchases and leases in establishing and operating your business on an ongoing basis, depending on the size of your customer base. Any other specifications or standards for operations are contained in the Operations Manual, which is periodically updated. You will be notified electronically of any updates and where they can be located.

We derive revenue from your purchase of SystemWatch IT Managed Services from us and your purchase of a portion of the software fees from us. In the year ending December 31, 2019; our gross profits from these purchases from us were $2,126,000, approximately 24.9% of our total revenues of $8,526,000.

As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. The currently required minimum coverage and limits of insurance are (i) General Liability at minimum limits of $1,000,000 per occurrence / $3,000,000 annual aggregate, (ii) Auto Liability at minimum limits of $1,000,000 combined single limit covering all owned, hired and non-owned vehicles, and (iii) Workers' Compensation to meet the statutory coverage of the state where your Outlet is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella and/or excess policies. All insurance policies will name you as named insured and, with the exception of Workers' Compensation, will name us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. All required insurance must be purchased from insurance companies of good reputation with a rating of "A VII" or better by A. M. Best Company. The costs of premiums will vary based on location of the Outlet and any prior claim history.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a.	Site selection & acquisition/lease	Sections 5.2, 10.2d	Item 11
b.	Pre-opening purchases/leases	Sections 6.3, 6.8, 6.9, 6.15	Item 8
c.	Site development & other pre- opening Requirements. in this table	Sections 6.2, 6.3, 6.6, 6.14, 6.16	Items 8 & 11
d.	Initial & ongoing training	Section 6.5	Item 11
e.	Opening	Section 3.6	Item 11
f.	Fees	Section 3	Items 5 & 6
g.	Compliance with standards & policies/Operations Manual	Section 6.11	Item 11
h.	Trademarks & proprietary information	Sections 2.1, 2.2, 6.18, 8, 10.3, 13	Items 13 & 14
i.	Restrictions on products/services offered	Section 6.1, 6.12	Item 16
j.	Warranty & customer service requirements	Not applicable	Not applicable
k.	Territorial development & sales quotas	Not applicable	Not applicable
l.	Ongoing product/service purchases.	Section 6.9, 6.12	Not applicable
m.	Maintenance, appearance & remodeling Requirements	Section 6.7	Item 11
n.	Insurance	Section 6.15	Item 7
o.	Advertising	Sections 3.4, 4.2, 6.4	Items 6 & 11
p.	Indemnification	Section 13.a	Not applicable
q.	Owner's participation/ management/staffing	Section 6.2	Items 11 & 15
r.	Records &/ reports	Section 6.10, 6.13, 6.21	Not applicable

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
s.	Inspections &/ audits	Section 6.20	Item 6
t.	Transfer	Section 11	Items 6 & 17
u.	Renewal	Section 7.2	Item 17
v.	Post-termination obligations	Section 10	Item 17
w.	Non-competition covenants	Section 6.18	Item 17
x.	Dispute resolution	Section 12	Item 17

ITEM 10.
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. If you obtain financing from a lender in which funding is provided with the assistance of the SBA, you must execute the Addendum in Exhibit "I."

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:

Prior to the opening of your TeamLogic IT® Business, we will:

1. Provide you with one copy of our proprietary Operations Manual and provide you with updates and changes to the Operations Manual, which may be provided to you electronically (Franchise Agreement, Sections 4.1(a) and 6.11). This Manual is confidential and remains our property. We may modify, add to, or delete from the manual; the modifications will not alter your status or rights under the Franchise Agreement. The Table of Contents for the Operations Manual is attached as Exhibit "C."

2. Award you a territory as described in Item 12 (Franchise Agreement, Section 5);

3. Provide you Initial Training as described in this Item 11 below (Franchise Agreement, Section 4.1 c);

4. Provide you with signage specifications for any TeamLogic IT® leased location (Franchise Agreement, Section 4.1 d & 6.8);

5. Provide artwork and guidance for the vehicle signage (Franchise Agreement, Sections 4.1 e & 6.3)

6. Provide you with specifications for the required hardware and software (Franchise Agreement, Section 4.1 f);

7. Provide you with specifications for required software licenses (Franchise Agreement Section 4.1 g);

8. Provide you with access to the Franchisee Intranet Site (Franchise Agreement Sections 2.3 & 4.2 a).

Continuing Obligations:

Once your TeamLogic IT® Business is open, we will:

1. Provide you with current available resources, that include (Franchise Agreement, Section 4.2a):
   - Consulting and assistance by our representatives, including sales support, technical support and marketing and operations support;
   - Provide research and evaluation of technical products, services and vendors, including and not limited to servers, security, storage, backup and networking
   - Toll-free support line for telephone consulting;
   - Marketing materials and assistance;
   - Seminars and webinars;
   - Franchisee blog;
   - Advice and information about new developments in the managed IT services industry;
   - Advertising materials; and
   - Access to the Franchisee Intranet Site.

2. Administer the Advertising Fund (Franchise Agreement, Section 4.2b). See "Advertising" below.

3. Provide you with the initial supply of sales, marketing, and advertising tools and materials. (Franchise Agreement, Section 4.2c).

4. Provide you with a dedicated TeamLogic IT® website for your location which will be linked to the master website at www.TeamLogicIT.com (Franchise Agreement, Section 4.2d and 6.14).

We are not obligated to perform these services to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. We have no contractual obligation to maintain, repair, update or upgrade your computer system.

(Continued on next page)

INITIAL TRAINING

Before opening your TeamLogic IT® Business, we will train you and one additional person at our corporate training facility located in Mission Viejo, California. The Initial Training is required for the TeamLogic IT® owner. It consists of up to 6 days (48 hours)* of classroom training, and 26 hours of Pre-Opening Training and 8 hours of Post-Opening training, which are conducted online, or through webinars and phone consultation. The Initial Training must be scheduled and completed within two (2) months after signing the Franchise Agreement, unless otherwise agreed to in writing by Franchisor. The instructional materials include an Operations Manual, printed handouts, audio/visual presentations, hands- on instruction, role-play, case studies, and group interaction. Your training fee will cover all training expenses for up to 2 people to attend this Initial Training, including transportation for 2 people, 1 hotel room, and some meals. The second person will have up to 1 year after the date of the Franchise Agreement to attend Initial Training with these costs covered by the training fee, except for the hotel room, which will be at your expense. Attendance by the second person at Initial Training after one year will be at your expense.

All franchise owners and employees who will be responsible for full-time management of the Business are required to attend the Initial Training, which must be successfully completed to our satisfaction prior to opening, or taking over ownership of the Business.

Additional trainees beyond 2 initially will be charged $1,000 per person for the respective training fee that is offered and payable prior to attending training. The additional trainees will be responsible for all transportation, lodging, and miscellaneous expenses.

*Number of days/hours will be dictated by the number of attendees and the prior experience of attendees. (Sessions with fewer attendees generally run shorter due to less one-on-one question time.)

The instructors for the Initial Training will consist of our and Franchise Services, Inc.'s officers and employees as well as outside consultants. The Initial Training program is supervised by Dan Shapero, Larry Miller and Lee Dye. The current minimum experience of the instructors in the field, that is relevant to the subject taught and our operations, is from 10-29 years.

Our Initial Training is held several times per year. Hours of instruction, per operating system are as follows:

(Continued on next page)

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
PRE-OPENING TRAINING • Setting up your Business • Preparing to Market your business • Professional Services Automation • Hiring a Technician • Preparing for University Training • Profit Mastery	N/A	14 hours 6 hours 2 hours 2 hours 2 hours 15 hours	On line, Webinars, Phone Consultation
SALES AND MARKETING MANAGEMENT TRAINING • Integrated Marketing Strategy • Organic and Paid Search/Web Presence • Implementing the Marketing Process • Lead Generation / Lead Management/Nurturing • Networking • Walking Person Program • Appointment Setting • Sales Process and Sales Activities • Preparing for the Meeting/Discovery/Proposal • Closing the Sale	16.5 hours	N/A	26722 Plaza, Mission Viejo, CA 92691
TECHNOLOGY MANAGEMENT TRAINING • Autotask: Basics and CRM • Portfolio of Service • On-boarding the New Client • Product Pricing / Procurement / Financing	7.5 hours	N/A	26722 Plaza, Mission Viejo, CA 92691
EMPLOYEE MANAGEMENT TRAINING • Recruiting, Hiring and Managing Employees • Background Checks • Legal / HR Compliance • Employee Policy Manual	2.5 hours	N/A	26722 Plaza, Mission Viejo, CA 92691
BUSINESS & FINANCIAL MANAGEMENT TRAINING • TeamLogic IT® Strategic Overview • Managed Services Overview • Business Planning Workshops • Pricing Strategy • Customer Service / Retaining Client • Company Culture • Financial Management Process • Analyzing Your Financial Statements • Business Plan Presentations/90 Day Plan • Getting Your Business Open/Year One Expectations	15.75 hours	N/A	26722 Plaza, Mission Viejo, CA 92691
POST-OPENING TRAINING • Autotask Implementation Training • Technician On-boarding • Field Visit	N/A	24 hours	On line, Webinars, Phone Consultation

You will leave the Initial Training with the outline of a business plan to implement and follow during the first year of operation.

If at the end of the Initial Training, we determine, in our sole discretion, that you are not qualified to operate a TeamLogic IT® Business, we have the right to unilaterally terminate the Franchise Agreement. In that case, we will refund your Franchise Fee less our direct costs associated with this Franchise.

At the present time we do not have any additional mandatory training programs beyond the initial training. We may provide assistance, at our cost, but the nature, frequency and duration of this assistance is at our discretion. We are available by telephone and e-mail for specific concerns relating to the operation and management of your TeamLogic IT® Business.

MARKETING MATERIALS AND ADVERTISING PROGRAMS

A major emphasis is placed on marketing the TeamLogic IT® System. You will be provided a comprehensive set of advertising, marketing and sales materials at no additional cost for your local marketing use. These materials currently include local advertising materials and templates, sales call leave-behind materials, as well as sales tools, PowerPoint presentations and other marketing materials.

Also, at no additional cost to you, we currently have marketing materials designed to help promote the SystemWatch IT® Managed Services including sales call leave-behind materials as well as proposal templates. You will be provided with an Initial 12-Month Marketing Program consisting currently of direct mail, telemarketing, search engine marketing, and email marketing, subject to change. You must sign up for this Initial 12-Month Marketing Program directly with our approved vendors using a credit card. For the first 3 months, we will pay the cost of this Marketing Program and you will not be required to spend the minimum $2,000 per month on local marketing described in section 6.4 of the Franchise Agreement. You must pay the cost for the remaining 9 months of this Marketing Program, which cost ranges from $2,000 to $2,400 per month which satisfies your obligation to spend a minimum of $2,000 per month on local advertising.

After the Initial 12-Month Marketing Program is completed, you are required to spend an additional minimum of $2,000 per month on local marketing.

There are several other optional marketing tools and programs that are available for various charges including advertising promotional products, and an extensive line of TeamLogic IT® apparel. The costs of these items vary and are optional.

We maintain, for your benefit, a network-wide Internet presence at www.TeamLogicIT.com. The primary purpose of this website is to build awareness of the capabilities of the TeamLogic IT® network, serve as a business locater so potential clients can locate the nearest TeamLogic IT® business, and drive prospective sales leads to your business. A website URL will be assigned to you and a standard TeamLogic IT® website will be created for your TeamLogic IT® Business and will be linked and available from our master website (www.TeamLogicIT.com). You are not authorized to maintain a separate website for your business without prior written approval from us. You may not buy a domain name to direct web traffic to your TeamLogic IT® website or otherwise. Our internet and website terms are described in further detail in the Franchise Agreement, section 6.13.

We have a network advertising program to promote the TeamLogic IT® brand on a national basis (Network Advertising Program). The Network Advertising Program will be funded through a network advertising fund paid by all TeamLogic IT® Franchisees ("Ad Fund"). We do not contribute to this Ad Fund. You must pay monthly advertising fees to the Ad Fund of 1.2% of your weekly gross sales, with a minimum payment of $200 per month. The advertising fees are deposited into a separate bank account that we administer. Any Franchisor-owned units will contribute the same basis as franchisees. The Ad Fund will be used to support the advertising, marketing, public relations and sales activities of the network, as well as the development and maintenance of the network websites. The Network Advertising Program is created for national presence, and is not geared for any specific local or regional area, although certain activities may have presence in some areas more than in others. We are not required to spend any particular amount on advertising in any particular franchisee's territory.

All print advertising materials and collateral for the TeamLogic IT® Network Advertising Program are currently created by an affiliate of ours, Summit Marketing Communications, Inc. ("Summit"). Although we are not currently using any Network Advertising Program funds to purchase radio or television media advertising, if and when we do, we will utilize the services of Summit to do so. When Summit purchases radio or television media advertising on our behalf, they will generate typical advertising commissions for the placement of media and for creative development.

We allocate 100% of the Ad Fund revenue to the Network Advertising Program and reserve the right to allocate no more than 20% of the Ad Fund revenue for general administrative expenses. Of the Ad Fund expenditures in 2019, 40% was spent on Lead Nurturing, 3% on Media, 27% on the web site, 13% on National Marketing Support, 8% on Search & Display, 4% on Creative & Production, 2% on Content Marketing, and 3% on other expenses (including Public Relations and Research). The Ad Fund does not otherwise benefit us or any affiliate. Ad Fund fees not spent in the fiscal year in which they were collected will be carried over to the next fiscal year. We will send you an unaudited annual financial statement for the Ad Fund.

You may create and utilize your own independent advertising materials with our prior review and approval.

We have an Owners' Marketing Advisory Council ("OMAC") for the purpose of consulting our advertising, marketing and sales programs. There are four franchisee members that serve 2-year terms on OMAC. OMAC members serve in an advisory capacity and may be changed at our discretion.

COOPERATIVE ADVERTISING

Franchisees in the same geographic area may form a local Advertising Cooperative Association ("ACA") to conduct cooperative local advertising. If a majority of the Franchisees in your area want to form an ACA, you must join and contribute dues agreed to by the majority. We will not be a member, but will act in an advisory capacity. Any company-owned TeamLogic IT® Business located in the designated geographic area will also contribute dues. Geographic areas are defined by the Dominate Market Area ("DMA") as may be defined by the radio and television industries. The ACA members themselves administer the ACA, create the ACA rules and enforce those rules. (Generally, an ACA will have formal Bylaws and Articles of Association prepared, but these are not required by us for an ACA formation.) We will recognize an ACA upon a majority of signatures of Franchisees in the area and will provide consultation and advice concerning cooperative advertising in the area. We cannot form, change or dissolve an ACA without a majority vote of that ACA's members. ACA's are not required to prepare annual financial

statements. If there is an ACA in existence in your prospective area, you must join it and should obtain information concerning dues and advertising benefits. ACA dues are determined by the members and can range from $50 to $500 per month.

COMPUTER REQUIREMENTS

When you start your new TeamLogic IT® Business, you are required to have several pieces of computer equipment for you and your technicians to effectively operate your business.

At the onset of your Business, you are required to have a minimum of three laptops with two monitors. One is meant to remain with the owner at the Business and one stays with each Technician in the field for dealings with the clients. You will need to scale this inventory and add a laptop for each technician you hire. In addition, each technician that is hired must have a smartphone. The other equipment that the Business will need is a telephone system that is capable of forwarding calls to remote numbers and is equipped with a voicemail system that can be easily accessed from the field. This equipment can be obtained from any source. You must upgrade such equipment whenever necessary in order to maintain adherence to the specifications set out by us. The cost for the computer equipment may range from $4,425 to $7,000. Overall cost for the upgrades or maintenance fees may range from $0 to $3,000.

You are also required to obtain our approved Professional Services Automation ("PSA") software through us to operate, record and manage your business activity. The monthly fees for the Professional Services Automation software are payable to us. This software is developed by a third party. We do not make any warranties or guaranties upon which you may rely, and assume no liability or obligation to you, for any third-party software.

We will have electronic access to most operational aspects of your Business through this software, including client identity, appointments, invoicing and technician scheduling. Although there are no contractual limits imposed on our access to this information, we will not use the information gained through this software for any purposes not related to your Business or the TeamLogic IT® System.

SITE SELECTION

You are required to lease office space for the Business in your territory. When you obtain (by lease, purchase or otherwise) a business site for your TeamLogic IT® Business, it must be within your Territory (as defined below), and we will provide you with site selection approval. We will consider zoning, signage requirements, traffic flow, parking, site size, the general location and neighborhood and nearness to customers, and proximity to other TeamLogic IT® Businesses. We will use our best efforts to approve or disapprove your selected site within 14 days from the date you submit a prospective site for approval. If signage is allowed at the location, the TeamLogic IT® name and logo should be displayed following our signage guidelines. We do not ensure or warrant that your Business will be profitable at a location utilizing our guidelines, or at any location. You must open the Business within 90 days of the date your Franchise Agreement is signed or we may terminate the Franchise Agreement. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Business is 60 to 90 days. Factors affecting time to open include attendance at and satisfactory completion of our Initial Training Program, arranging for any financing, complying with local ordinances, installation of equipment, and obtaining a satisfactory business location.

ITEM 12.
TERRITORY

You will receive an exclusive territory; meaning we will not open a TeamLogic IT® franchise location in this territory during the term of your contract. We will grant you the right to operate a TeamLogic IT® franchise in a specific geographical area we outline based on the number of businesses, up to 1,500 to 2,000 of the type that we expect to be potential clients of TeamLogic IT®, and this geographic area will be designated as your Territory. We currently use a business list provider to obtain these business counts but may use a different source in the future. In addition, we may provide you with a marketing list which is separate and apart from the business counts list. We have the right to terminate your Franchise Agreement if you do not maintain Gross Sales greater than two thousand five hundred dollars ($2,500) per week for twelve consecutive weeks (except during the first twelve (12) months of operation). There are no circumstances under which we may modify your Territory without your consent.

The Franchise Agreement grants you a license for a single TeamLogic IT® Business which can be operated from a single business location (or any approved business relocation) within your Territory. Your Territory is not a limitation on your marketing, or on the clients you may serve, and other franchisees may service clients in your Territory. There are no limits on your right to use other channels of distribution, such as the internet, catalog, telemarketing, or other direct marketing outside of your Territory.

We will not, during the term of the Franchise Agreement, establish, own or operate, or grant a franchise for another person to own or operate another TeamLogic IT® Business within your Territory. Upon prior written consent by us, it may be possible for you to acquire additional TeamLogic IT franchise(s) for an Initial Fee of $45,000, subject to the terms of the then-current franchise agreement.

We and our affiliates have and retain the right to directly or indirectly market within or outside of your Territory, products and/or services that are not sold through TeamLogic IT® Businesses, whether or not they use the Marks without compensation to you. We currently have no present intention to market or sell TeamLogic IT® products or services, which are offered at your TeamLogic IT® Business, inside your territory through alternative means of distribution (including the Internet) in the future. However, should this occur, we have no obligation to pay you for soliciting or accepting orders from inside your territory.

It is possible that we, or an affiliate may in the future, acquire or be acquired by, a competing chain of locations offering the same or similar services as those offered by a TeamLogic IT® Business. Should this happen, there may be a location of the acquired brand already existing in your Territory, and we reserve the right to maintain that other brand location, however we will not open or franchise any additional locations of the other brand in your Territory.

ITEM 13.
TRADEMARKS

You are licensed to operate and identify the TeamLogic franchise business under the principal trademark "TeamLogic IT®" and the logotype displayed. As of the date of cover of this disclosure document and other current or future trademarks, we have the following domestic and international registered and pending trademarks. Except where indicated, all registrations are on the principal register. We have filed all required affidavits. We are not aware of any prior or infringing uses that could affect your use of the principal trademarks in your state.

Domestic Trademarks

Description of Mark	Principal & Class Register of the United States Patent & Trademark Office	Registration Number#	Registration Date
TLIT	Principal (Class 42)	5040115	9/13/16
TeamLogicIT	Principal (Class 35, 37, 42)	3022738	12/06/05 Renewed 09/02/2015
TeamLogic	Principal (Class 35, 37, 42)	5354094	12/12/17
SystemWatchIT SystemWatchIT	Principal (Class 35, 42)	3380212	02/12/08 Renewed 10/19/17
Taking the worry out of your Technology	Principal (Class 42)	3910961	01/25/11
IT inflections	Principal (Class 35)	4440192	11/26/13 Renewed 04/17/2019
IT inflections Navigating Technology for Business	Principal (Class 35)	4497589	03/18/14 Renewed 07/08/2019
The Logical Advantage	Principal (Class 41)	4560449	07/01/14 Renewed 07/08/2019
TeamLogicIT Your Technology Advisor	Principal (Class 42)	4567441	07/15/14 Renewed 07/22/2019
The Color of Confidence	Principal (Class 35)	4495010	03/11/14 Renewed 03/10/2019

International Trademarks

Country/Province	Description of Mark	Class	Registration Number#	Registration Date
Benelux	(TeamLogicIT)	35, 37, 42	0784142	12/19/05
Canada	(TeamLogicIT)	35, 37, 42	TMA676,866	11/14/06
Canada	(SystemWatchIT)	35, 37, 42	TMA894987	01/26/15
Ireland	(TeamLogicIT)	37, 42	236268	01/17/07

Country/Province	Description of Mark	Class	Registration Number#	Registration Date
Ireland	(SystemWatchIT)	37, 42	236485	03/01/07
United Kingdom	(TeamLogicIT)	37	2383688	02/04/05
United Kingdom	(SystemWatchIT)	37	2448293	02/27/07

There currently are no effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator or court, nor is there any pending infringement, opposition or cancellation proceeding, nor any pending material litigation involving our trademarks.

There are no agreements that limit our right to use or license the use of the trademarks. We do not know of any prior superior rights or infringing uses that could materially affect your use of the Trademarks.

We are required to protect you against claims of infringement or unfair competition arising out of your use of the Trademarks. If you receive notice, or otherwise become aware of any claim, suit or demand against it by any party other than us on account of any alleged infringement, unfair competition or similar matter arising from its use of the Trademarks, you shall promptly notify us of any such claim, suit or demand. We shall determine, in our sole discretion, whether to defend, compromise or settle any such claim, suit or demand at our cost and expense, and you shall cooperate fully in such matter.

We may in our sole discretion, modify or discontinue the use of the trademarks and/or use one or more additional or substitute trademarks. If we decide to do so, you must do so also, at your expense, including, without limitation removing existing signage and purchasing and installing new signage.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights. However, we claim a "common law" copyright in certain materials. Also, our Operations Manual, portions of our intranet site (the BMSS), vendor terms and contact information, business and marketing plans and processes are confidential and proprietary, and, we claim that these systems, compilations, lists, and processes are trade secrets. Used collectively, these trade secrets add value to franchisees and provide a competitive edge in the market place. You do not receive any rights in any proprietary or trade secret information, other than the uses granted in the franchise agreement. You must promptly tell us when you learn about any unauthorized use of this proprietary information. We are not obligated to take any action, but will respond as we deem appropriate. We will indemnify you for losses brought by a third party concerning your authorized use of this information.

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

You must directly supervise and participate in the day-to-day operations of the TeamLogic IT® Business. The TeamLogic IT® Business may be directly supervised "on-premises" by a manager who has successfully completed our Initial Training. The manager must sign a written agreement to maintain confidentiality of the information learned at the Initial Training. There is no limitation on who you may hire for a manager, except you cannot hire a person who concurrently works for a competing business. The manager need not have an equity interest in the Franchise. If Franchisee is an entity, all owners of an interest in the Franchisee entity and their spouse will be required to personally sign a guarantee of the entity (See signature pages of the Franchise Agreement).

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are authorized, and required, to offer the minimum required Core Services in connection with your TeamLogic IT® Business, and certain related Non-Core Services, as well as The SystemWatch IT® Managed Services. All services must be provided and sold through your TeamLogic IT® Business. You may not sell any products or provide any services on a wholesale basis.

You cannot offer Non-Core Services unless you can perform these services either through a brokered agreement or by qualified on-staff technicians. You must offer and provide those services, and offer and sell those products that we designate from time to time. Those services and products may or may not include the services and products currently provided and sold by TeamLogic IT® Businesses. There is currently no restriction on the types of authorized goods and services we designate as Core Services.

You may not offer or provide any services, or offer and sell any products, not specifically approved in writing by us. In addition, you may not offer or provide any services, or offer and sell any products, in a manner, form or configuration (including without limitation for resale) other than as specifically approved in writing by us. You may not use the premises on which your TeamLogic IT® franchise business is conducted for any business purpose other than the operation of your TeamLogic IT® Business and the sale of products approved by us, unless specifically approved in writing by us.

Failure to adhere to these restrictions shall constitute a material default of the Franchise Agreement, which default must be cured within 20 days of notice or the Franchise Agreement can be terminated.

(Continued on next page)

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The 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	Section 7.1	The initial term of the Franchise Agreement is 10 years from date executed by us
b.	Renewal or Extension of Term	Section 7.2	10-year renewal terms
c.	Requirements to Renew or extend	Section 7.2	Give written notice of intent; not be in default; sign then current Franchise Agreement, which may contain terms and conditions materially different from your original contract; satisfy any current qualifications and training requirements; pay a renewal fee of $2,000
d.	Termination by You	Section 10.4	Franchisees may terminate under any grounds permitted by law.
e.	Termination by Us without cause	Not applicable	Not applicable
f.	Termination by Us with Cause	Section 10.1 & 10.2	See remarks below under Cause defined that are Curable and non-curable
g.	"Cause" defined — curable defaults	Section 10.1	20 days to cure material breach of Agreement, and of monetary default; site not acquired in 90 days, loss of possession or abandon premises for more than 7 days; 3 defaults within 12 months even if cured
h.	"Cause" defined – non-curable defaults	Section 10.2	You file bankruptcy, commit a felony, maintain false books, commit fraud or material misrepresentation on application, conduct Business in a manner likely to impair our reputation
i.	Your obligations on Termination/Non-Renewal	Sections 10.3	Cease use of Marks, website, telephone listing/number and Franchisee Intranet Site, pay debts, notify suppliers/clients, cannot compete
j.	Assignment of Contract by Us	Section 13	No restriction on our right to assign
k.	"Transfer" by You – definition	Section 11	Includes transfer of Franchise or assets or ownership change
l.	Our approval of Transfer by You	Section 11	We have the right to approve all transfers, but will not unreasonably withhold approval

Note 1: See Exhibit "E," Multi-State Addendum for exceptions.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m.	Conditions for our approval of transfer	Section 11	With limited exceptions, the following conditions apply to all transfers: good standing; transferee meets all current qualifications; amounts due are paid in full; successful completion of training by transferee, purchase agreement approved, payment of transfer fee, release signed by you and current agreement signed by new Franchisee
n.	Our Right of First Refusal to acquire Your business	Section 11.5	We can match any offer for your business
o.	Our option to purchase Your Business	Not applicable	Not applicable
p.	Death or Disability of You	Section 11.6	Franchise may be assigned to an approved buyer who must complete training
q.	Non-Competition Covenants after the term of the franchise Terminates	Section 6.18	No competing business for 1 year within 25 miles of former Business or of another TeamLogic IT® Business for 1 year; Non-solicitation of clients/employees for 1 year. Non-compete provisions are subject to state law.
r.	Non-Competition Covenants the franchise is terminated or expires	Section 10.3f	No competing business for 1 year within 25 miles of former Business or of another TeamLogic IT® Business for 1 year; Non-solicitation of clients/employees for 1 year. Non-compete provisions are subject to state law.
s.	Modification of the Agreement	Section 13j	Automatic conformance to state law; otherwise only by signed amendment except that we may unilaterally revise the Manuals
t.	Integration/Merger Clause	Section 13j	Only the terms of the Franchise Agreement, exhibits and all agreements signed with it are enforceable (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
u.	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be arbitrated in Orange County, California (See Note 1), these provisions are subject to State Law.
v.	Choice of Forum	Section 13k	Litigation (or required arbitration) must be in California (See Note 1), these provisions are subject to State Law.
w.	Choice of Law	Section 13k	California law applies (See Note 1), these provisions are subject to State Law.

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide representations about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the representations, and if the representations are included in the disclosure document. Financial performance representations that differ 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 representation about performance at a particular location or under particular circumstances.

Some locations have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

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

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 information. The information presented in this item has not been audited to confirm its accuracy and we have relied on the information provided by each of the franchisees who reported sufficient 2019 financial statements to be included in this item ("sufficient" requires the financial data complies with the Company's accounting chart of accounts). The characteristics of the included franchises do not differ materially from the franchises that are offered to prospective franchisees.

Per Business for eligible 2019 financial statements (per unit)

Businesses	Average (1) 10 8	% of sales	Number of locations that exceeded this average	Median by line item (2)	Median subtotals for all data	Highest number (subtotals may not add) (3)	Lowest number (subtotals may not add) (4)
Hourly Services	$ 97.8	15.2%	42 (38%)	$ 95.7		$ 349.6	$ 4.4
Managed Services	325.0	50.6%	44 (40%)	239.8		1,258.4	38.7
Product resale	172.2	26.8%	51 (40%)	152.0		626.1	0.0
Project, consulting, other	42.8	7.4%	42 (28%)	28.2		284.6	(1.9)
Gross Sales	642.8	100.0%	14 (35%)	n/a	$ 619.9	1,928.3	103.4
Gross Margin	447.0	69.5%	13 (33%)	n/a	414.6	1,326.0	61.7
Tech payroll & related	196.0	30.5%	27 (68%)	173.2		516.2	0.6
Selling expenses	33.2	5.2%	13 (33%)	30.5		140.3	4.0
General & Admin	107.8	16.7%	16 (40%)	82.5		413.5	31.0
Subtotal SG&A	337.0	52.4%	12 (30%)	n/a	88.5	1,070.1	44.9
Net Owners Compensation ("NOC")	$ 110.0	17.1%	15 (38%)	n/a	$ 111.3	$ 393.3	$ (140.0)

On December 31, 2019, there were 200 domestic TeamLogic IT Businesses (aka Units) open and in operation. These are all franchised units. To-date, and since its inception, there has neither been a company owned outlet, nor a company managed outlet.

On January 15, 2020, all Businesses received an email requesting 2019 financial statements. The last financial statement was received on April 8, 2020. To qualify for this financial performance representation ("FPR"), a Business must have been open prior to July 1, 2018 and provided the Company with a sufficient financial statement, or have been opened by an existing owner prior to October 1, 2019 ("multiple"). There is a ramp-up period for this service based franchise that includes staffing and marketing.

In 2019, 40 new Businesses opened in the United States; these are not eligible for this FPR except for the 8 locations opened by existing franchisees (aka a "multiple"). In 2018, 25 of the 40 new Businesses opened are eligible for this FPR. Of the 153 eligible Businesses that were open in the United States prior to July 1, 2018, 63 Owners representing 108 locations reported sufficient 2019 financial statements to be included in this FPR. The 108 Businesses in this FPR represent 71% of the 153 eligible Businesses for this FPR.

200	Open domestic locations on December 31, 2019
-40	Open in 2019
+8	Open in 2019 by existing owners (aka "multiple"; add back to eligible count)
-15	Business opened in 2018 after June 30, 2018
=153	Eligible for this FPR
41	An owner with a single Business
+22	An owner with multiple Businesses
+45	Additional Businesses opened by owners with multiple locations
=108	Total Businesses in the FPR

Each of the 22 owners owning multiple Businesses provided a single financial statement which in total account for 67 Businesses (=22+45). For purposes of this FPR, the values provided in these financial statements are been divided by the number of eligible locations of each owner to create financial statements for each Business (aka Unit). For example, if an owner has 2 (two) Businesses and reported a combined $100 for Hourly Services sales, this FPR will include 2 (two) Businesses, each with Hourly Services sales of $50. The same calculation was performed for each line item in this FPR.

Definitions

- General & Admin: This includes rent, telephone, insurance, continuing franchise fees paid to the Company, general manager payroll, travel and software licenses needed to support the business.
- Gross Margin: Gross Sales minus direct cost of goods. Direct cost of goods are those costs that are specifically related to the Gross Sales; including software licenses, acquisition cost for hardware and acquisition cost for software that is resold to a client.
- Gross Sales: this is the sum of Hourly Services, Managed Services, and Project, consulting, and other sales. This excludes freight and sales tax, as do the line items Hourly service, Managed service, Project, consulting and other sales.
- Hourly Services: Services performed on a time and materials basis. This is often tied to equipment repair.
- Managed Services: Services that are billed on a scalable flat fee designated in a contractual agreement. Scalable flat fee means the customer is billed a flat monthly amount for overall network and computer integrity and will include patch management, proactive repairs, end point security, data backup and security offerings.
- Median: denotes the value or quantity lying at the midpoint of a frequency distribution of observed values or quantities, such that there is an equal probability of falling above or below it. For example, if there are 15 data points, the Median is the 8th largest figure reported in the data set. When there is an even number of data points, the Median is the average of the 2 data points in the middle of the data range. For example, if there are 108 data points, the Median is the average of the 54th largest reported data point and the 55th largest reported data point. There are as many data points less than the Median and greater than the Median.
- Net Owners Compensation ("NOC"): this is the Gross Margin less the expenses in SG&A. It will include payments to the owner, including consulting fees, salary, related payroll taxes and benefits or reimbursement for personal items.
- P&L: Profit & Loss statement, also referred to as a financial statement or an Income Statement.
- Product resale: Hardware or software that is bought wholesale and is resold to the customer; ownership changes hands, does not include services.
- Project, consulting, other: Primarily labor revenue for all customer project support. This would include network design or strategic IT support. This also includes activity from commissions on web sites or other 3rd party sales.
- Selling Expenses: Includes advertising fees paid to the TeamLogic IT network advertising fund, local advertising, telemarketing, internet advertising, and the salary or commissions for outbound sales activities.
- Subtotal SG&A: This is an abbreviation for Selling General and Administrative expenses. This is the sum of line items Tech payroll, Selling expenses and G&A. This subtotal, and its components, excludes costs associated with the owner, which may include salary, benefits, personal expenses and other related items.
- Tech payroll & related: Includes the salary, benefits and payroll taxes for IT technicians as well as any payments to 3rd party IT technicians hired on a part time basis.

(1) Disclosure for "*2019 Average*" column

There were 108 Businesses that were eligible and provided sufficient financial data for this FPR; 41 owners with a single Business and 22 owners that owned a combined additional 45 Businesses. The data in this column is the combined total of the 2019 financial statements provided by these 63 owners (=22+41), divided by the 108 Businesses (=22+41+45).

The "% of sales" is the percentage of each line item divided by the Sales amount.

The column titled "*Number of locations that met or exceeded this average $*" is the number of individual Businesses whose financial statement data exceeded the average for each line item. For example, if 42 Businesses (single locations plus multiple locations as defined above) had Hourly sales greater than the $97.8 average, this % would be 39% (=42/108).

(2) Disclosure for the "Median by line item" column: This amount is the median value for the individual line items (see Median defined above). As there are 108 total locations, the median value is the average of the 54th and 55th largest value.

There are no subtotals in this column; a subtotal of median data is not statistically relevant.

The column showing "*Median subtotals for all data*" is the Median data point for the individual subtotals for these 108 Businesses.

(3) Disclosure for the "2019 Highest number per line item" column

The individual line items are the highest value for each line item from the 108 locations used in this FPR. Each subtotal is the highest subtotal from these 108 Businesses.

(4) Disclosure for the "2019 Lowest number per line item" column

The individual line items are the lowest value for each line item of the 108 locations used in this FPR. Each subtotal is the lowest subtotal from these 108 Businesses.

(5) Network Gross Sales. The 2019 total Gross sales for the entire network, open or closed, was $82,846,000 regardless of the date opened, or a 28.8% increase of the 2018 network Gross sales of $64,320,000. The 2019 Gross sales included in this FPR is $69,417,000 or 84% of the total 2019 Gross sales. The $13,429,000 difference includes sales for either (1) ineligible locations that opened in 2018 and 2019, (2) Businesses that closed prior to December 31, 2019 and (3) Businesses that did not report sufficient financial data to be included in in this FPR.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

[Table No. 1]
System-wide Outlet Summary
For Years 2017-to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	111	136	25
	2018	136	167	31
	2019	167	201	34
Company- Owned	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	**2017**	**111**	**136**	**25**
	2018	**136**	**167**	**31**
	2019	**167**	**201**	**34**

[Table No. 2]
Transfers of Outlets from Franchisees to New Owners (Other than Franchisor)
For 2017, 2018 and 2019

State	Year	Number of Transfers
California	2017	
	2018	2
	2019	0
Illinois	2017	0
	2018	0
	2019	1
Ohio	2017	0
	2018	1
	2019	0
Texas	2017	0
	2018	1
	2019	0
Total	2017	0
	2018	4
	2019	1

[Table No. 3]
Status of Franchised Outlets
For Years 2017, 2018 to and 2019

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
Alabama	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
Arizona	2017	3	1	0	0	0	0	4
	2018	4	2	0	0	0	0	6
	2019	6	3	0	0	0	0	9
Arkansas	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
California	2017	15	5	0	0	0	2	18
	2018	18	6	0	0	0	0	24
	2019	24	7	0	0	0	0	31
Colorado	2017	2	4	0	0	0	0	6
	2018	6	0	0	1	0	2	3
	2019	3	2	1	0	0	0	4
Connecticut	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Delaware	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
District of Columbia	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Florida	2017	6	5	0	0	0	1	10
	2018	10	5	0	0	0	0	15
	2019	15	3	1	0	0	0	17

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Georgia	2017	4	0	0	0	0	1	3
	2018	3	1	0	0	0	0	4
	2019	4	1	1	0	0	0	4
Hawaii	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Illinois	2017	4	1	0	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	5	0	0	0	0	10
Indiana	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Iowa	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Kentucky	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Louisiana	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Maryland	2017	6	0	0	0	0	1	5
	2018	5	2	0	0	0	0	7
	2019	7	1	1	0	0	0	7
Massachusetts	2017	7	0	0	0	0	1	6
	2018	6	0	0	0	0	0	6
	2019	6	1	0	0	0	0	7
Michigan	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	1	1	0	0	0	3
Minnesota	2017	1	0	0	1	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Mississippi	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Missouri	2017	1	0	0	0	0	0	1
	2018	1	2	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Nebraska	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
New Hampshire	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Jersey	2017	6	3	0	0	0	0	9
	2018	9	2	0	0	0	0	11
	2019	11	6	0	0	0	0	17
New York	2017	3	0	0	0	0	1	2
	2018	2	2	0	0	0	0	4
	2019	4	1	0	0	0	0	5
Nevada	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	1	0	0	0	0
North Carolina	2017	3	3	0	0	0	0	6
	2018	6	3	0	0	0	0	9
	2019	9	0	0	0	0	0	9
Ohio	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	2	0	0	0	0	5
Oklahoma	2017	3	0	1	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Oregon	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Pennsylvania	2017	7	2	0	0	0	0	9
	2018	9	1	0	0	0	1	9
	2019	9	0	0	0	0	0	9

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
South Carolina	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	1					4
South Dakota	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Tennessee	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Texas	2017	6	4	0	0	0	0	10
	2018	10	6	0	0	0	2	14
	2019	14	3	0	0	0	0	17
Utah	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Virginia	2017	3	2	0	0	0	1	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Washington	2017	0	5	0	0	0	0	5
	2018	5	0	0	0	0	1	4
	2019	4	0	0	0	0	0	4
Wisconsin	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Total U.S.	**2017**	**109**	**38**	**1**	**1**	**0**	**10**	**135**
	2018	**135**	**40**	**1**	**1**	**0**	**7**	**166**
	2019	**166**	**40**	**5**	**0**	**0**	**1**	**200**
International Canada	2017	2	0	0	0	0	1	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total System-Wide	**2017**	**111**	**38**	**1**	**1**	**0**	**11**	**136**
	2018	**136**	**40**	**1**	**1**	**0**	**7**	**167**
	2019	**167**	**40**	**5**	**0**	**0**	**1**	**201**

[Table No. 4]
Status of Company- Owned Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Totals	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0

[Table No. 5]
Projected Openings as of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	2	0
California	0	4	0
Colorado	2	2	0
Florida	0	4	0
Illinois	0	2	0
Maryland	1	2	0
Michigan	0	2	0
New Jersey	0	4	0
New York	0	2	0
North Carolina	0	2	0
Ohio	0	2	0
Pennsylvania	0	3	0
Oklahoma	0	1	0
Texas	1	4	0
Virginia	0	3	0
Washington	0	1	0
Totals	**4**	**40**	**0**

Current Franchise Owners

The following is a list of all franchise owners, addresses, and telephone numbers that are open and operating as of December 31, 2019:

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
Alabama:					
Angela & Randall Wilson	60101	201 Gordon Drive SE Unit 208	Decatur	35601	(256) 502-5750
Eva & Lee Faircloth	60102	1050 Hillcrest Rd., Suite C	Mobile	36695	(251) 279-0956
Arizona:					
Rob Fallows	60302	2730 W. Agua Fria Freeway, #202	Phoenix	85027	(602) 346-2750
Rob Fallows	60308	115 E. Goodwin Street	Prescott	86303	(928) 910-8900
Rob Fallows	60309	13794 W. Waddell Rd, Suite 203 - 212	Surprise	85379	(623) 219-4240
Randy & Roberta Reed	60306	20 E. Thomas Rd. Suite 2200	Phoenix	85012	(602)254-5558
Randy & Roberta Reed	60312	1430 W. Broadway Rd. #107	Tempe	85282	(602)-466-6206
Randy & Roberta Reed	60313	625 W. Southern Ave. Suite 255	Mesa	85210	(602)-466-6207
James & Christina Summers	60307	8687 Via de Ventura, Ste. 216	Scottsdale	85258	(480) 360-4005
James & Christina Summers	60314	7150 E. Camelback Rd, Suite 444	Scottsdale	85251	(888) 369-9757
Rebecca & Joseph Shope	60311	3011 S. Lindsay Rd, Suite 120	Gilbert	85295	(480) 407-4611
Arkansas:					
Scott Nelson	60401	4 McKissic Creek Road	Bentonville	72712	(479) 202-0019
California:					
Walter & Vicki Edmondson	60511	901 Campisi Way, #370	Campbell	95008	(408) 559-8548
Keith & Taco Cowan	60525	23785 El Toro Rd., #301	El Toro	92630	(949) 215-7628
Keith & Taco Cowan	60526	8583 Irvine Center Dr., Ste. 394	Irvine	92618	(949) 215-7629
Keith & Taco Cowan	60504	25909 Pala, Suite 190	Mission Viejo	92691	(949) 784-0377
Keith & Taco Cowan	60527	1900 N. Bristol C449	Santa Ana	92700	(949) 215-2581
Josh & Ellen Mendel	60531	111 N. Sepulveda Bvd., #250	Manhattan Bch.	90266	(424) 252-2015
Lewis & Victoria Knapp	60515	825 Oak Grove Ave., #204	Menlo Park	94025	(650) 763-3333
Ryan & Gina Mann	60508	958 San Leandro Ave., Suite 100	Mountain View	94043	(650) 336-7500
Justin & Amy Tsui	60509	283 S. Lake Ave., #219	Pasadena	91101	(626) 381-9983
Justin & Amy Tsui	60533	500 N. 1st Ave., Ste. 7	Arcadia	91006	(626) 657-0521
Raju Kotagiri	60528	3800 Watt Ave., Suite 275140	Sacramento	95821	(916) 727-6060
Raju Kotagiri	60530	770 L Street, #950	Sacramento	95814	(916) 877-6060
Evan Weiss, Michael Schwartz	60521	9089 Clairemont Mesa Blvd., #105	San Diego	92123	(858) 264-4677
Dave & Wendy Thompson	60513	12925 Alcosta Blvd. #9	San Ramon	94583	(925) 380-6038
Dave & Wendy Thompson	60536	4695 Chabot Drive, Suite 200	Pleasanton	94588	(925) 261-3928
Charu Mungale	60507	3140 De Le Cruz Blvd. #200-50	Santa Clara	95054	(925) 380-6038
Charu Mungale	60540	3031 Tisch Way, 110 Plaza West	San Jose	95128	(408) 754-3830
Charu Mungale	60541	177 Park Avenue Suite 200	San Jose	95113	(408) 754-3832
Todd & Ruth Tolly	60516	2455 Bennett Valley Rd., #C-214	Santa Rosa West	95404	(707) 249-9525
Todd & Ruth Tolly	60510	2455 Bennett Valley Rd., #C-214	Santa Rosa East	95404	(707) 249-9525
Ryan & Gina Mann	60514	145 N. Wolfe St.	Sunnyvale	94086	(650) 336-7500
Josh & Ellen Mendel	60524	357 Van Ness Way #208	Torrance	90501	(424) 252-2016

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
RJ Ruggiero	60512	9021 Melrose Ave., #201	W. Hollywood	90069	(310) 385-8548
Arti Dutt, Amit Gupta	60520	5850 Canoga Ave., 4th Floor	Woodland Hills	91367	(818) 514-9060
Allen & Janet Licitra	60532	28936 Old Town Front St., Ste. 103	Temecula	92590	(951) 404-5800
Gary & Gwen Connolly	60534	5167 Clayton Rd, Suite B	Concord	94521	(925) 529-4500
Regis & Sophia Pei	60535	17316 Edwards Rd., Ste. B235	Cerritos	90703	(562) 263-9688
Yanfang Lu & Johan Erikson	60537	12 Geary Street Suite 401	San Francisco	94108	(415) 795-9872
Vivek & Anita Ahuja	60539	1101 Marina Village Pkwy Suite 201	Alameda	94501	(510) 250-2573
Gene Fong	60542	5800 S. Eastern Ave Suite 536	Commerce	90040	(323) 447-8796
Lou & Helen Fournier	60538	28368 Constellation Rd. #398 Suite 210	Valencia	91355	(661) 425-0255
Colorado:					
Dawn & Mark Kelly	60602	3204 N. Academy Blvd. #230	CO Springs	80917	(719) 623-4008
Mark & Darla Searls	60604	401 E. Cleveland Street, Suite B	Lafayette	80026	(720) 449-3379
Claudia & Tim Pillow	60608	1060 Bannock St, Suite 220	Denver	80204	(720) 617-2210
Claudia & Tim Pillow	60609	44 Cook St, Suite 100	Denver	80206	(720) 612-2211
Connecticut:					
Tom & Mami Florio	60702	15 East Putnam Ave., #348	Greenwich	06830	(475) 299-8554
Tom & Mami Florio	60703	1177 Summer Street, 3rd Floor	Stamford	06905	(475) 299-8554
Sandeep & Brenda Kaushal	60701	428 Hartford Turnpike, Suite 107	Vernon	06066	(860) 858-1232
Delaware:					
Charles Weyhmiller	60803	5584 Kirkwood Highway	Wilmington	19808	(302) 446-4101
Charles Weyhmiller	60804	1000 N. West St, Suite 1200	Wilmington	19801	(302) 446-4100
Florida:					
Robert & Marguarite Roloff	60914	10501 Six Mile Cypress Pkwy., Ste. #405118	Ft. Myers	33966	(239) 774-1603
Davilson Rodrigues	60918	203 SW 3rd Avenue	Gainesville	32601	(352) 745-3993
Bruce & Patti Eichman	60915	3947 Blvd Center Dr., Ste. 1	Jacksonville	32207	(904) 660-0001
Long Hoang	60909	1540 International Pkwy., Ste. 2000 #6	Lake Mary	32746	(407) 330-0811
R. Anthony (Tony) Lee	60927	1550 Creighton Rd, Suite 5	Pensacola	32504	(850) 427-2070
Brian & Cathy Bonacci	60911	1016 Collier Way #103	Naples	34110	(203) 293-9832
Brian & Cathy Bonacci	60922	202 N. Rhodes Ave., #101	Sarasota	34237	(941) 548-9388
Brian & Cathy Bonacci	60923	6151 Lake Osprey Drive	Sarasota	34240	(941) 444-2154
Donald & Mandy Zurbrick	60919	735 Arlington Ave N Suite 306	St. Petersburg	33701	(727) 308-3300
Frank Fender	60921	300 Colorado Ave., 210	Stuart	34994	(772) 266-3111
Mark Inda	60920	1211 Tech Blvd., Suite 151	Tampa	33619	(813) 603-1000
Sylvester & Linda Williams	60924	6000 Metrowest Blvd, Suite 200	Orlando	32835	(407) 333-0293
James & JoAnn Gusewelle	60925	611 N. Wymore Rd., Ste. 221	Winter Park	32789	(407) 907-6616
C. Elizabeth McCarty	60926	13770 58th St. N, Suite 308	Clearwater	33760	(727) 275-2752
Donnie Jacobs	60928	603 Cleveland Avenue	Wildwood	34785	(352) 775-1900
Tracy & Wayne Croushorn	60929	1501 S. Pinellas Ave Suite D	Tarpon Springs	34689	(727) 819-4900
Juan Alvarado	60930	4300 SW 73rd Ave, Suite 107	Miami	33155	(786) 558-0048
Georgia:					
Ruth Levy, David Lombrozo	61002	1150 Grimes Bridge Rd., #500	Marietta	30075	(770) 993-5428
Richard Higgins	61005	3990 Flowers Rd., #550	Atlanta	30360	(770) 847-9611
Howard Page	61007	2221 Peachtree Rd. NE, Ste. X2	Atlanta	30309	(770) 450-0910
John & Janice Toms	61008	3455 Peach Tree Rd, NE Suite 500	Atlanta	30326	(470) 347-3700

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
Illinois:					
Edward Trauth	61307	50 S. Main Street, Suite 200	Naperville	60563	(331) 204-5010
Erik & Tiffany Person	61302	1990 E. Algonquin Rd., #211	Schaumburg	60173	(847) 925-8400
Erik & Tiffany Person	61303	15774 S. LaGrange Rd., #221	Orland Park	60462	(708) 942-4266
Erik & Tiffany Person	61304	1363 Shermer Road #331	Northbrook	60062	(847) 461-3800
Erik & Tiffany Person	61305	5600 N. River Road #800	Rosemont	60018	(708) 617-2004
Erik & Tiffany Person	61306	2021 Midwest Rd., Ste. 200	Oak Brook	60523	(630) 216-4800
Erik & Tiffany Person	61308	900 Ogden Avenue	Downers Grove	60515	(630) 672-8700
Brian Jones	61311	4544 W. 103rd Street Suite 2NW	Oak Lawn	60453	(708) 553-0600
Jaimini & Mayank Patel	61312	5940 W. Touhy Avenue Suite 140	Niles	60714	(847) 616-8400
Carsten Grieger	61313	910 Busch Parkway, Suite 3	Buffalo Grove	60089	(224)-296-2255
Indiana:					
Lezlie & Brett Richards	61402	3209 Smith Valley Road, #211	Greenwood	46142	(317) 677-4722
Iowa:					
Eric Summers	61501	102 SE 30th Street #2	Ankeny	50021	(515) 318-7411
Louisiana:					
Jimmy Brown	61801	315 S. College Road #215	Lafayette	70503	(337) 593-9539
Jon & Kim Walton	61802	3642 Youree Dr., Ste.2	Shreveport	71105	(318) 771-7776
Kentucky:					
Naresh Shah	61701	1708 Jaggie Fox Way, #114	Lexington	40511	(859) 252- 0001
Maryland:					
Sunil Raina	62006	8658 Baltimore National Pike #O	Ellicott City	21043	(443) 574-7280
Upreet Bhandari	62004	4948 St. Elmo Ave., #207	Bethesda	20814	(240) 630-3555
Sunil Raina	62007	2657-G Annapolis Road #454	Hanover	21076	(443) 574-7281
C. Wagner, B. Wagner & L. Davis	62003	8441 Belair Rd., #201	Nottingham	21236	(410) 650-4839
C. Wagner, B. Wagner & L. Davis	62008	2 S. Hays Street, Ste. B	Bel Air	21014	(443) 214-2002
C. Wagner, B. Wagner & L. Davis	62009	1777 Reisterstown Rd. Suite 22, 174	Pikeville	21208	(443) 461-5933
Chip-Yong Ng & Sandy Wong	62011	12105 Darnestown Rd., Ste. 10	Gaithersburg	20878	(240) 261-7677
Massachusetts:					
Jim Hackett, Andy Hackett	62105	101 Middlesex Turnpike #6 PMB318	Burlington	01803	(781) 791-3016
Jim Hackett, Andy Hackett	62106	1770 Massachusetts Ave. #158	Cambridge	02140	(781) 791-3016
Jim Hackett, Andy Hackett	62102	9 Bartlett Street #152	Merrimack Vly.	01810	(781) 791-3016
Jim Hackett, Andy Hackett	62104	25 Storey Ave., # 8 PMB350	Newburyport	01950	(781) 791-3016
Jim Hackett, Andy Hackett	62107	738 Main Street #234	Waltham	02451	(781) 791-3016
Jim Hackett, Andy Hackett	62101	12 Office Tower Park	Woburn	01810	(781) 791-3016
Jeffrey Samstad	62109	235 Cypress Street	Brookline	02445	(857) 299-7374
Michigan:					
Max & Gail Gibbard	62203	5180 Kalamazoo Ave. SE, #D	Kentwood	49508	(616) 727-0107
Nick Zafer	62202	7950 Moorsbridge Rd., Ste. 450	Portage	49024	(269) 492-7400
Claire & Evan Agnello	62204	1790 Livernois Rd. Suite 200	Troy	48083	(248) 792-0400
Minnesota:					
Srikant & Veena Lakkundi	62303	542 Snelling Ave. S, Ste. 103	St. Paul	55116	(651) 321-1445

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
Mississippi:					
Mike Omoregie, Harold Loving	62401	2980 Davis Road, Suite D	Terry	39170	(601) 878-1900
Missouri:					
Marc Evans	62501	10502 NW Ambassador Drive, #215	Kansas City	64153	(816) 673-6334
Jeffrey & Karen Kleinsasser	62502	216 South Sunrise Dr.	Raymore	64083	(816) 542-0777
Sunil & Jasleen Thakkar	62503	1100 Corporate Square Drive, Suite 133	St. Louis	63132	(314) 594-4000
New Hampshire:					
Joseph and Joyce Taurus	62901	908 Hanover Street, #8	Manchester	03104	(603) 505-4665
New Jersey:					
Stewart Paul	63005	923 Haddonfield Road #300	Cherry Hill	08002	(856) 238-5655
Stewart Paul	63006	103 Carnegie Center #300	Princeton	08540	(609) 337-1136
Stewart Paul	63007	309 Fellowship Rd., Ste. 200	Mt. Laurel	08054	(856) 234-2136
Stewart Paul	63008	427 High Street #525	Burlington	08016	(609) 526-3600
Deborah Service	63009	361 Route 31, Unit 1101	Flemington	08822	(908) 968-9223
Len Leach	63004	2 University Plaza, Ste. 1000	Hackensack	07601	(201) 373-6778
Jibu Mathews	63002	1572 US Route 130	N. Brunswick	08902	(732) 253-0990
Todd Harrell	63003	201 Littleton Rd.	Morris Plains	07950	(973) 656-0085
Todd Harrell	63014	330 Changebridge Rd. Suite 101	Pine Brook	07058	(973) 620-8800
James Kimberlin	63011	525 Wanaque Ave. #203	Pompton Lakes	07442	(973) 437-3748
James Kimberlin	63010	45 N. Broad Street	Ridgewood	07450	(201) 439-8444
Joe Higgins & Nick Ilacqua	63012	556 Eagle Rock Ave., Ste. 101	Roseland	07068	(973) 486-4585
Jacob & Jini Samuel	63013	2414 Morris Avenue, Suite 304	Union	07083	(908) 271-8787
Anthony Carnevale	63016	485C US Highway 1 South Suite 350	Iselin	08830	(732) 314-4911
Iimit & Alefya Vyas	63015	52 Tennent Rd. Suite 3	Morganville	07751	(732) 351-2012
Magdi Shehata	63017	400 W. Main Street	Freehold	07728	(732) 351-4900
Victor Rodrigues	63018	95 Main Ave Suite 230	Clifton	07014	(862) 200-9596
New York:					
David Israel	63206	708 3rd Ave., 6th Floor	New York	10017	(646) 893-1180
Roger Noakes & Mark Jones	63203	3771 Nesconset Hwy. #209	S. Setauket	11720	(631) 277-1368
Allen Chu	63207	170 Hamilton Ave. #204	White Plains	10601	(914) 768-8061
Michael & Justine Montalbano	63209	1186 Hylan Blvd.	Staten Island	10305	(917) 636-4200
Ana & Bruno Manh	63210	785 Broadway 3rd Floor	Kingston	12401	(845) 853-8001
North Carolina:					
John & Tami Griffith	63301	9741 Southern Pine Blvd., #K	Charlotte	28273	(704) 601-7454
Marty Cayton	63305	4424 Bragg Blvd., #101	Fayetteville	28405	(910) 500-1392
Marty Cayton	63303	749 SE Greenville Blvd., #400-274	Greenville	27858	(252) 347-0130
Marty Cayton	63304	3824 Barrett Dr., #201	Raleigh	27609	
Marty Cayton	63302	108 N. Kerr Ave, Suite E3	Wilmington	28405	(910) 500-1392
John & Sheila Fox	63306	1100 S. Stratford Rd., Bldg. C, #190	Winston-Salem	27103	(336) 793-8555
John & Sheila Fox	63307	1414 Long Street	High Point	27265	(336) 823-6750
John & Sheila Fox	63308	717 Green Valley Rd, Suite 200	Greensboro	27408	(336) 355-3630
Daniel & Becky Thomas	63311	3308 Durham-Chapel Hill Blvd, Ste. 10	Durham	27707	(919) 893-4701

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
Ohio:					
Jon Colvin	63502	3860 Race Road #310	Cincinnati	45211	(513) 574-3400
Dwight & Allison Blankenship	63504	7716 Rivers Edge Drive	Columbus	43235	
Eric & Kathleen Quinn	63501	815 Crocker Rd., #4	Westlake	44145	(440) 808-8200
Scott Corrao	63506	34501 Aurora Rd. Suite 201	Solon	44139	(440) 999-0911
Marsha Gazy	63507	1045 W. Rayen Avenue	Youngstown	44502	(330) 551-3200
Oklahoma:					
Floyd Merrey Jr.	63601	5909 NW Expressway, #155	Oklahoma City	73132	(405) 840-1545
Floyd Merrey Jr.	63602	11 NE 11th, Suite 216K	Oklahoma City	73104	(405) 792-6982
Oregon:					
Stephanie Verzasconi & Steven Serna	63702	1827 NE 44th Ave.	Portland	97232	(503) 445-4997
Jenna & Raymond Bayer	63703	9900 SW Wilshire, #230	Portland	97225	(503) 919-7900
Cindy McPike & Cameron Nelson	63704	2195 Hyacinth St., NE Ste. 130	Salem	97301	(503) 389-3888
Pennsylvania:					
George & Judy Sanchez	63810	5000 w. Tilghman ST., #204	Allentown	18104	(484) 838-7740
Stewart Paul	63804	93 Old York Road	Jenkintown	19046	(267) 454-6009
Stewart Paul	63809	630 Freedom Business Ctr., 3rd FL	King of Prussia	19406	(610) 624-3553
Stewart Paul	63802	2 Swamp Road	Newtown	18940	(215) 968-4376
Stewart Paul	63805	702 N. 3rd Street	Philadelphia	19123	(215) 550-1551
Stewart Paul	63806	1500 Market St.	Philadelphia	19102	(215) 515-2303
Stewart Paul	63807	1700 Market St.	Philadelphia	19103	(267) 448-0205
Stewart Paul	63803	828 West Street Road	Warminster	18974	(215) 968-4376
Michael Williams	63811	3218 Pittston Ave., Suite 3	Scranton	18505	(570) 260-2500
Puerto Rico:					
Miguel Nieves	65901	Metro Office Park Bldg. 7, Suite 204	Guaynabo	00968	(787) 520-5239
South Carolina:					
William & Debra Galinsky	64002	910 E. North Street	Greenville	29601	(631) 664-4624
Kimico Myers	64003	810 Dutch Square Blvd., #234	Columbia	29229	(803) 638-8662
Christopher & Judith Bianco	64004	116 Hwy 17 N, Ste. A	Surfside Beach	29575	(803) 232-9200
Denise Kaufman	64005	215 East Bay Street Suite 500-E	Charleston	29401	(843) 823-7003
South Dakota:					
Ryan Gallagher, Robert Kiecksee	64102	4705 Oxbow #29	Sioux Falls	57016	(605) 988-8600
Tennessee:					
Don & Nancy Warden	64204	1550 W. McEwen Drive #300	Franklin	37064	(615) 243-5510
Nancy & Jack MacRae	64203	10105 Sherrill Blvd.	Knoxville	37932	(865) 342-7839
Drayton Mayers	64202	763 E. Brookhaven Cir. #201	Memphis	38117	(901) 572-1355
Don & Nancy Warden	64205	412 N. Front Street	Murfreesboro	37129	(615) 396-3056

NAME	TLI#	ADDRESS	CITY	ZIP	TELEPHONE
Texas:					
Taron & Victoria Hart	64314	721 E. Texas Avenue	Baytown	77520	(281) 839-2829
Todd Grace, David Hernandez	64309	4762 Benbrook Blvd.	Benbrook	76116	(682) 286-8445
Scott & Lori Kelley	64312	11511 Katy Fwy., Suite 409	Houston	77079	(832) 910) 8540
Scott & Lori Kelley	64313	12335 Kingsride Lane, Suite 154	Houston	77024	(832) 910-8541
Anthony & Cynthia Wheeler	64316	1241 Prosper Commons Blvd., Unit 110	Prosper	75078	(469) 284-8548
Mohammad & Kathleen Nilforoushan	64310	400 Chisholm Place, #214	Plano	75075	(469) 573-3743
Alan Harlan, Dan Sawyers & Wes Johnson	64304	2904 Corporate Circle, Suite 110	Flower Mound	75028	(972) 234-8978
Frank Jones	64305	500 Turtle Cove Blvd., #130	Rockwall	75087	(972) 961-7711
Roma & Paras Desai	64308	101 Southwestern Bld., #116	Sugar Land	77478	(281) 201-1798
Hunt & Susan Waddell	64317	1450 Hughes Rd., Ste. 107	Grapevine	76051	(469) 751-8904
Neil Penberthy	64318	108 Wild Basin Rd. Suite 250	Austin	78746	(512) 991-1599
Greg & Christy Torosian	64319	600 Round Rock West Dr., Ste. 606	Round Rock	78681	(737) 717-0304
Jesus & Wilma Gonzalez	64320	16601 Blanco Rd, Suite 202	San Antonio	78232	(210) 742-8210
Vinayak (Vinny) Kamath	64321	6401 West Eldorado Pkw Suite 223	McKinney	75070	(469) 325-3999
Sean Pendleton & Yew-Chin Ooi	64323	1953 Golden Heights Rd. Suite 1005	Ft. Worth	76177	(817) 678-8699
Saumil Shah	64324	17440 Dallas Pkwy Suite 130	Dallas	75287	(469) 333-2181
Murtuza Choilawala	64325	9800 N. Lamar Blvd Suite 210	Austin	78753	(512)-501-1077
Utah:					
Kenneth & Jami Hughes	64402	9131 South Monroe Plaza Way #B	Sandy City	84070	(801) 726-3359
Virginia:					
Alan Abbott	64611	100 Arbor Oaks Dr., #302	Ashland	23005	(804) 554-1400
Robert Moore	64609	2113 Canvasback Dr.	Suffolk	23435	(757) 942-1652
Scott Chandler	64605	35571 Suffolk Ln.	Purcellville	20132	(703) 777-3551
Ken & Pamela Blackwell	64610	199 Sulky Drive, Suite 2	Winchester	22602	(540) 592-1058
Washington:					
Regi John	64705	14400 Bel-Red Road, #203	Bellevue	98007	(425) 484-0480
Regi John	64706	11335 NE 122nd Way, Ste. 104	Kirkland	98035	(425) 999-3030
Michael & Janet Hlavaty-LaPosa	64707	22722 29th Drive SE, Ste. 100	Bothell	98021	(425) 697-9707
Michael & Janet Hlavaty-LaPosa	64708	23607 Highway 99 Suite 1F	Edmonds	98026	(425) 697-9708
Wisconsin:					
Kirk & Lisa Gramoll	64902	W175 N 11081 Stonewood Dr., #102	Germantown	53022	(262) 834-6207
Kirk & Lisa Gramoll	64903	N19W24400 Riverwood Dr. Suite 350	Waukesha	53188	(262) 502-1283
Todd and Bianca Dehn	64901	3019 Holmgren Way, Suite 201	Green Bay	54304	(920) 393-9496
INTERNATIONAL					
Canada:					
Alex & Anna Lachine	67001	8171 Yonge St., #141, Thornhill	Ontario	L3T 2C6	(905) 488-9045

Former Franchise Owners

The following lists the names, city and state, and the current business telephone number (or, if unknown, the last known telephone number) of every franchisee who had a TeamLogic IT franchise business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year, or who has not communicated with us within 10 weeks of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Name	TLI#	City, State & Telephone
Nasser Halwani	62201	Canton, MI 48187, (734) 666-6276
Andre Linares	62005	Rockville, MD 20852, (240) 273-7540
Pozanski & Salomon	60917	Miami, FL 33719 (305) 602-4024
Summarya Adam & Fahim Dangra	61006	Alpharetta, GA (678) 893-4011
Brian & Carol Schultz	60605	Ft. Collins, CO (970) 682-3838
Sandra & Larry Trujillo	62802	Las Vegas, NV (702) 550-7111

Transfers

Name	TLI#	City, State & Telephone
William & Laura Breese	61303	Orland Park, IL (708) 942-4266

During the last three fiscal years we have signed no confidentiality agreements with current or former franchisees which restrict their ability to speak openly about their experience with us.

There are no Franchisee organizations associated with the TeamLogic IT® system that have been sponsored or endorsed by us, or that have been organized under state law or that have been asked to be included in this disclosure.

The following list are franchisees that signed a franchise agreement, but their territorial franchise business was not open and operating as of December 31, 2019:

Name	TLI#	City and State	Zip Code
C. Wagner, B. Wagner & L. Davis	62010	Rosedale, MD	24280
William & Pamela Jackson	64322	Arlington, VA	22202
Jared Bowen & Anisa Sennan	60610	Bentonville, AR	72712
Jared Bowen & Anisa Sennan	60611	Bentonville, AR	72712

ITEM 21.
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit "A" are our audited financial statements for fiscal years ending December 31, 2019, December 31, 2018, and December 31, 2017.

ITEM 22.
CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts:

Exhibit D – Franchise Agreement
Exhibit E – Multi-State Addendum to Disclosure Document and Franchise Agreement
Exhibit F – Amendment to Franchise Agreement for Existing and New Multiple
Exhibit G – Conversion Addendum
Exhibit H – Transfer Release Agreement
Exhibit J - SBA Addendum

"D" is a copy of the Franchise Agreement. The Multi-State Addendum is attached as Exhibit "E," the Conversion Addendum is attached as Exhibit "G," the Transfer Release Agreement is attached as Exhibit "H," and the SBA Addendum is attached as Exhibit "J".

ITEM 23.
RECEIPTS

You will find two copies of the detachable acknowledgement receipt at the end of this disclosure document. Please sign and date both copies and keep one for your records, and the other must be returned to us at TeamLogic, Inc., Attn: Legal Dept., 26722 Plaza, Mission Viejo, CA 92691.

EXHIBIT "A"

FINANCIAL STATEMENTS

TEAMLOGIC, INC.
Audited Financial Statements
December 31, 2019, 2018 and 2017

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors of
TeamLogic, Inc.

We consent to the inclusion of our report dated March 20, 2020, with respect to the financial statements of TeamLogic, Inc. as of December 31, 2019, 2018, and 2017, and for the years then ended, in TeamLogic, Inc.'s Franchise Disclosure Document dated March 17, 2020. This consent should not be regarded in any way as updating the aforementioned report or representing that we performed any procedures subsequent to the date of such report. Such consent is given provided the report is presented with the audited financial statements and all notes related thereto.

White Nelson Diehl Evans LLP

Irvine, California
March 20, 2020

TEAMLOGIC, INC.

(A wholly owned subsidiary of Franchise Services, Inc.)

Financial Statements

For years ended December 31, 2019, 2018 and 2017

With Independent Auditors' Report

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
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December 31, 2019, 2018, and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
TeamLogic, Inc.

We have audited the accompanying financial statements of TeamLogic, Inc., a wholly owned subsidiary of Franchise Services, Inc., (the "Company"), which comprise the balance sheets as of December 31, 2019, 2018, and 2017, and the related statements of operations, changes in stockholder's 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 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, 2018, and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note A to the financial statements, Team Logic, Inc. adopted new accounting guidance for revenue recognition under Financial Accounting Standards Board Accounting Standards Codification Topic 606. Our opinion is not modified with respect to this matter.

White Nelson Diehl Evans LLP

Irvine, California
March 20, 2020

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Balance Sheets
December 31, 2019, 2018, and 2017

ASSETS

	2019	2018	2017
Current Assets:			
Cash And Cash Equivalents	$ 1,251,000	$ 774,000	$ 742,000
Other Receivables	4,000	-	-
Contract Assets	3,368,000	-	-
Prepaid Expenses And Other Current Assets	82,000	190,000	269,000
Total Current Assets	4,705,000	964,000	1,011,000
Property And Equipment:			
Autos	51,000	51,000	51,000
Furniture And Fixtures	23,000	23,000	23,000
Office Equipment	60,000	140,000	120,000
Leasehold Improvements	59,000	30,000	29,000
Total Property And Equipment, At Cost	193,000	244,000	223,000
Less: Accumulated Depreciation	(118,000)	(185,000)	(169,000)
Property And Equipment, At Net Book Value	75,000	59,000	54,000
Total Assets	$ 4,780,000	$ 1,023,000	$ 1,065,000

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

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Balance Sheets (Continued)
December 31, 2019, 2018, and 2017

LIABILITIES AND STOCKHOLDER'S EQUITY

	2019	2018	2017
Liabilities:			
Accounts Payable And Accrued Expenses	$ 381,000	$ 630,000	$ 526,000
Franchise And Other Deposits	-	175,000	160,000
Deferred Revenue	4,664,000	-	-
Income Taxes Payable	25,000	24,000	26,000
Due To Ad Fund	-	-	1,000
Due To Affiliates	407,000	14,000	13,000
Total Liabilities	5,477,000	843,000	726,000
Stockholder's Equity:			
Common stock, $.01 par value; 1,000 shares authorized, issued, and outstanding	-	-	-
Additional Paid-In Capital	499,000	2,099,000	4,949,000
Accumulated Deficit	(1,196,000)	(1,919,000)	(4,610,000)
Total Stockholder's Equity	(697,000)	180,000	339,000
Total Liabilities And Stockholder's Equity	$ 4,780,000	$ 1,023,000	$ 1,065,000

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

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Statements Of Operations
Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Revenues:			
Continuing Franchise Fees	$ 3,816,000	$ 3,022,000	$ 2,247,000
Initial, Transfer, And Renewal Franchise Fees	532,000	1,475,000	1,215,000
Managed Services	3,216,000	2,775,000	2,230,000
Franchise Advertising Contributions	723,000	-	-
Interest And Other Income	-	-	1,000
Total Revenue	8,287,000	7,272,000	5,693,000
Cost of Sales	1,467,000	1,973,000	1,735,000
Gross Profit	6,820,000	5,299,000	3,958,000
Expenses:			
Selling, General And Administrative	2,899,000	2,556,000	2,380,000
Management Fees	1,545,000	-	-
Depreciation And Amortization	27,000	23,000	19,000
Franchise Advertising Expenses	835,000	-	-
Total Operating Expenses	5,306,000	2,579,000	2,399,000
Loss Before Provision For Income Taxes	1,514,000	2,720,000	1,559,000
State and Foreign Income Taxes	70,000	29,000	29,000
Net Income	$ 1,444,000	$ 2,691,000	$ 1,530,000

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

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Statements of Changes in Stockholder's Equity
Years Ended December 31, 2019, 2018, and 2017

	Common Stock		Additional Paid-In	Accumulated	Total Stockholder's
	Shares	Amount	Capital	Deficit	Equity
Balance At December 31, 2016	1,000	$ -	$ 6,304,000	$ (6,140,000)	$ 164,000
Repayment Of Capital Contribution	-	-	(1,355,000)	-	(1,355,000)
Net Income	-	-	-	1,530,000	1,530,000
Balance At December 31, 2017	1,000	-	4,949,000	(4,610,000)	339,000
Repayment Of Capital Contribution	-	-	(2,850,000)	-	(2,850,000)
Net Income	-	-	-	2,691,000	2,691,000
Balance At December 31, 2018	1,000	-	2,099,000	(1,919,000)	180,000
Adjustments For Adoption Of New Revenue Standard	-	-	-	(721,000)	(721,000)
Repayment Of Capital Contribution	-	-	(1,600,000)	-	(1,600,000)
Net Income	-	-	-	1,444,000	1,444,000
Balance At December 31, 2019	1,000	$ -	$ 499,000	$ (1,196,000)	$ (697,000)

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

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Statements of Cash Flows
Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Cash Flows From Operating Activities:			
Net Income	$ 1,444,000	$ 2,691,000	$ 1,530,000
Non-Cash Items Included In Net Operating Activities			
Depreciation And Amortization	27,000	23,000	19,000
Changes In Operating Assets And Liabilities:			
Other Receivables	(4,000)	-	1,000
Contract Assets	(634,000)	-	-
Prepaid Expenses And Other Current Assets	23,000	27,000	(45,000)
Accounts Payable And Accrued Expenses	(165,000)	156,000	10,000
Franchise And Other Deposits	(175,000)	-	-
Deferred Revenue	1,122,000	15,000	120,000
Income Taxes Payable	1,000	(2,000)	(3,000)
Net Cash Provided By Operating Activities	1,639,000	2,910,000	1,632,000
Cash Flows From Investing Activities:			
Payments From Advertising Fund	-	(1,000)	1,000
Purchases Of Property And Equipment	(43,000)	(28,000)	(39,000)
Net Cash Used In Investing Activities	(43,000)	(29,000)	(38,000)
Cash Flows From Financing Activities:			
Increase In Due To Parent Or Affiliates	389,000	1,000	7,000
Repayment Of Capital Contribution	(1,600,000)	(2,850,000)	(1,355,000)
Net Cash Used In Financing Activities	(1,211,000)	(2,849,000)	(1,347,000)
Increase In Cash And Cash Equivalents	385,000	32,000	247,000
Cash And Cash Equivalents At Beginning Of Year	866,000 (A)	742,000	495,000
Cash And Cash Equivalents At End Of Year	$ 1,251,000	$ 774,000	$ 742,000
Supplemental Disclosure Of Cash Flow Information:			
Cash Paid For:			
State And Foreign Income Taxes	$ 69,000	$ 31,000	$ 32,000

(A) Cash and cash equivalents at beginning of year restated as a result of adopting new accounting standard. See Note H to the Financial Statements.

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

TEAMLOGIC, INC.
(A wholly owned subsidiary of Franchise Services, Inc.)
Notes To Financial Statements
December 31, 2019, 2018, and 2017

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies**

(1) Nature Of Business - TeamLogic, Inc. (the "Company") was incorporated on September 1, 2004, in the state of California. The Company is a wholly owned subsidiary of Franchise Services, Inc. ("FSI" or the "Parent"). The Company is engaged in the sale and services of domestic and international franchises that provides outsourced IT services for small and mid-sized businesses using the brand name "TeamLogic IT".

(2) Affiliate Companies - FSI also owns the following subsidiaries:

Sir Speedy, Inc., headquartered in Mission Viejo, California, which sells and provides support to domestic and international franchised quick printing and marketing services centers using the brand name "Sir Speedy".

Postal Instant Press, Inc., headquartered in Mission Viejo, California, which sells and provides support to domestic and international franchised quick printing and marketing services centers using the brand name "PIP Printing".

Signal Graphics, Inc., headquartered in Mission Viejo, California, which sells and provides support to domestic franchised quick printing and marketing services centers using the brand name "Signal Graphics".

Franchise Services Europe BV, headquartered in Amsterdam, The Netherlands, operates under the brand name "Multicopy". Multicopy sells and provides support to franchised quick print centers.

Summit Marketing Communications, Inc., headquartered in Mission Viejo, California, which is an advertising agency.

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies** – (Continued)

(3) Financial Statement Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 810-10, *"Consolidation"* addresses the consolidation of an entity whose equity holders either (a) have not provided sufficient equity at risk to allow the entity to finance its own activities or (b) do not possess certain characteristics of a controlling financial interest. FASB ASC 810-10 requires the consolidation of such an entity, known as a variable interest entity (VIE), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that is obligated to absorb a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. The principal type of entities in which the Company would possess a variable interest includes franchise entities. The Company does not possess any ownership interests in franchise entities. Additionally, the Company does not provide financial support to franchise entities in a typical franchise relationship. As a result, the Company did not consolidate any franchise entities.

(4) Cash And Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand and in banks and all highly liquid debt instruments purchased with original maturities of three months or less.

(5) Property And Equipment – Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over estimated useful lives of 3 to 10 years. Depreciation is computed using straight-line method for financial purposes and accelerated methods for income tax purposes. Depreciation expense for the years ended December 31, 2019, 2018, and 2017 totaled $27,000, $23,000, and $19,000, respectively.

(6) Revenue Recognition From Contracts With Customers – The Company's revenue includes initial franchise fees, transfer fees, continuing franchise fees, franchise advertising contributions, and other revenue relating to various managed services, interest and other income.

The initial franchise fee is $45,000 for a new franchise, $40,000 for eligible veterans, $45,000 for any subsequent franchises opened by the same franchisee, and $45,000 for a conversion franchise.

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies** - (Continued)

(6) Revenue Recognition From Contracts With Customers – (Continued)

The total number of new franchises opened during 2019, 2018 and 2017 was 40, 40, and 38, respectively. The Company does not have any franchisor-owned units during these years. The Company had 201 operating franchise locations at December 31, 2019.

The Company transitioned to FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue From Contracts with Customers* ("ASC 606"), from ASC Topic 605, *Revenue Recognition* and ASC Subtopic 952-605, *Franchisors - Revenue Recognition* (together, the "Previous Standards") on January 1, 2019 using the modified retrospective transition method. The transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled for the exchange of those goods or services. See Note H *Revenue Recognition*, for further information about our transition to this new revenue recognition and cumulative effect adjustment recorded to retained earnings as of January 1, 2019 to reflect the adoption of ASC 606.

Franchise revenues

Franchise revenues consist primarily of initial and renewal franchise fees, continuing franchise fees, and advertising fund contributions. Under franchise agreements, the Company provides franchisees with (i) a franchise license, which includes a license to use intellectual property and advertising and promotion management, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials. The services provided under franchise agreements are extensive and integral for the term of the franchise license and the Company concluded that the services do not represent individually distinct performance obligations. Consequently, the franchise license performance obligation and promises to provide services are bundled into a single performance obligation under ASC 606, which the Company satisfies by providing a right to use our intellectual property over the term of each franchise agreement.

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies** – (Continued)

(6) Revenue Recognition From Contracts With Customers – (Continued)

***Franchise revenues** (Continued)*

Initial, Transfer, And Renewal Franchise Fees – Initial, transfer, and renewal franchise fees are payable by the franchisee upon a new opening or renewal of an existing franchise agreement. Under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. Unamortized initial, transfer, and renewal franchise fees are recorded as deferred revenue. Under the Previous Standards, these franchise fees were recognized as revenue when the store commenced operations and the Company completed all material services and conditions. Transfer and renewal franchise fees were recognized as revenue upon execution of a new franchise agreement.

Continuing Franchise Fees - Continuing franchise fees, including franchisee contributions to advertising funds, are calculated as the greater of a fixed amount or a percentage of franchise sales over the term of the franchise agreement and recognized as franchise sales occur and collectability of the fees is certain.

Managed Services - The Company collects fees for managed services from its franchisees based on the number of licenses used. Fees for managed services are recorded as revenue when services have been provided and collectability is certain.

Advertising and Promotional Costs

The franchisees contribute to an advertising fund managed by the Company. Under our franchise agreements, advertising contributions received from franchisees must be spent on advertising, product development, marketing and related activities. As a result of our transition to ASC 606, advertising contributions received from franchisees are included in revenues and advertising expenses are included as operating expenses as incurred commencing on January 1, 2019. Prior to January 1, 2019, the Company was deemed to be acting as an agent for these specifically designated contributions in accordance with the Previous Standards. Accordingly, the revenues and expenses of the advertising funds were not included in the Company's statements of operations.

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies** - (Continued)

(6) Revenue Recognition From Contracts With Customers – (Continued)

Contract Assets

Contract assets are unamortized incremental costs of acquiring the contracts, which primarily consists of commissions paid and pre-opening services provided to the franchises. These assets are amortized on a straight-line basis over the term of the agreement. Under the Previous Standards, these costs were recognized upon the opening of the stores.

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement. Under the Previous Standards, the initial and renewal franchise fees were recognized upon the opening of the stores. Initial franchise fees received when pre-opening services have not been fully performed at year-end were included Franchise And Other Deposits in the accompanying balance sheets.

(7) Income Taxes - For federal tax purpose, an election was made to treat the Company and its Parent (Franchise Services, Inc.) as Qualified Subchapter S Subsidiaries (QSSS). As a QSSS, the Company and its Parent are not treated as separate corporations and all assets, liabilities, items of income, deduction, and credit of the Company and its Parent are treated as assets, liabilities, items of income, deduction, and credit of the parent of Franchise Services, Inc.

The Company provides for state taxes for various jurisdictions that either treat the Company as a separate corporation or impose a franchise tax.

(8) Long-Lived Assets – The Company accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, *"Property, Plant, and Equipment."* FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of the value of such assets for the years ended December 31, 2019, 2018, and 2017.

NOTE A: **Nature Of Business And Summary Of Significant Accounting Policies** - (Continued)

(9) Advertising Costs - Advertising and promotional costs are charged to operations when incurred. Advertising and promotional costs totaled $299,000, $271,000, and $258,000, for the years ended December 31, 2019, 2018, and 2017, respectively. Advertising and promotional costs are included in "Selling, General And Administrative" expenses in the accompanying "Statements Of Operations".

(10) Use Of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(11) New Pronouncements - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, and ASU 2018-20. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020; however, early adoption is permitted. The Company is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

NOTE B: **Concentrations** - The Company maintains its cash account in a financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation up to $250,000 for 2019, 2018 and 2017. The amount of uninsured cash balance at this institution was $944,000, $574,000, and $633,000 at December 31, 2019, 2018, and 2017, respectively.

The company incurred 35 and 33 percent of its total purchases from two vendors during 2019 and 2018, respectively. During 2017, 17 percent of its total purchases came from 1 vendor. At December 31, 2019, 2018, and 2017, payable amounts are current with these vendors.

NOTE C: **Prepaid Expenses And Other Current Assets** – At December 31, 2019, the Cash and Cash Equivalents include a restricted cash account for Adverting Fund contributions. The balance of the restricted cash account was $80,000. At December 31, 2018, and 2017, the restricted cash account was included in prepaid expenses and other current assets. The balance of the restricted cash account was $87,000, and $143,000, respectively.

NOTE D: **Provision For Income Taxes** – The Company has adopted the provisions of Accounting Standards Codification Topic 740-10, *Accounting for Uncertainty in Income Taxes,* (ASC740-10), on January 1, 2010. The implementation of this standard had no impact on the financial statements. As of December 31, 2019, 2018 and 2017, the unrecognized tax benefit accrual was zero.

The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred.

The Company undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10,

For the years ended December 31, 2019, 2018, and 2017, the components of the provision for income taxes reflected in the "Statements Of Operations" are as follows:

	2019	2018	2017
Current:			
State, net	$ 63,000	$ 22,000	$ 22,000
Foreign	7,000	7,000	7,000
	70,000	29,000	29,000
Deferred:			
State	-	-	-
State And Foreign Income Taxes	$ 70,000	$ 29,000	$ 29,000

NOTE E: **Commitments And Contingencies**

(1) Operating Leases – The Company's corporate office is situated in office space leased and managed by its Parent. Starting 2019, the Parent charged The Company rent expenses. Facility rent expense for the years ended December 31, 2019 totaled $217,000 and is included in "Management Fees" in the accompanying "Statements Of Operations." The Parent did not charge the Company rent during the years ended December 31, 2018 and 2017.

(2) Litigations – The Company experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

(3) Indemnities And Guarantees – During the normal course of business, the Company has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include certain agreements with the Company's officers, under which the Company may be required to indemnify such person for liabilities arising out of their employment relationship. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. The majority of these indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated to make any payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheets.

(4) Purchase Commitment - In September 2018, the Company entered into a 5 year $2,300,000 minimum commitment with one of its suppliers. At December 31, 2019 and 2018 the amount remaining on this commitment was $1,287,000 and $2,033,000, respectively.

NOTE F: **Related Party Transactions** – In 2019, 2018, and 2017, the Company made repayments of $1,600,000, $2,850,000, and $1,355,000, respectively of capital contributions provided by its Parent.

The Company's corporate office is located in a building leased and managed by its Parent. This building is owned by parties related to the owner of the Parent.

NOTE F: **Related Party Transactions** – (Continued)

Included in management fees in 2019 are selling, rent, payroll expenses, and certain administrative support functions of the Company provided and charged by the Parent. Expenses were allocated to the Company based on the percentage of support provided by the Parent. For the years ended December 31, 2019, management fees and other administrative support costs charged by the Parent totaled $1,545,000. The Parent did not charge management fees for certain administrative support functions it provided to the Company in 2018 and 2017.

For the years ended December 31, 2019, 2018, and 2017, Summit Marketing Communications, Inc. (SMC) provided advertising agency services on behalf of the Company which is included as part of "Management Fees" in the accompanying "Statements Of Operations". The amounts charged by SMC were $7,000, $4,000, and $2,000, respectively.

The Parent charged the Company $10,000, $9,000, and $8,000, respectively for printing related expenses in 2019, 2018 and 2017 which are included as part of "Selling, General and Administrative" expenses in the accompanying "Statements Of Operations".

NOTE G: **Employee Benefit Plan** - The Parent sponsors a qualified 401(k) plan for all eligible employees. In addition, the Company, at the option of the Board of Directors, may make a discretionary contribution to the Plan, subject to the limit prescribed by law. The Company's expenses in connection with the Plan were $174,000, $102,000, and $84,000, respectively during the years ended December 31, 2019, 2018, and 2017, which is included in "Selling, General And Administrative" expenses in the accompanying "Statements of Operations."

NOTE H: **Adoption of New Accounting Standards**

Disaggregation of Revenues

As stated in Note A, initial franchise fees and continued franchise fees are recognized over time. Contributions of advertising funds are recognized as received. Managed fees are recognized over time.

Contract Assets And Liabilities

Contract assets are comprised of unamortized costs to obtain the contracts and upfront costs incurred prior to the store opening. The balance at January 1, 2019 and December 31, 2019 was $2,733,000 and $3,368,000, respectively.

NOTE H: **Adoption of New Accounting Standards** – (Continued)

Contract Assets And Liabilities (Continued)

Contract liabilities are comprised of unamortized upfront fees received from franchisees, classified as Deferred Revenue on the accompanying balance sheets. The balance at January 1, 2019 and December 31, 2019 was $3,542,000 and $4,664,000, respectively.

The Company has applied the optional exemption, as provided for ASC 606, which allows us to not disclose the transaction price allocated to unsatisfied performance obligations when the transaction price is a sales-based royalty.

Financial Statements Impact Of Transition to ASC 606

As discussed in Note A, the Company adopted ASC 606 beginning January 1, 2019, using the modified retrospective method. ASC 606 was applied to all contracts with customers as of January 1, 2019 and the cumulative effect of this transition was recorded as an adjustment to retained earnings as of this date.

Balance Sheet - The following adjustments were made to the balance sheet as of January 1, 2019:

	As Reported Dec. 31, 2018	Adjustments	Adjusted Jan. 1, 2019 with Adoption of ASC 606
Assets:			
Cash And Cash Equivalents	$774,000	$92,000	$866,000
Prepaid Expenses And Other Assets	190,000	(87,000)	103,000
Contract Assets	-	2,733,000	2,733,000
Total Assets	964,000	2,738,000	3,702,000
Property And Equipment:			
Autos	51,000	-	51,000
Furniture And Fixtures	23,000	-	23,000
Office Equipment	140,000	-	140,000
Leasehold Improvements	30,000	-	30,000
Total Property And Equipment, At Cost	244,000	-	244,000
Less: Accumulated Depreciation	(185,000)	-	(185,000)
Property And Equipment, At Net Value	59,000	-	59,000
Total Assets	$1,023,000	$2,738,000	$3,761,000

NOTE H: **Adoption of New Accounting Standards** – (Continued)

Financial Statements Impact Of Transition to ASC 606 – (Continued)

Liabilities:			
Accounts Payable And Accrued Expenses	$630,000	($87,000)	$543,000
Deferred Revenue	-	3,542,000	3,542,000
Franchise And Other Deposits	175,000	-	175,000
Income Taxes Payable	24,000	-	24,000
Due To Affiliates	14,000	4,000	18,000
Total Liabilities	$843,000	$3,459,000	$4,302,000
Stockholder's Equity:			
Common Stock	-	-	-
Additional Paid-In Capital	2,099,000	-	2,099,000
Accumulated Deficit	(1,919,000)	(721,000)	(2,640,000)
Total Stockholder's Equity	180,000	(721,000)	(541,000)
Total Liabilities And Stockholder's Equity	$1,023,000	$2,738,000	$3,761,000

Contract Assets and Deferred Revenue increased by $2,733,000 and $3,542,000, respectively, as part of the cumulative adjustment related to unamortized contract costs (up-front costs) and unearned initial, transfer, and renewal franchise fees, with a corresponding $809,000 net decrease in retained earnings.

The remaining adjustments to the December 31, 2018 balance sheet are primarily a result of reclassifying the assets and liabilities of the advertising fund to the respective balance sheet caption to which the assets and liabilities relate, with a corresponding $87,000 increase in retained earnings.

NOTE H: **Adoption of New Accounting Standards – (Continued)**

Statement of Operations - The following reflect the impact of adopting ASC 606 on the Statement of Operations for the year ended December 31, 2019, as well as the amount as if the guidance that was in effect prior to adoption were applied:

	As Reported Dec. 31, 2019	Adjustments	Balances without Adoption of ASC 606
Revenues:			
Continuing Franchise Fees	$3,816,000	$-	$3,816,000
Initial, Transfer, And Renewal Franchise Fees	532,000	992,000	1,524,000
Managed Services	3,216,000	-	3,216,000
Franchise Advertising Contributions	723,000	(723,000)	-
Total Revenues	8,287,000	269,000	8,556,000
Operating Costs And Expenses:			
Cost Of Sales	1,467,000	634,000	2,101,000
Selling, General And Administrative	2,899,000	-	2,899,000
Management Fees	1,545,000	-	1,545,000
Depreciation And Amortization	27,000	-	27,000
Franchise Advertising Expenses	835,000	(835,000)	-
Total Operating Expenses	6,773,000	(201,000)	6,572,000
Income From Operations	1,514,000	470,000	1,984,000
State And Foreign Income Taxes	70,000	-	70,000
Net Income	$1,444,000	$470,000	$1,914,000

As described above, the transition to ASC 606 resulted in the deferral of franchise fees revenue and costs to obtain the contracts. The adjustments for 2019 reflect the recognition of this revenue and costs as if the Previous Standards were in effect consists of a $992,000 increase in Initial, Transfer, and Renewal Franchise Fees and a $634,000 increase in Cost Of Sales.

Additionally, under the Previous Standards our statement of operations did not reflect gross presentations of advertising fund contributions and expenses. The transition to ASC 606 requires the presentation of advertising fund contributions and advertising fund expenses on a gross basis. The adjustments for 2019 reflect advertising fund contributions and expenses as if the Previous Standards were in effect and consist of a $723,000 decrease in franchise advertising contributions, and a $835,000 decrease in franchise advertising expenses.

NOTE H: Adoption of New Accounting Standards – (Continued)

Statement of Cash Flows - The following reflect the impact of adopting ASC 606 on the Statement of Cash Flows for the year ended December 31, 2019, as well as the amount as if the guidance that was in effect prior to adoption were applied:

	As Reported Dec. 31, 2019	Adjustments	Amounts without Adoption of ASC 606
Cash Flows From Operating Activities:			
Net Income	$1,444,000	$470,000	$1,914,000
Non-Cash Items Included in Net Income:			
Depreciation And Amortization	27,000	-	27,000
Changes in Operating Assets And Liabilities:			
Other Receivables	(4,000)	-	(4,000)
Prepaid Expenses And Other Assets	23,000	62,000	85,000
Contract Assets	(634,000)	634,000	-
Accounts Payable And Accrued Expenses	(165,000)	(62,000)	(227,000)
Deferred Revenue	1,122,000	(1,122,000)	-
Franchise and other deposits	(175,000)	130,000	(45,000)
State Income Taxes Payable	1,000	-	1,000
Net Cash Provided By Operating Activities	1,639,000	112,000	1,751,000
Cash Flows From Investing Activities:			
Advance To Advertising Fund	-	(100,000)	(100,000)
Purchases of Property & Equipment	(43,000)	-	(43,000)
Net Cash Used In Investing Activities	(43,000)	(100,000)	(143,000)
Cash Flows From Financing Activities:			
Due To Parent Or Affiliates	389,000	-	389,000
Repayment To Capital Contribution	(1,600,000)	-	(1,600,000)
Net Cash Used In Financing Activities	(1,211,000)	-	(1,211,000)
Net Change in Cash And Cash Equivalents	385,000	12,000	397,000
Cash And Cash Equivalents At Beginning of Year	866,000	(92,000)	774,000
Cash And Cash Equivalents At End Of Year	$1,251,000	($80,000)	$1,171,000

NOTE H: **Adoption of New Accounting Standards – (Continued)**

Statement of Cash Flows – (Continued)

As described above, the transition to ASC 606 resulted in the deferral of franchise fees revenue and costs to obtain the contracts. The adjustments for 2019 reflect the removal of these deferrals from the December 31, 2019 balance sheet and the recognition of this revenue and costs as if the Previous Standards were in effect.

The remaining adjustments to the December 31, 2019 statement of cash flows are primarily a result of reclassifying the assets and liabilities of the advertising fund to the respective balance sheet caption to which the assets and liabilities relate, with a corresponding $92,000 increase in cash and cash equivalents, which was previously included in prepaid expenses and other assets.

NOTE I: **Subsequent Events** – Events occurring after December 31, 2019 have been evaluated for possible adjustment to the financial statements or disclosure as of March 20, 2020, which is the date the financial statements were available to be issued.

EXHIBIT "B"

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

California:
Commissioner of Business Oversight
320 W. 4th St., Ste. 750
Los Angeles, CA 90013-2344
(213) 576-7500

Hawaii:
Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:
Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Consumer Protection Division
G. Mennen Williams Bldg.
525 W. Ottawa St.
Lansing, MI 48909
(517) 373-7117

Minnesota:
Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101-3165
(651) 539-1600

New York:
New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231-0001
(518) 473-2492

North Dakota:
North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Division of Insurance
Securities Regulation
124. S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:
Clerk, Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:
Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Administrator, Wisconsin
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705-9100
(608) 261-9555

In all other states, you may serve TeamLogic IT® at the following address:

Attn: President, TeamLogic, Inc., 26722 Plaza, Mission Viejo, CA 92691.

EXHIBIT "C"

OPERATIONS MANUAL TABLE OF CONTENTS

TeamLogicIT®

Your Technology Advisor

TEAMLOGIC IT OPERATIONS MANUAL

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EXHIBIT "D"

FRANCHISE AGREEMENT

TeamLogic IT® Business #_____
Contract Date:_____
Date Executed by Franchisor
Expiration Date:_____

FRANCHISE OFFERED:

TeamLogicIT®
Your Technology Advisor

The Parties to this Franchise Agreement are:

FRANCHISOR: TeamLogic, Inc.
a California corporation
26722 Plaza
Mission Viejo, CA 92691

AND

FRANCHISEE: _____

_____

_____

HOME ADDRESS: _____

_____

_____

TELEPHONE NUMBER: _____

TERRITORY DESIGNATION
(with map attached)

TeamLogic IT® BUSINESS NUMBER: _____

The following is a description of Franchisee's territory, if any, as outlined on the attached map. The physical boundaries as represented by the written description and shall remain the territory for the term of the Franchise Agreement in the event street names, city borders, or zip codes become obsolete or change.

SAMPLE

BUSINESS ADDRESS: _____

_____

_____

TEAMLOGIC, INC.
FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This TeamLogic IT® Franchise Agreement is entered into between TeamLogic, Inc., a California corporation (hereinafter "Franchisor") and the undersigned (hereinafter "Franchisee"), with reference to the following facts:

RECITALS

A. Franchisor has developed and is engaged in the ongoing development and operation of a "System" (as defined in Section 1 hereof) under certain Trademarks (as defined in Section 1 hereof) operated in accordance with the provisions of this Agreement and Franchisor's "Operations Manual" (as defined in Section 1 hereof), as it may be amended.

B. Franchisor grants to persons that meet Franchisor's qualifications, and are willing to undertake the investment and effort, a franchise to operate a TeamLogic IT® Business (as defined in Section 1 hereof) and to utilize the System.

C. Franchisor is the sole and exclusive owner of all proprietary and other rights and interests in and to the trade names and trademarks, "TeamLogic IT®," and all other names, phrases and logos associated with or having acquired a secondary meaning by use with the TeamLogic IT® network and all variations, similarities and likenesses together with signs, emblems, insignia, color schemes and patterns used and/or associated with, or as part of, the TeamLogic IT® System; Franchisor also owns proprietary rights in a number of trade secrets such as operations manuals, instruction materials, compilations, vendor terms and contact information, information, knowledge and know-how, business and marketing processes and methods; and

D. Franchisee desires to acquire the right to become a part of the TeamLogic IT® network and use the TeamLogic IT® System, trademarks, trade names and trade secrets in connection with the operation of a TeamLogic IT® Business.

Acknowledging the above recitals, the parties mutually agree as follows:

SECTION I.
DEFINITIONS

1. The following terms shall have the following meanings when they appear capitalized in this Agreement.

Business – The term "Business" shall mean the business operations of the TeamLogic IT® Franchise subject to this Franchise Agreement.

Client Management Tools – The term "Client Management Tools" shall mean the collection of any and all software systems and other online or offline data repositories that store customer information and data including client's contact information, sales information, service history, and more.

Core Services –Franchisor will maintain a list of the products and services that are considered to be standard and that all TeamLogic IT® Franchisees must offer their clients, "Core Services." This list will be used for marketing materials and sales efforts. It is the responsibility of the Franchisee to ensure that they have the technical skills on staff to perform all Core Services. This list may be modified from time to time.

Franchisee Intranet Site – The Franchisee Intranet Site supports the business operations of TeamLogic IT® franchisees. This site facilitates communication between the franchisees and franchisor. It is a repository for documentation, articles and forms related to all aspects of a TeamLogic IT® Business that a franchisee may need from time-to-time and is accessible 24/7/365. The components making up the Franchisee Intranet Site may be modified or changed by Franchisor as needed.

Gross Sales – Except as provided below, the term "Gross Sales" shall mean all sales by your Business (for all services, labor charges related to the installation of hardware or software, including buyouts), revenues from all SystemWatch IT® Managed Services, Core and Non-Core Services, whether for cash, check, credit, financed, leased or barter, and without deduction for failure to collect. Gross Sales does not include revenue from the sale of hardware or software and associated sales or use tax ("Product"), unless such hardware or software is sold as a service.

Network – The term "Network" shall mean all of the TeamLogic IT® franchisees and any Franchisor-owned TeamLogic IT® locations.

Non-Core Services – The term "Non-Core Services" shall mean, in addition to the Core Services listing of products and services, additional IT-related services that Franchisee may offer their clients, assuming Franchisee can perform these services either through a brokered agreement or by qualified on-staff technicians.

Operations Manual – The term "Operations Manual" shall mean the proprietary manual containing policies and procedures to be adhered to by Franchisee in performing under this Agreement, including all updates and supplements provided to Franchisee by Franchisor.

Product - A "Product" is defined as hardware or software or other technology in which the ownership for the technology is moved to the customer and the transaction is handled as a single event, and the Product is not sold as a service.

Professional Services Automation - The term "Professional Services Automation" shall refer to the software system which Franchisee shall use to operate, record and manage all business operational activity.

Proprietary Information – The term "Proprietary Information" means all information deemed confidential by the Franchisor, including its trade secrets which are contained within the System (defined below) and are not generally known to the public, such as survey results, know-how, compilations, methods, techniques, "best practices" and processes that are gathered, assimilated and made available to Franchisee specifically to gain an advantage over their competitors or to be more successful in their Business. Proprietary Information made available to the Franchisee, and not to the public, shall be deemed confidential and will be protected by Franchisee.

Service – A Service is recurring revenue that has the ownership of the technology residing with someone other than the end user or customer, including, but not limited to, software as a service (SaaS) and hardware as a service (HaaS). The customer procuring the services does not generally, except by exclusive contract, obtain exclusive ownership. Service also includes consulting, labor and installation charges to the customer.

System – The term "System" shall mean the comprehensive marketing, sales, financial, technology and employee management systems prescribed by Franchisor, to be used in the conduct of the Business in this Agreement and the Operations Manual, as amended from time to time. All elements of the System are confidential and proprietary and are considered trade secrets, and belong to Franchisor. Franchisee shall not receive any rights to the System other than a conditional license to use the System outlined herein. The

System shall include, among other things, the Trademarks, Core Services, Non-Core Services, the Operations Manual, the Franchisee intranet site, and all Franchisor-produced advertising, marketing and sales programs, methods and techniques, vendor compilations, knowledge and know-how, survey results, customer and customer data obtained utilizing the System, TeamLogic IT® websites, URL's and domain names. In its sole discretion, Franchisor may improve and/or change the System from time to time for the intended purpose of making the System more effective, efficient, economical, or competitive.

SystemWatch IT® Managed Services – SystemWatch IT® is Franchisor's branded Managed Services offering. The TeamLogic IT® Managed Services solution consists of a variety of integrated services including technology that will proactively monitor the clients' IT infrastructure, help detect problems and provide remote control access. Additionally, the Network Operations Center (NOC) provides proactive technical support, the Help Desk/Service Desk provides reactive end-user technical support and activity management, and the Business Continuity solutions provide back-up and disaster recovery and account management support. Franchisor's Managed Services solution provides reports on performance optimization of the clients' systems regardless of whether the clients' technology is premised-based, in the cloud or a combination (hybrid). The revenue generated from these SystemWatch IT® Managed Services each month will be recurring revenue for the Franchisee.

Territory – The term "Territory" shall mean that designated geographical area defined on the Territory Designation Sheet.

Trademarks – The terms "Trademarks" shall mean the proprietary marks owned by Franchisor and registered or pending registration with the United States Patent and Trademark Office, and common law trademarks and service marks, trade names, logos, tag lines, descriptors, designs and other commercial symbols which Franchisor now uses, or uses in the future to identify the TeamLogic IT® Business.

SECTION II.
GRANT OF FRANCHISE

2.1 Grant of Franchise. Subject to the terms of this Agreement, Franchisor hereby grants and the Franchisee does hereby accept a franchise to operate one (1) TeamLogic IT® Business office space within Franchisee's territory throughout the term of this Agreement. Franchisee further agrees to continuously operate the Business only under the brand name TeamLogic IT® throughout the term of this Agreement, and will not operate any other business under any other trademark, service mark, name or license, except that of a TeamLogic IT® Business, at said franchised location during the term of this Agreement, without prior authorization from Franchisor.

2.2 License of Trademarks. Franchisor hereby grants to Franchisee the right, during the term hereof, to use and display the Trademarks in accordance with this Agreement and the Operations Manual, solely in connection with the operation of the Franchised Business. Franchisee acknowledges that the Trademarks are the exclusive property of Franchisor and Franchisee does not, and will not in the future, assert any claim to any goodwill, reputation, or ownership of the Trademarks virtue of Franchisee's use thereof. The rights granted herein by Franchisor is a non-exclusive, revocable, royalty-free license.

2.3 Access to Franchisee Intranet Site. Franchisor hereby grants to Franchisee conditional and non-exclusive access to use and utilize the then current Franchisee Intranet Site in connection with the TeamLogic IT® Business, for the term of this Agreement and only as authorized by Franchisor.

SECTION III.
PAYMENTS BY FRANCHISEE

3.1 Initial Franchise Fee. Concurrently with the execution of this Agreement, Franchisee shall pay to Franchisor a non-refundable Initial Franchise Fee in the amount of $45,000. If Franchisee qualifies for a Vet★Fran discount, the Initial Franchise Fee is $40,000. For multiple franchise purchases, the Initial Franchise Fee is $45,000, unless the multiple franchise will belong to a veteran in which the Franchise Fee would be $40,000. For a conversion franchise, the Initial Franchise Fee is $45,000.

3.2 Software License Fees. The annual software licenses fees are between $2,100 and $3,500 (subject to change), depending on the particular software, and a portion of the fees is payable to Franchisor and billed to franchisee on a monthly basis. The Professional Services Automation ("PSA") software fees are payable to Franchisor.

3.3 Minimum and Continuing Franchise Fees. Franchisee shall pay to Franchisor or its designees a Continuing Franchise Fee equal to seven percent (7%) of Franchisee's monthly Gross Sales (as defined in Section 1), subject to the monthly minimums stated below. Continuing Franchise Fees are collected electronically on a monthly basis via automatic withdrawal from a pre-authorized account, without deduction for failure to collect from Franchisee's clients. No offset is permitted against Continuing Franchise Fees for amounts due or allegedly due Franchisor by Franchisee.

3.4 Minimum Advertising Fees. Franchisee shall pay to Franchisor or its designees a monthly Advertising Fee equal to the greater of (a) 1.2% of the Business's monthly Gross Sales, or (b) $200 per month. The Advertising Fee is collected electronically on a monthly basis via electronic withdrawal from a pre-authorized account. The minimum monthly fee of two hundred dollars ($200) is waived for the first six (6) months of operation, subject to Section 3.6, (beginning the first day after the first full month following completion of training or sooner, or the month the Franchisee takes over the business ownership). These amounts will be deposited in an Advertising Fund and used by the Franchisor to conduct advertising, public relations, and promotional programs designed to develop brand awareness and build sales volumes of all TeamLogic IT® Businesses on a Network-wide basis and not in any specific geographic area. Methods and media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisee shall not offset any advertising fees based upon Franchisee's dislike or non-use of the marketing and advertising programs and materials created from the Network-wide Advertising Fund. No offset is permitted against advertising fees for amounts due or allegedly due Franchisor by Franchisee. Franchisor does not guarantee that the Network-wide advertising will appear in Franchisee's geographic area in proportion to Franchisee's specific contributions in any given year. The purpose of the Advertising Fund is to promote the brand on a national basis. Franchisor reserves the right to allocate no more than 20% of the Advertising Fund revenue for its general administrative expenses, including, without limitation, collection agency fees and expenses incurred in collecting the Funds from past and present franchisees.

3.5 SystemWatch IT® Managed Services Fees. Franchisee shall pay to Franchisor a fee on all SystemWatch IT® Managed Services Remote Monitoring and Management (RMM) Software agents used directly or indirectly by the franchisee. Currently, fees paid to Franchisor range from six dollars ($6) down to three dollars ($3) per RMM agent per month depending on volume, and may change from time to time. In order to maintain consistency and integrity of Franchisor's managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to Franchisor. Upon

prior approval, software agents may be purchased from an approved supplier Franchisor designates. If Franchisee wants to use or sell any equivalent or subset of remote monitoring and management software, Franchisee must obtain Franchisor's prior written approval to use or sell the equivalent or subset RMM tool.

Franchisee must maintain SystemWatch IT® Managed Services on a minimum of three (3) computers in Franchisee's Business and pay the associated monthly fees. SystemWatch IT® Managed Services fees are collected on a monthly basis via electronic withdrawal from a pre-authorized account, on the last business day of the month for all SystemWatch IT® Managed Services agents in place at the end of the prior month, without deduction for failure to collect from Franchisee's client. No offset is permitted against any other amounts due or allegedly due Franchisor by Franchisee.

3.6. Monthly Minimums. Beginning with the first day after the first full month following completion of training, or sooner ("open date"), or the month Franchisee takes over ownership:

Months in Business	Combined Monthly Minimums
First 12 months	$0.00
Months 13 to end of franchise agreement	$ 1,000.00

3.7 E-Mail Hosting Fee. Franchisee shall pay to an approved outside vendor a monthly, e-mail hosting fee based on the number of Franchisee's email addresses. The current email address fee ranges from $3.36 to $16.80 per email user per month and is subject to change.

3.8 Interest on Delinquent Charges. If Franchisee fails to pay Franchisor any amount when due under this Agreement, or any other agreement with Franchisor, Franchisee must pay interest on the delinquent amount at the California Judgment Rate, currently 10%, or the maximum rate permitted by any applicable law. In addition, Franchisee shall pay any expenses incurred by Franchisor in the collection of such delinquent amounts.

3.9 Multi-Factor Authentication Fee. Utilized to remotely access your clients' network. Collected electronically by us, $10 monthly.

SECTION IV.
OBLIGATIONS OF FRANCHISOR

4.1 Pre-Opening Obligations. Prior to the opening of your TeamLogic IT® Business, TeamLogic will:

a. Provide one copy of our proprietary Operations Manual and provide updates and changes to the Operations Manual, which may be provided for you electronically. This Manual is confidential and remains TeamLogic's property. TeamLogic may modify, add to, or delete from the manual; the modifications will not alter your status or rights under the Franchise Agreement.

b. Award a Territory. A review of Franchisee's preferred market area will be conducted to determine if the territory is available and if it meets the business count requirements of the Franchisor for a TeamLogic IT® Business.

c. Provide Initial Training. This Initial Training includes up to 6 days of classroom instruction

at TeamLogic headquarters in Mission Viejo, California, and up to 26 hours of pre-opening training and 8 hours of post-opening training online and through webinars and phone consultation. The objective of the Initial Training is to train you in the four operating systems for your Business: Technology Management, Employee Management, Marketing and Sales Management, and Financial Management. The Initial Training must be scheduled and completed within two (2) months after signing the Franchise Agreement. Franchisee and any appropriate management personnel must take this training prior to the opening of the TeamLogic IT® Business. Your Franchise Fee, or the Transfer Fee, pays for the Initial Training at Franchisor's headquarters for up to two people, including travel, 1 hotel room (double occupancy) and some meals. The second person can have up to one year after the signing of the Franchise Agreement to attend Initial Training with these costs covered by the Franchise Fee or the Transfer Fee, except for the hotel room, which is at the Franchisee's expense. Attendance by the second person at Initial Training after one year will be at the Franchisee's expense. The Franchise Fee, or the Transfer Fee, is not refundable or pro-rated. Additional trainees beyond two (2) must pay the current training fee for the Initial Training, as well as transportation, lodging, meals, and any additional expenses.

d. Provide signage specifications for any TeamLogic IT® office space location. The latest version of signage specifications including layout and color options will be made available to help you prepare the most appropriate layout to meet the requirements of your landlord or building management firm.

e. Provide artwork and guidance for the vehicle signage. It is important that consistency of vehicle signage and graphics be maintained throughout the TeamLogic IT® Network in order to build brand awareness as the network grows.

f. Provide you with specifications for the required hardware and software you will need to operate your TeamLogic IT® Business.

g. Provide the specifications for required third-party vendor software licenses. To operate your TeamLogic IT® Business, you must have several software licenses. These specific licenses may change from time to time as the vendor's upgrade/modify their software licenses. Franchisor will provide Franchisee with the specific list and accompanying costs of the necessary current versions, which are available at the time, you sign this Agreement. Franchisor does not develop or license its own proprietary software but may do so in the future. Franchisor does not make any warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, for any third-party software.

h. Provide training on our Professional Services Automation software database. TeamLogic will ensure that you have the proper access to training for you to use this software system that will help you manage the day-to-day operations of your TeamLogic IT® Business as well as enable you with the tools you will need to track and engage your clients with the SystemWatch IT® Managed Services.

4.2 Continuing Obligations. Once your TeamLogic IT® Business is open, TeamLogic will:

a. Provide you with current available resources, that include:

- Consulting and assistance by TeamLogic support representatives, including sales support, technical support, and marketing and operations support;
- Provide research and evaluation of technical products, services and vendors, including but not limited to servers, security, storage, backup and networking;
- Toll-free support line for telephone consulting;
- Marketing materials and assistance;

- Seminars and webinars;
- Franchisee blog;
- Advice and information about new developments in the computer consultation, repair and managed services industry;
- Advertising materials;
- Access to the Franchisee Intranet Site;
- Provide access to the Professional Services Automation software;
- End-user Help Desk and NOC; and
- IT Consulting/Strategic Advice.

b. Administer the Network-wide Advertising Fund.

c. Provide the initial supply of sales, marketing, and advertising tools and materials for Franchisee to use to implement the TeamLogic IT® Marketing and Sales Management System in Franchisee's area. The initial supply is intended to last for the first three months of the Business operation. Additional tools and materials will be available if desired by Franchisee for ordering and purchases through Franchisor's marketing department or outside vendors, on an as-needed basis.

d. Provide an Initial 12-Month Marketing Program consisting currently of direct mail, telemarketing, search engine marketing, and email marketing, subject to change. Franchisee must sign up for the Initial 12-Month Marketing Program directly with TeamLogic approved vendors using a credit card. For the first 3 months, TeamLogic will pay the cost of this Marketing Program and Franchisee will not be required to spend the minimum $2,000 per month on local marketing described in section 6.4 of this Agreement. Franchisee must pay the cost for the remaining 9 months of this Marketing Program, which cost ranges from $2,000 to $2,400 per month and will satisfy Franchisee's obligation to spend a minimum of $2,000 per month on local advertising. After the Initial 12-Month Marketing Program is completed, Franchisee is required to spend a minimum of $2,000 per month on local marketing.

e. Provide, host and maintain the master website www.TeamLogicIT.com. TeamLogic will also provide a local website with corresponding URL for your business on the master website, as well as the content management tools that you can use to customize your local website.

TeamLogic is not obligated to perform these services to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment.

SECTION V.
TERRITORY AND LOCATION OF BUSINESS

5.1 Territory. Franchisor hereby grants to Franchisee the right to locate the Business from a business office space within the geographical boundaries defined in the Territory Designation Sheet (the "Territory") according to the following conditions:

a. Franchisor shall not, during the term of this Agreement and any renewal hereof, own or operate, or grant a franchise to a third party to own or operate a TeamLogic IT® Business located in the Territory;

b. Franchisee expressly acknowledges and agrees that Franchisor, its parent company, and its

affiliates have and retain the rights, among others to: (i) own and/or operate a TeamLogic IT® Business located outside of the Territory, (ii) grant a franchise, or other rights, to third parties to own and/or operate TeamLogic IT® Businesses located outside of the Territory, (iii) directly or indirectly market and/or sell, within or outside the Territory, products and services that are not sold through TeamLogic IT® Businesses, whether or not they use the Trademarks, (iv) maintain other existing brand locations offering the same or similar products and services as a TeamLogic IT® Business in the Territory (but Franchisor will not open or franchise any additional locations of the other brand in the Territory), and (v) market and negotiate pricing for National Accounts, as described below, within or outside the Territory;

c. The Territory is usually designated by street description with a map and will be identified in the Territory Designation Sheet, which may be identified and completed after the Franchise Agreement is signed; and

d. The Territory shall not be construed as a limitation on Franchisee's marketing, or on the clients Franchisee may serve (except for National Account clients, as defined in Section 9 below), and Franchisee may service clients located in another franchisee's Territory (except for National Account clients), and other franchisees may service clients in your Territory (except for National Account clients).

5.2 Business Location. Franchisee is required to obtain an office space business location within the Territory. Franchisee must maintain such business location, approved by Franchisor, throughout the term of the Franchise Agreement.

5.3 Relocation. Franchisee must request Franchisor's approval to relocate its Business. Franchisee must make a written request to Franchisor at least thirty (30) days prior to any relocation, for Franchisor's approval, which will not be unreasonably withheld. Franchisor will notify Franchisee in writing of its approval or disapproval. Franchisee may not relocate outside its Territory or inside another TeamLogic IT® franchisee's Territory.

SECTION VI.
FRANCHISEE'S OBLIGATIONS FOR MAINTENANCE AND OPERATION OF BUSINESS

6.1 Authorized Sales and Services. Franchisee is authorized and obligated to sell TeamLogic IT® products, services, and equipment including Core Services, Non-Core Services, and SystemWatch IT® Managed Services in accordance with this Agreement and the Operations Manual.

6.2 Technician. Prior to opening and operating the Business, and at all times during the conduct of the Business, Franchisee must have a minimum of one (1) qualified technician. Within 90 days after opening the business, and for the term of the Franchise Agreement, the Franchisee must have a minimum of one (1) technician that is a Kaseya Certified Administrator (KCA).

6.3 Vehicle Signage/Graphics. Prior to opening and operating the Business, Franchisee is required to obtain, at a minimum, approved vehicle signage/graphics, the graphics for any leased or personal vehicle to be used in the Business using any approved vendor, at Franchisee's cost.

6.4 Local Marketing. Franchisee shall spend an additional minimum of $2,000 per month on local marketing, except for the first 3 months as described in section 4.2.d of this Agreement.

6.5 Training. Prior to opening the Business, Franchisee must attend and successfully complete Franchisor's Initial Training.

6.6 Bank Account. Prior to the opening date, the Business Franchisee must establish a bank account for the TeamLogic IT® Business that will allow electronic transfer of funds with Franchisor's account; and shall execute all documents necessary to set up such preauthorized transfers.

6.7 Maintenance and Repairs. Franchisee must at all times maintain the Business location and any vehicle used in the Business in a clean, orderly condition and in accordance with all maintenance and operating standards in the Operations Manual. Franchisee must make all repairs, upgrades, and replacements, at Franchisee's expense, as Franchisor deems reasonably necessary.

6.8 Equipment. Franchisee must at all times maintain equipment for providing the services of the Business in accordance with the specifications prescribed by Franchisor from time to time. The current required equipment is: three (3) laptops with (2) monitors. In addition, each technician that is hired must have a smartphone. The other equipment that the Business will need is a telephone system that is capable of forwarding calls to remote numbers and has a voicemail system that can be easily accessed from the field. This equipment may be obtained from any source. Franchisee must upgrade such equipment whenever necessary in order to maintain adherence to the specifications set out by Franchisor.

6.9 SystemWatch IT® Managed Services. SystemWatch IT® is Franchisor's branded Managed Services offering. In order to maintain consistency and integrity of Franchisor's managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to Franchisor. Upon prior approval, software agents can be purchased from an approved supplier Franchisor designates. The naming configuration/branding assigned to Franchisor's Managed Services solution has no bearing on the requirement to purchase the software agents from Franchisor. If Franchisee wants to use or sell any equivalent or subset of remote monitoring and management software, Franchisee is required to obtain Franchisor's prior written approval and Franchisor may require Franchisee to purchase the equivalent or subset tool from Franchisor.

The TeamLogic IT® Managed Services solution consists of integrated services including technology that proactively monitors the clients' IT infrastructure, helps detect problems, and provides remote control access. Additionally, the Network Operations Center (NOC) provides proactive technical support, the Help Desk/Service Desk provides reactive end-user technical support and activity management, and the Business Continuity solutions provide back-up disaster recovery and account management support. Franchisor's Managed Services solution provides reports on performance optimization of clients' systems regardless of whether the clients' technology is premised-based, in the cloud or a combination (hybrid). Franchisee may charge any price for SystemWatch IT® Managed Services, but Franchisee must use Franchisor's form of Contract and Terms and Conditions. Franchisee may modify the Franchisor's Contract or Terms and Conditions, or create its own contract or own terms and conditions, with the prior written approval from Franchisor.

6.10 Operations Manual. Franchisee shall operate the Business in accordance with the Operations Manual, a copy of which shall be loaned to Franchisee at training. Franchisor has the right to modify the Operations Manual at any time by addition, deletion, or other modification. All such additions, deletions, or modifications may be posted on the company intranet and shall be effective three (3) business days after such posting. Franchisee shall timely implement and adhere to all modifications. Franchisee acknowledges that the Operations Manual contains trade secrets and confidential information and Franchisee may not

disclose such information to any other person except employees and agents of Franchisee. Franchisee shall regularly check the Franchisee intranet site for such modifications.

6.11 Professional Services Automation Software. Franchisee understands and agrees Franchisee shall operate, record and manage all operational Business activity through the Professional Services Automation software. The monthly fees for the Professional Services Automation software are payable to Franchisor. Franchisee must utilize this system for, among other things, scheduling of all sales appointments, customer service and repair history, and technician scheduling. Franchisee must purchase and maintain other general third-party software licenses, such as QuickBooks. These specific licenses may change from time to time as the vendors upgrade/modify their software. Franchisor will provide Franchisee with the specific list and accompanying costs of the necessary current versions, which are available at the time Franchisee signs this agreement. Franchisor does not make any warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, for any third-party software.

6.12 Reporting Sales to Franchisor. Franchisee shall report to Franchisor by the seventh (7^{th}) calendar day of the following month, all Gross Sales, as well as hardware and software sales, on forms and methods approved by Franchisor, as outlined in the Operations Manual or elsewhere, and which may change from time to time.

6.13 Internet and Website. Franchisee must have and maintain, at its expense, high-speed Internet access. Prior to opening and operating the Business, Franchisor will assign a website URL to the Business. Upon opening the Business, a standard TeamLogic IT® website will be created for the Business and be linked and available from the Franchisor website (www.TeamLogicIT.com). Franchisee may not maintain a separate website for Franchisee's business without prior written approval from Franchisor. The Franchisee cannot establish and use a different URL address to promote any aspect of the TeamLogic IT® Business without obtaining Franchisor's prior written consent. Franchisee must cease using any URL address which in Franchisor's sole opinion causes, or may cause, confusion among Franchisees, or be misleading or misrepresentative to the origin of the services, even if such URL was previously approved by Franchisor. Franchisee may not buy a domain name to direct web traffic to Franchisee's TeamLogic IT® website or otherwise without Franchisor's prior written consent. All URL's and domain names to be used by Franchisee in connection with Franchisee's TeamLogic IT® Business must be owned by Franchisor and, if approved by Franchisor, will be licensed to Franchisee.

6.14 Credit Cards. Franchisee must accept payment for sales and services from the Business by way of credit cards, including Visa®, MasterCard®, and American Express®, and take all such steps necessary to set up required accounts with those vendors at Franchisee's cost prior to opening the Business.

6.15 Business Insurance. Franchisee must procure, prior to commencing the Business, and must maintain in full force and effect during the term of this agreement, at Franchisee's sole expense, the following insurance coverage, and any other coverage as indicated in the Operations Manual:

a. Comprehensive general liability insurance, including coverage for business operations, contractual liability, personal injury, fire damage, medical expenses, with limits per occurrence for bodily injury and general liability of one million dollars ($1,000,000), and for property damage of three hundred thousand dollars ($300,000);

b. Automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having

limits for bodily injuries of one million dollars ($1,000,000) per accident, and property damage limits of three hundred thousand dollars ($300,000) per occurrence;

c. Employer's liability and worker's compensation insurance as required by the state where the TeamLogic IT® Business is located; and

d. Errors and Omissions insurance, including cyber liability insurance, in an amount not less than one million dollars ($1,000,000).

All such coverage will be on an occurrence basis, except for errors and omissions which is on a claims-made basis, and will provide for waivers and subrogation. TeamLogic must be an additional named insured on each policy of insurance. Franchisee must deliver a certificate of insurance evidencing each policy to Franchisor within ten (10) days after each policy is issued or renewed. Each policy must contain a provision that it cannot be canceled without thirty (30) days written notice to Franchisor.

6.16 Compliance with Law. Franchisee must operate the Business in compliance with all federal, state, and local laws, regulations and ordinances including obtaining and maintaining all necessary permits, certificates, licenses and registrations, at Franchisee's expense.

6.17 Covenant Not to Compete. Franchisee must use the System and the Trademarks for operation of the TeamLogic IT® Business only and must not use them in connection with any other operation, business, or activity. Franchisee shall not, during the time of this Agreement, be involved in any capacity, directly or indirectly, or cause any third party to be involved in any capacity, directly or indirectly, in or with any operation, business or activity which provides products and services the same or similar to the products and services of a TeamLogic IT® Franchise within a one hundred (100) mile radius of any TeamLogic IT® location without prior written consent from Franchisor. The foregoing shall not apply to ownership of stock in a publicly held company. Franchisee acknowledges that the use, duplication or disclosure of any part of the System, except as expressly permitted by this Agreement, would constitute an unfair method of competition and that Franchisor and its other franchisees will suffer irreparable injury thereby.

6.18 Confidentiality of the System. Franchisee acknowledges that the System is proprietary and confidential and contains trade secrets. Franchisee shall not disclose or disseminate to any third parties, without the express written consent of Franchisor, any part of the Proprietary Information or System, including but not limited to, the Operations Manual, customer data or customer lists that Franchisee obtains using the System, vendor terms and contact information, processes, know-how, programs, techniques, newsletters, bulletins, or other confidential information that is not readily accessible to the public and provides a competitive or economic advantage to the Business, whether such advantage is tangible or intangible, whether used individually or collectively. Franchisee shall at all times keep these items in a safe place and treat them as confidential. Further, Franchisee agrees not to copy, publish, post or otherwise duplicate any part of the Proprietary Information or the System nor permit others to do so. Some parts of the System, such as contract templates, marketing collateral and content for site posts, are intended to be used with customers or posted on your site, and may be disclosed in the ordinary course of business as necessary and used for the sole purpose of promoting and building your Business. This information may be copyrighted under federal or common laws, and authorship and ownership remains with Franchisor. Franchisor remains the owner of the System and all components thereof. If employees of Franchisee are given access to any part of the System or Proprietary Information, each employee shall be required to execute a confidentiality agreement, with Franchisor listed as a third-party beneficiary. Failure to obtain a confidentiality agreement from an employee does not limit your liability in respect to protecting the

Proprietary Information, and Franchisee shall indemnify Franchisor from employee's improper use of Proprietary Information or System.

6.19 Franchisor's Right to Electronic Access of Records/Inspection and Audit. Franchisee acknowledges that Franchisor has electronic access to most operational aspects of Franchisee's business through the Professional Services Automation software, including but not limited to client identity, appointments, invoicing, technician scheduling, etc. Franchisee shall not take any steps to block or disengage Franchisor's access in any manner. Franchisor will not use the information gained through the Professional Services Automation software for any purposes not connected to the TeamLogic IT® System. Franchisee acknowledges that Franchisor may use this information for internal audit purposes of Franchisee's Business, and may also conduct on site audits and inspections as well, during reasonable hours upon reasonable notice. Any discrepancy between the on-site information and the online information shall be reconciled accordingly. Costs of audits, which result in discrepancies of sales revenues under-reported to Franchisor, will be borne by Franchisee; if discrepancy is more than 2%. In addition, Continuing Franchise Fees and Advertising Fees shall be immediately due on all under-reported sales.

6.20 Financial Statements. Franchisee is required to submit to Franchisor a monthly financial statement to include a balance sheet and a profit and loss statement by the 25th day of the month following the end of each month. Franchisee is required to submit to Franchisor an annual year-end financial statement by March 15th for the prior calendar year.

SECTION VII.
TERM

7.1 Initial Term. The initial term of this Agreement shall be for ten (10) years from the date TeamLogic, Inc. signs this Agreement.

7.2 Additional Terms. Franchisee shall have the right to extend the TeamLogic IT® Franchise Agreement for additional ten (10) year terms upon the following terms and conditions:

a. Franchisee must notify Franchisor of its intent not to renew not less than six (6) months and not more than twelve (12) months prior to the expiration of this Agreement;

b. Franchisee must not be in material default of this Agreement or any other agreement with Franchisor;

c. Franchisee must be current with all monetary obligations to Franchisor, its affiliates, approved vendors, or other TeamLogic IT® Franchisees;

d. Franchisee must execute Franchisor's then current form of Franchise Agreement, which may contain terms and conditions materially different from those in this Agreement;

e. Franchisee must pay a two thousand dollar ($2,000) franchise renewal fee;

f. Franchisee must satisfy Franchisor's then current qualifications and training requirements for new Franchisees, at franchisee's expense;

g. Franchisee must bring the TeamLogic IT® Business location, vehicle signage and any graphics up to current standards for look, design, and function as is required of all new TeamLogic IT®

Franchisees; and

h. Franchisee must execute a general release, in the form prescribed by Franchisor, of any and all claims against Franchisors and its officers, affiliates and agents.

SECTION VIII.
TRADEMARKS

8.1 Use of Trademarks. Franchisee must use the Trademarks in connection with the operation of the TeamLogic IT® Business in the manner authorized by Franchisor and in no other manner, and must prominently display the Trademarks in the manner as designated by Franchisor and may not use other trademarks, service marks, logotypes, trade dress, product identifiers, tag lines, etc., other than the Trademarks, as designated from time to time.

8.2 Corporate Name. Franchisee may not use the name "TeamLogic IT®" (or any substantially similar name) or "SystemWatch IT®" or any of the Trademarks now or hereafter utilized by Franchisor as a part of the legal name of Franchisee's corporation or other entity, but must obtain the fictitious or assumed name registrations that may be required under applicable law. Franchisee must be identified as the owner of the Business by displaying Franchisee's legal name on all licenses and permits for the Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Trademarks. On all printed materials, Franchisee's name must be followed by the phrase "An independently owned and operated franchise of TeamLogic, Inc." or such other phrase as designated from time to time. In addition, use of the Trademarks must be accompanied by the registration®, service mark℠, trademark™ or other symbol, as designated by Franchisor, in close proximity to the Trademarks.

8.3 Franchisor Retained Rights. Franchisee's usage of the Trademarks granted hereunder is nonexclusive, and Franchisor retains the right to, among other things: (a) use the Trademarks in connection with selling products and services; (b) grant other licenses for the Trademarks, in addition to those licensees already granted to existing franchisees; (c) develop and establish other systems using the same or similar marks, or any other proprietary marks, and (d) grant licenses or franchises in those systems without providing any rights to Franchisee.

8.4 Acts in Derogation of the Trademarks. Franchisee agrees that it will not, and its employees and agents will not, do or permit any act or thing to be done in derogation of any of the Trademarks nor engage in any acts or conduct that materially impair or impugn the name, reputation, market recognition or goodwill associated with the TeamLogic IT® network, the System or the Trademarks.

8.5 Modification of Trademarks. Franchisor may add to, substitute, modify, or delete any or all of the Trademarks from time to time, by directive in the Operations Manual. Franchisee will accept, use, display, or cease using, as may be applicable, the Trademarks, including but not limited to, any such modified or additional trade names, trademarks, service marks, descriptors, logos, or commercial symbols, at Franchisee's expense.

8.6 Franchisors Rights in Event of Termination. Franchisee's usage of the Trademarks and any goodwill established thereby is to Franchisor's exclusive benefit and Franchisee retains no right or rights in the

Trademarks upon the termination or expiration of this Agreement. Upon termination or expiration of this Agreement, Franchisee must completely and permanently discontinue all usage of all of the Trademarks, and Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Trademarks including any fictitious or assumed name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in- fact to do so.

8.7 Trademark Infringement Claims and Defense of Trademarks. If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor on account of any alleged infringement, unfair competition or similar matter arising from its use of the Trademarks, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Franchisor shall determine, in its sole discretion, whether to defend, compromise or settle any such claim, suit or demand at Franchisor's cost and expense, and Franchisee shall cooperate fully in such matter.

SECTION IX.
NATIONAL ACCOUNTS

Franchisee may contract with companies that have a national or multi-location regional presence that may desire TeamLogic IT goods and/or services through a uniform pricing structure for all or many of their locations ("National Accounts" or "National Account").

Franchisees drive and manage the activity of the National Accounts program. Franchisor has provided franchisees with recommended operating guidelines, an inter-company payments schedule, and suggested SLAs. These guidelines are maintained in the TeamLogic IT Operations Manual.

Further, the National Account may use any TeamLogic IT office regardless of geographic proximity to the franchisee. If a franchisee chooses not to participate in a specific National Account program or does not adhere to agreed-upon pricing for the National Account, they may opt-out and that business will be offered to another TeamLogic IT franchisee.

SECTION X.
TERMINATION OF THE FRANCHISE

10.1 Termination With Opportunity to Cure. Franchisor may terminate the Franchise Agreement and Franchise for the defaults for which Franchisee has not cured:

a. Franchisee fails to open the Franchised Business within ninety (90) days of execution of this Agreement, unless approved in writing by Franchisor;

b. Franchisee commits a material breach of the Franchise Agreement or materially defaults in the payment of any indebtedness to the Franchisor or to Franchisee's suppliers arising out of the purchase of supplies or equipment and this default is not cured within twenty (20) days of written notice to Franchisee;

c. Franchisor determines that Franchisee is conducting business in a manner likely to impair the value or reputation of the TeamLogic IT® Network and fails to cure same within seven (7) days written notice to Franchisee; Franchisee commits three (3) or more defaults in payment to Franchisor within a twelve (12) month period even though cured within the twenty (20) day period on each occasion; and

d. Franchisee loses possession of a Business premises (through no fault of Franchisee) and fails to open for business at a new Franchisor-approved location within ninety (90) days thereafter; or abandons the franchise location and such abandonment remains uncured for seven (7) days after notice by Franchisor (Abandonment is defined to include instances where Franchisee allows his or her Business to remain unmanned and clients remain without service for more than seven (7) consecutive days (other than for a planned vacation), or fails to respond to an email or voicemail of Franchisor within seven (7) days, and such closing is not beyond the control of Franchisee and/or without consent of Franchisor). It shall not be considered abandonment if Franchisee transfers or relocates the assets of the TeamLogic IT® Business without the TeamLogic IT® name or changes the name of the TeamLogic IT® Business and continues the operation. In such case, Franchisor may obtain injunctive relief in an appropriate Court, or elect to hold Franchisee responsible for wrongful repudiation of the Franchise Agreement; and

LAWS APPLYING TO FRANCHISES OF THE STATE WHERE THE BUSINESS IS LOCATED MAY DIFFER FROM THIS AGREEMENT REGARDING DEFAULT, CURE TIME, NON-RENEWAL AND CAUSE FOR TERMINATION. Should any term of this Agreement be contrary to judicially determined public policy or be considered void or inconsistent with the franchise laws of state wherein the Franchisee's Business is located, then any term or portion thereof so void and any inconsistency shall be construed and governed by that state's law to the extent so void or inconsistent.

Where notice of default and demand for performance is not given when and to the extent required, failure to give such notice or demand shall not be a waiver of any other term hereof.

10.2 Termination Without Opportunity to Cure. The Franchisor may terminate the Franchise Agreement immediately without opportunity to cure if:

a. Franchisee becomes insolvent or makes a general assignment for benefit of creditors; a petition in bankruptcy is filed by Franchisee or a petition is filed against Franchisee and consented to by Franchisee; Franchisee is adjudicated bankrupt; a receiver is appointed; or proceedings for composition with creditors is instituted;

b. If Franchisee is convicted of a felony;

c. If Franchisee knowingly maintains false books or records or submits false reports to Franchisor;

d. If Franchisee commits fraud upon Franchisor by making a material misrepresentation on the franchise application or related documents which misrepresentation materially affected Franchisor's determination in accepting Franchisee's application for a TeamLogic IT® Franchise; or

e. Franchisee commits three (3) or more defaults in payment to Franchisor within a twelve (12) month period even though cured within the twenty (20) day period on each occasion; or

f. Franchisee fails to conduct business having Gross Sales greater than two thousand five hundred dollars ($2,500) per week for twelve (12) consecutive weeks (except during the first (1st) twelve (12) months of operation).

g. Franchisor determines that Franchisee is conducting business in a manner likely to impair the value or reputation of the TeamLogic IT® Network and fails to cure same within seven (7) days written

notice to Franchisee.

103 Effect of Termination by Franchisor. Upon termination, for any reason, or upon expiration of this Agreement, all Franchisee's rights hereunder shall terminate.

a Trademarks and Proprietary Information. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall cease any and all use (including Internet use) of the Trademarks and shall remove all items, graphics, signs and other material bearing the Trademarks and any other items identifying Franchisee as having been associated with Franchisor or the TeamLogic IT® System including ceasing to wear apparel bearing any of the TeamLogic IT® Trademarks and removing all Trademarks from any vehicles and any business premises; shall cease to use and shall return to Franchisor all proprietary information, materials with trade secrets, Operations Manuals, advertising and marketing materials, and all other manuals and instruction materials owned by Franchisor as described in other sections of this Agreement whether written or in electronic form; and shall turn over to Franchisor all customer lists and customer data whether written or in electronic form. Should Franchisee fail to voluntarily comply with this section upon demand, Franchisor is authorized to enter the premises without notice and physically remove all signs, emblems, markings, displays, manuals and other items bearing Franchisor's Trademarks and remove all confidential or Proprietary Information, including assigning the customer relationship and/or contract to Franchisor or Franchisor's designated agent, at Franchisee's expense.

b Telephone listings and numbers. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, all telephone and other online directory identification shall be canceled. Further, all telephone and fax line number(s) servicing the Business shall be disconnected without referral, or at the discretion of the Franchisor, transferred or referred to any other TeamLogic IT® Business owner (or as otherwise directed by Franchisor). Franchisor shall have the absolute right to notify the telephone company and all listing agencies of the termination of Franchisee's right to use all telephone numbers and all classified and other directory listings under the TeamLogic IT® name and to authorize the telephone company and all listing agencies to transfer to Franchisor or to any other TeamLogic IT® Business (or as otherwise directed by Franchisor) all telephone numbers and directory listings for the Franchisee's business. Franchisee acknowledges that Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the TeamLogic IT® brand and Franchisee agrees to cooperate and execute any documentation necessary to effect said disconnection, transfer or referral. Franchisor is hereby appointed as Franchisee's irrevocable Attorney in Fact to effect same in name of Franchisee and Franchisee hereby holds the telephone company harmless from acting on this Power of Attorney, which shall supersede any subsequent instructions by Franchisee. This Agreement is evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings and this Agreement shall constitute the authority for the telephone company to transfer the telephone numbers and directory listings as directed by Franchisor. Franchisee shall not use the disconnected number(s) at any time thereafter.

c Web Site, Franchisee Intranet Site, E-mail and URL addresses, Internet use and SystemWatch IT®. Upon closing of the business or termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall cease all internet use of TeamLogic IT® including removing all URLs using any Franchisor's trademarks, including "TeamLogic" or TeamLogic IT® or any variation thereof, or any other URLs used in the Business or licensed to Franchisee by Franchisor for use in the Business. Franchisee is required to terminate the use of and close business listing and/or online directory accounts, including, but not limited to, Google Adwords, Google My Business, Google Maps, Yahoo, Bing, LinkedIn, Mapquest, Yelp, Merchant Circle, Yellow Pages, Yellowbook, YP, Superpages,

Whitepages, DexKnows, Manta, Local.com, Angie's List, Foursquare, Citysearch and Facebook. Franchisee shall initiate a domain transfer process to Franchisor within 5 business days for any such URLs; if Franchisee does not initiate the process, Franchisee grants to Franchisor the right to contact the registrar and initiate a transfer to Franchisor. Franchisee's access shall immediately cease to (i) Franchisor's Intranet web site, (ii) the Franchisor-provided URL address for a Franchisee web site, (iii) the Professional Services Automation software, and (iv) any e-mail addresses with the name TeamLogic IT®. Franchisee acknowledges and agrees that all information contained in or obtained through the Professional Services Automation software regarding Franchisee's clients and Franchisee's TeamLogic IT® Business (the Electronic Information) has been gathered and created under Franchisor's name, System, Trademarks, and Franchisor's good will and therefore belongs to the Franchisor, and upon closing, termination or expiration of the Franchise Agreement, shall revert solely to Franchisor.

d. Franchisee must immediately assign to Franchisor, and allow access to, all SystemWatch IT® Managed Services agents, the Professional Services Automation software, and any other customer relationship management ("CRM") software, or the like (collectively referred to as "Client Management Tools") used in relation to in Franchisee's Business and its past and current customers. Franchisee hereby assigns to Franchisor (such assignment effective only upon closing, termination or expiration of the Franchise Agreement) all Franchisee's interest in and to, Franchisee's Client Management Tools, and in such case Franchisor shall step into the shoes of Franchisee with regard to those Client Management Tools, including any customer contracts, and Franchisee have no further obligation to service such clients, and shall not attempt to service such clients nor purport to represent that it will continue to service such clients. Franchisee acknowledges that Franchisor may further assign its position in the Client Management Tools or customer contracts to any third party without the consent of Franchisee and without any consideration to Franchisee. Franchisee shall not be entitled to any revenues from any software, contracts or relationships after termination or expiration of the Franchise Agreement. Franchisor or its assignee will pay for any ongoing fees associated with any Client Management Tools. Franchisee is not entitled to copies of any of the electronic information and all such copies shall be immediately returned to Franchisor. Franchisor may use such electronic information in any manner in connection with its TeamLogic IT® franchise network.

e. Monies Owed. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall immediately pay all monies due Franchisor.

f. Client, Supplier Notification. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall immediately notify all suppliers and clients that, as of the date of termination/expiration of the Agreement, Franchisee is no longer associated with Franchisor and the TeamLogic IT® Network and that such clients will be transferred to a nearby TeamLogic IT® Business (or as otherwise directed by Franchisor). Franchisee shall provide Franchisor with a list of all such suppliers and clients in hard copy, electronic form or in whatever form or media contained, and shall cooperate in an orderly transfer of the client files and client list to the nearby TeamLogic IT® (or as directed by Franchisor). Franchisor shall have the right to notify such suppliers and clients and/or verify that such notification has been given by Franchisee.

g. Non-Competition, Non-Solicitation Agreement. Upon termination or expiration of the Franchise Agreement, the Franchisee shall not be associated directly or indirectly as employee, proprietor, stockholder (other than a publicly traded company), partner, agent, officer, director or consultant with the operation of any business which is the same or substantially similar to the business covered by this Agreement (except with a TeamLogic IT® Business), within a radius of twenty-five (25) miles of the subject

assigned Territory or of any TeamLogic IT® Business for a period of one (1) year from the date Franchisee has complied with all of the above requirements upon termination. For a period of one (1) year from the date of termination, Franchisee shall not solicit, or cause anyone to solicit, business from or make any contact with, the former TeamLogic IT® Business's clients, nor hire, or cause anyone to hire any of the former TeamLogic IT® Business employees. Franchisor shall have the right to enforce this provision by way of obtaining an injunction against Franchisee in the state the Business is located. It is agreed that this provision shall specifically survive the termination of the Franchise Agreement, and the rejection of the Franchise Agreement in any bankruptcy proceeding. Franchisee shall be responsible to pay Franchisor Continuing Franchise Fees and other damages during any period of violation of this section.

h. Prohibited Actions. If Franchisee, or any agent, association, relative, or employee of Franchisee, takes any action to terminate this Agreement or to convert Franchisee's Business to another business at the same or different location (whether during the term or upon expiration or termination of Franchise Agreement), then such action by Franchisee shall be deemed a wrongful repudiation of the Franchise Agreement and Franchisee shall continue to be obligated to the Franchisor for all anticipated and estimated fees due hereunder until such time as this Agreement expires.

10.4 Termination by Franchisee. The Franchisee may terminate under any grounds permitted by law.

SECTION XI.
TRANSFER BY FRANCHISEE

11.1 Consent to Transfer Required. The Franchisee shall not, without the Franchisor's prior written consent, which will not be unreasonably withheld, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey to any person, firm or corporation, or encumber any portion of his interest in this Agreement, and/or in the franchise granted hereby, or in the assets of the business, or in any location lease, or offer to do so, or permit the same, and any purported transfer without Franchisor's consent shall constitute a material default hereunder and shall be null and void.

112 Requirements to Obtain Franchisor's Approval of a Transfer. Franchisor may reasonably refuse approval to a proposed transfer unless all the following are met:

a. Transferee must meet those standards of qualification as expected of all Franchisees purchasing a new TeamLogic IT® Franchise;

b. Transferee must provide Franchisor three (3) years of financial statements and tax returns;

c. All of Franchisee's debts and obligations owing to Franchisor including Continuing Franchise Fees, Advertising Fees, SystemWatch IT® fees, software license fees, etc., must be paid before or concurrently with the transfer;

d. Franchisee or the transferee must bring the Business and the vehicle signage and/or any graphics up to the current standards of appearances required by the Franchisor;

e. Before the effectiveness of the transfer, Franchisee must pay to the Franchisor the then current non-refundable transfer fee of ($10,000 in year 2020). The transfer fee is waived in the event the

TeamLogic IT® Business is transferred to a member of Franchisee's immediate family who has actively participated in the operations of the Business;

f. The proposed transferee must attend and complete the training specified in Section 4.1.c;

g. Franchisee must enter into a Transfer Release Agreement (attached as Exhibit "H" to this Disclosure Document) with Franchisor. Franchisee hereby consents to Franchisor releasing any information concerning the Business to the transferee (new Franchisee) which Franchisee has reported to Franchisor; and

h. Franchisor and the transferee must enter into a new Franchise Agreement upon the then current standard form being offered by Franchisor to new Franchisees and the old Franchise Agreement will be deemed terminated subject to all post-termination obligations.

i. Franchisee must pay Franchisor any broker referral or commission fee due as a result of the buyer being first referred to Franchisor to purchase a new franchise, but instead decides to buy Franchisees' business after visiting or talking with Franchisee. In such case if Franchisor is contractually obligated to pay the broker, then Franchisor's consent will be reasonably withheld unless Franchisee pays the broker fee as part of the consummation of the sale to the buyer.

11.3 Transfer to a related corporation/limited liability company. A transfer may be made to a related corporation/limited liability company, without a transfer fee, providing that Franchisee shall remain the legal and beneficial owner of at least fifty-one percent (51%) of all the shares of stock of such corporation/limited liability company during the term and/or renewal term of this Agreement and shall personally guarantee the franchise obligations of the corporation/limited liability company and shall remain jointly liable along with the corporation/limited liability company. Further, the names and home addresses of any proposed shareholders/members, along with the percentage and amount of shares/membership interests transferred shall be forwarded to Franchisor in writing. Any transferee of shares/membership interests shall be bound by this Franchise Agreement as though they had signed individually. All stock/membership certificates shall include a legend setting forth these restrictions in order to effect a binding restriction on transferability in accordance with the corporate law of the state in which the corporation/limited liability company is formed. Any such transfer to a corporation/limited liability company shall be effected on forms prescribed by Franchisor. Franchisee may not transfer the assets of the business to a corporation/limited liability company without the prior consent of Franchisor and any purported transfer shall be a violation of the Franchise Agreement; and Franchisor may elect to hold such corporation/limited liability company jointly responsible with Franchisee for the obligations under this Franchise Agreement, as if such corporation/limited liability company originally signed the Franchise Agreement, jointly with Franchisee.

11.4 Indemnity. In any transfer or proposed transfer, in this Section 11, Franchisee indemnifies and holds Franchisor harmless from any and all actions, causes of action, liabilities, losses, costs, expenses and fees, incurred by Franchisor as a result of any action or inaction, or any misrepresentations made by Franchisee to the transferee or proposed transferee in connection with the transfer or proposed transfer of the TeamLogic IT® Business. This indemnification shall survive the termination or cancellation of this Agreement.

11.5 Franchisor's Right of First Refusal. If Franchisee receives and desires to accept from a third person a bona fide written offer to purchase the TeamLogic IT® Business, the Franchisor shall have the option,

exercisable within thirty (30) days after written notice and receipt of a copy of such complete offer, to purchase the TeamLogic IT® Business, including any location lease, on the same terms and conditions as offered by said third party. If Franchisor does not respond within such thirty (30) day period, then Franchisor's option shall be waived. (Franchisee must still obtain Franchisor's approval for the transfer).

11.6 Death of Franchisee. If Franchisee dies, his personal representative may sell and assign his interest herein (or if Franchisee is or shall then be a corporation and its controlling stockholder dies, Franchisee's personal representative may sell Franchisee's shares) only with the prior written consent to sale or assignment to a qualified person who will conform to the Franchisor's training requirements and assume Franchisee's obligations, is of good character and reputation and economic stability, from whom a bona fide offer to purchase has been received, provided the Franchisor shall have the right and option to acquire the decedent's interest in this Agreement and any location lease at said offered price; said option to be exercised within thirty (30) days after the Franchisor is notified in writing of said bona fide offer.

11.7 Unauthorized Transfers. It is agreed and understood that any attempted transfer of only the assets and/or the phone numbers and/or website addresses/URLs of the Business without the transfer of the franchise itself is strictly prohibited and may be voided. Such action may be treated by Franchisor, in its sole discretion, as a wrongful repudiation of the Franchise Agreement by Franchisee, entitling Franchisor to damages which are hereby agreed upon as the amount of the anticipated and estimated Continuing Franchise Fees and SystemWatch IT® Managed Services fees for the remaining term of the Franchise Agreement by utilizing the current Continuing Franchise Fees and SystemWatch IT® Managed Services fees as a base. Alternatively, Franchisor shall have the right to void the purported transfer by way of injunction or restraining order in a State or Federal Court where the Business is located.

SECTION XII.
DISPUTES/ARBITRATION

12.1 Except as provided below, any controversy or claim arising out of or relating to this Franchise Agreement or the breach hereof, including a claim for emergency relief, shall be settled by arbitration with the American Arbitration Association in accordance with the Commercial Arbitration Rules then in effect. The arbitration of any dispute between the parties shall be conducted with regard to Franchisee only and not with regard to any collective group of franchisees or class action. This arbitration provision shall survive the expiration or earlier termination of this Agreement.

a. Arbitrator. There shall be a single arbitrator who shall be an existing or former judge of a court of record within the United States or an attorney in good standing admitted to practice for a period of at least ten (10) years within the United States. A corporation/limited liability company to which an individual Franchisee has transferred some or all of the assets comprising the TeamLogic IT® Business shall be considered either a joint Franchisee or successor Franchisee (at Franchisor's option) and bound by this arbitration agreement.

b. Location. The site of the arbitration shall be in Orange County, California.

c. Absence of party. The arbitration may proceed in the absence of either party, providing that notice of the filing of the arbitration has been sent to the other party in accordance with this Agreement.

d. Decision/Jurisdiction. The decision of the arbitrator shall be final and binding upon the parties, and judgment upon the award rendered by the arbitrator, may be entered in any court having

jurisdiction thereof. Franchisee hereby consents to California personal jurisdiction for himself and any corporation owning some or all of the assets of the TeamLogic IT® Business, and hereby consents to service of process by way of certified mail, return receipt requested, or by recognized courier (such as FedEx or UPS) sent to the TeamLogic IT® Business location, signed by a duly employed employee of Franchisee, or by personal service or by substitute service in accordance with California law. The parties agree that punitive damages shall not be available as a remedy for a breach of this Agreement or any dispute relating to this Agreement.

e. Fees. If any party commences an action, either arbitration or court proceedings, against any other party arising out of or in connection with this Franchise Agreement, the prevailing party or parties shall be entitled from the losing party or parties, both attorney's fees and costs of the arbitration and/or suit as part of the judgment rendered, along with attorney's fees and costs incurred in enforcing any such judgment.

f. Trademarks. Notwithstanding the above, the arbitrator shall have no power or authority to diminish Franchisor's complete and exclusive right, title and interest in its patents, trademarks, service marks, trade names, copyrights and other trade secrets, or to vary the terms, condition or payments which Franchisor has designated for licensing the same.

12.2 This section shall survive and remain in full force and effect subsequent to termination or expiration of this Agreement.

12.3 Except where contrary to a specific law in Franchisee's state, written notice of any alleged default by Franchisor of this Agreement must be given by Franchisee to Franchisor within eighteen (18) months of the alleged default or Franchisee is precluded from raising such alleged default thereafter in any proceeding involving Franchisor or Franchisee. Franchisor and Franchisee both hereby waive the right to assert the principles of collateral estoppel in any action between them. Franchisor and Franchisee hereby waive any right to a jury trial.

SECTION XIII.
MISCELLANEOUS

13. The parties further agree as follows:

a. Independence of Franchisee/Indemnity. Franchisee is, and shall be at all times during the term of this Agreement, an independent contractor and not an agent or employee of the Franchisor. The Franchisee is not a partner or joint venturer with the Franchisor. This Agreement does not create a fiduciary relationship between the parties. Franchisee is solely responsible for the day-to-day control of Franchisee's TeamLogic IT® Business. Neither Franchisee nor any of Franchisee's employees are in any way, directly or indirectly, expressly or by implication, to be construed to be Franchisor's employees for any purpose. Franchisee is solely responsible for all terms of employment of Franchisee's employees and personnel. Any requirements, restrictions or specifications which Franchisee is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of Franchisee's Business. Franchisee shall defend, indemnify and hold harmless Franchisor, its affiliates, and their respective shareholders, directors,

officers, employees, representatives, and agents from and against any and all actions, causes of actions, claims, suits, fines, demands, losses, liabilities, costs, and fees (including attorney fees) of any kind arising out of or in connection with Franchisee's TeamLogic IT® Business, including but not limited to personal injury, property damage, violation of the rights of others, negligent or intentional corruption of data, joint employer liability issues, or any wrongful use of System, Proprietary Information or other Franchisor- owned material by electronic medium or otherwise.

b. Abandonment or Surrender by Franchisee/Close of Business. If Franchisee shall, for any reason, abandon (as defined in Section 10.2d above) or surrender all or any part of its rights and privileges under this Agreement, all such rights shall revert to the Franchisor. However, Franchisee shall not have the right to abandon its obligations under this Agreement.

c. Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option or power arising out of any breach or default by Franchisee, or by any other Franchisee, of any of the terms, provisions or covenants contained herein, shall constitute a waiver by Franchisor thereof to enforce any such right, option or power as against Franchisee, or as to a subsequent breach or default by Franchisee.

d. Severability. Should any provision of the Agreement for any reason be construed or declared to be invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated.

e. Right of Successors. The Franchisor has the right to assign the Franchise Agreement and all its rights and privileges thereunder, to any other person, firm, or corporation, provided that the assignee is financially responsible and economically capable of performing the obligations of the Franchisor. The Assignee must also assume and agree to perform all obligations of the Franchisor under the Franchise Agreement. The Franchisee's consent is not required for any such assignment.

f. Previous Agreements and Representations. Upon execution of this Agreement by both parties, all previous agreements, contracts, arrangements or understandings of any kind relative to the franchise herein granted are canceled and all claims and demands thereon are fully satisfied.

g. No Representations. No agent or representative of Franchisor has authority to make any representations, statements, warranties, or agreements not herein expressed and Franchisee agrees that no such representations, statements, warranties or agreements have been made, or if made, that no reliance thereon has been considered in the signing of this Agreement.

h. Notice. Whenever, under the terms of this Agreement, notice is required, the same shall be given in writing and delivered personally or by certified mail (postage prepaid) or by recognized courier (UPS, FedEx). Notice shall be deemed delivered three (3) business days after notice has been sent by certified mail (whether or not the return receipt has been returned to the sender) and deemed delivered by courier when delivered to the recipient or his/her/its agent, representative, spouse or employee. All such notices intended for the Franchisor shall be addressed to it at:

TeamLogic, Inc. / Attn: President
26722 Plaza
Mission Viejo, California 92691

or as may be designated in writing by Franchisor. Notice to Franchisee shall be directed to the Business address or to the Franchisee's home address.

i. Terminology and Construction. All terms and words used in this Agreement regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular and plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any section, paragraph or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. If Franchisee consists of two (2) or more individuals or entities, such individuals and/or entities shall be jointly and severally liable hereunder.

j. Entire Agreement; Modification. The Franchise Agreement and the accompanying Disclosure Document together contain the entire Agreement of the parties and there are no representations, inducements, promises, or agreements, other than those duly executed in writing. This or any other agreement of any kind or any addendum or exhibit, amending, altering or changing the context of any portion hereof, shall not be binding unless it is executed by an appropriate officer at TeamLogic IT® Corporate offices and by Franchisee or Franchisee's representative. Certain aspects of the franchise relationship may be affected by changes in the Franchisor's Operations Manuals. The Franchisor may make such modifications without Franchisee's approval, so long as they are reasonable and apply uniformly to all Franchisees. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

k. Performance, Applicable Law and Forum. It is stipulated this Agreement has been negotiated, executed and delivered within the State of California and is to be performed at Franchisor's offices in the County of Orange, California. Except as otherwise provided for hereunder, this Agreement shall be interpreted and the rights and obligations of the parties hereunder governed in accordance with the laws of the State of California, except for Section 10.3(g) of this Agreement which shall be governed by the laws of the State where the TeamLogic IT® Business is located.

l. Headings. The headings of the paragraphs herein are inserted for convenience only and are not intended to be construed as part of the Agreement or to limit the scope of a particular paragraph.

m. Signature. This Agreement may be originally signed by an individual if unmarried or if married, individuals and their spouses as the Franchisee, or if signed by a Corporation or Limited Liability Company ("LLC"), must be personally guaranteed by the shareholders/members and their spouses. It is acknowledged that should an individual Franchisee subsequently transfer some or all of the assets of the TeamLogic IT® Business to a corporation/LLC, then Franchisee agrees that such corporation/LLC shall be considered either a joint or successor Franchisee (at Franchisor's option) to this Franchise Agreement, and shall, along with all shareholders/members, be bound hereby, as if the corporation/LLC and shareholders/members each executed this Agreement.

n. Warranty as to Original Document. Franchisee hereby warrants that he has not caused any electronic modification, scanning or manipulations of the Franchise Agreement received from Franchisor and that this document is the same document received from Franchisor, and agrees that any such modifications or manipulation shall be void.

(continued on next page)

SECTION XIV.
ACKNOWLEDGEMENTS AND SIGNING

Acknowledgements. Franchisee acknowledges and agrees that:

14.1 Risk. Purchasing a franchise in the business to be operated under this Agreement involves business risks. I am assuming those risks and understand that my active participation in the TeamLogic IT® Business is vital to its success.

14.2 Information from Representatives/Earnings Claims. I have not relied on any representation, promise or guarantee from any representative of Franchisor regarding potential or expected sales, profits or revenues of the Business, and have performed my own due diligence in investigating this franchise opportunity.

14.3 Acceptance of Agreement. I have read all of the foregoing Agreement and hereby accept and agree to each and all of the provisions, covenants and conditions therein contained.

14.4 Opportunity for Legal Counsel. I have received, read, and understood the Franchise Disclosure Document, which includes a copy of this Agreement and have been advised to, and afforded ample opportunity to, review and discuss the terms herein and consult with my legal or other counsel before affixing my signature.

14.5 Effectiveness of Agreement. The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both you and us. Our date of execution will be considered the Effective Date of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties executed this Agreement, which shall be effective when executed by Franchisor, at Franchisor's corporate offices, County of Orange, State of California.

I HAVE READ THIS AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS, AND CONDITIONS CONTAINED IN THIS AGREEMENT.

I HAVE RECEIVED A COPY OF THIS AGREEMENT AND HAVE BEEN AFFORDED AMPLE OPPORTUNITY TO REVIEW AND DISCUSS THE TERMS, AND CONSULT WITH MY LEGAL OR OTHER COUNSEL BEFORE AFFIXING MY SIGNATURE.

APPROVED AND ACCEPTED FOR TEAMLOGIC, INC.

_____ Effective as of:_____

SIGN BELOW IF YOU WANT YOUR FRANCHISE AGREEMENT TO BE IN YOUR INDIVIDUAL NAME(S).

_____ Dated:_____
Name

_____ Dated:_____
Name

OR

SIGN BELOW IF YOU WANT YOUR FRANCHISE AGREEMENT TO BE IN A CORPORATION OR LLC. YOU MUST SIGN THE PERSONAL GUARANTY ON THE NEXT PAGE:

CORPORATION or LIMITED LIABILITY COMPANY: _____
(Personal Guaranty Required) (Corporate Name or "TBD")

By:_____ Dated: _____

_____
Print Name

By:_____ Dated: _____

_____
Print Name

PERSONAL GUARANTY OF FRANCHISEE

(Required if Franchisee is a Corporation or Limited Liability Company)

The undersigned, being the sole owners of the corporation or limited liability company ("LLC"), _____, a _____corporation or LLC, and their spouses of the owners, hereby unconditionally and irrevocably guarantee the performance of said corporation or LLC of all obligations contained in the foregoing Franchise Agreement and shall be jointly and severally obligated, along with the corporation or LLC, as if the undersigned were the original "Franchisees," and further agree that TeamLogic, Inc., may enforce such obligations directly against the undersigned without first looking to the corporation or LLC. This Guaranty is given in connection with the Franchise Agreement and any other documents executed in connection with the Franchise Agreement including, without limitation, any amendments, addendums, extensions and renewals to the Franchise Agreement (whether entered into now, previously or in the future), relating to the TeamLogic IT® Business operated pursuant to the Franchise Agreement (the "Obligations").

_____ Date:_____

Signature

_____

(Print Name)

_____ Date:_____

Signature of Spouse

_____

(Print Name)

_____ Date:_____

Signature

_____

(Print Name)

_____ Date:_____

Signature of Spouse

_____

(Print Name)

EXHIBIT "E"

MULTI-STATE ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
AND
FRANCHISE AGREEMENT

MULTI-STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following states have laws that override the provisions stated in this Disclosure Document and the Franchise Agreement: **California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin:**

CALIFORNIA

TO OUR KNOWLEDGE the franchisor, any person or franchise broker in Item 2 of the UFOC is NOT subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Item 17 Disclosure Document

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise.

Covenant Not to Compete
Item 9 Disclosure Document; Section 6.18 Franchise Agreement

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of California.

Termination of the Franchise
Item 17 Disclosure Document; Section 10 Franchise Agreement

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 is inconsistent with the law, the law will control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

Neither TeamLogic, Inc. any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in the association or exchange.

THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR IN ORANGE COUNTY, CALIFORNIA WITH THE COSTS BEING BORNE BY THE LOSING PARTY. PROSPECTIVE FRANCHISES 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 PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

(CONTINUATION OF CALIFORNIA)

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.).

WE MAINTAIN A WEB SITE AT THE FOLLOWING ADDRESS: www.teamlogicit.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

HAWAII

The Company defers receipt of the franchise fee until its obligations to each franchisee are met and the business is open. The Company's liabilities exceed its assets on the audited Dec-31-2019 financial statements.

Effect of Termination by Franchisor
Item 17 Disclosure Document; Section 10 Franchise Agreement

As to comply with Section 482E-6(3), Hawaii Revised Statutes: Upon termination or refusal to renew the franchise, the Franchisee shall be compensated for the fair market value, at the time of the termination or expiration of the franchise, of the Franchisee's inventory, supplies, equipment and furnishings purchased from the Franchisor or a supplier designated by the Franchisor; provided that personalized materials which have no value to the Franchisor need not be compensated for. If the Franchisor refuses to renew a franchise for the purpose of converting the Franchisee's business to one owned and operated by the Franchisor, the Franchisor, in addition to the remedies provided in this paragraph, shall compensate the Franchisee for the loss of goodwill. The Franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the Franchisee's inventory, supplies, equipment, and furnishings, and may offset from such compensation any moneys due the Franchisor.

ILLINOIS

Illinois law governs the agreement between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

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

Franchisor has disclosed that it has no obligation to perform any service to you as a franchisee, to your satisfaction.

INDIANA

Obligations and Duties of Franchisor; Territory; Operating Limitation, Remedies, Venue, Waiver, Indemnification
Items 12 and 17 Disclosure Document; Section 4, 5, 6.10, 11 and 12 Franchise Agreement

In accordance with Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), the franchisor is prohibited from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory regardless of trade name. According to Indiana Code Sections 23-2-2.7-10(10) and 23-2-2-27-1(5), the reservation of right to

(CONTINUATION OF INDIANA)

injunctive relief or any specified remedy, limitation of the remedies available to either party, stipulation as to forum or venue and waiver or release of any rights with regard to the Franchise Agreement are prohibited. Further, the post-termination covenant not to compete is limited by IC 23-2-2.7-1(9). Further, indemnification by the Franchisee shall exclude any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor or caused by Franchisor's negligence.

Termination
Item 17.r. Disclosure Document; 6.18 Franchise Agreement

The post-termination covenant not to compete complies with the limitations in the Indiana Code Section IC 23-2-2.7(9).

Obligations and Duties of Franchisee; Transfer by Franchisee; Miscellaneous
Section 5.6.7, 8, 11, 13

The reservation of right to injunctive relief or any specified remedy, limitation of the remedies available to either party, and stipulation as to appropriate forum or venue are prohibited according to Indiana Code Section 23-2-2.7-1(10). Further, the waiver or release of any rights with regard to the Franchise Agreement is prohibited according to Indiana Code Section 23-2-2.7-1(5).

MARYLAND

Renewal, Termination and Transfer
Item 17 Disclosure Document; Section 10, 11 Franchise Agreement

In accordance with Maryland Law, Item 17, 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.

Previous Agreements and Representations, Sections 13f and 13g Franchise Agreement
Acknowledgement, Section 14 Franchise Agreement

The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise 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. This amends Section 14 of the Franchise Agreement.

Arbitration
Item 17 Disclosure Document; Section 12 Franchise Agreement

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Item 17 of the Disclosure Document and Section 12.3 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 (3) years after the grant of the franchise.

(CONTINUATION OF MARYLAND)

Termination
Item 17 Disclosure Document

The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

FRANCHISEE:

Date:_____ By:_____

By:_____

FRANCHISOR:
TEAMLOGIC, INC.

Date:_____ By:_____

MICHIGAN

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

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

a. A prohibition on the right of a franchisee to join an association of franchisees.

b. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

c. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(CONTINUATION OF MICHIGAN)

d. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

e. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

f. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

g. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

(CONTINUATION OF MICHIGAN)

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

Any questions regarding this notice should be directed to: *State of Michigan, Department of Attorney General, Consumer Protection Division, Franchise and Antitrust Unit, PO Box 30213, Lansing, MI 48909 - (517) 373-7117.*

MINNESOTA

Renewal of the Franchise
Item 17 Disclosure Document; Section 7.2 Franchise Agreement

The Franchise Agreement gives the Franchisee the right to renew the franchise for one 10 year term by giving written notification to the Franchisor not less than 180 days before the expiration of the current term and not more than 360 days prior to the expiration of current term.

Termination of the Franchise
Item 17 Disclosure Document; Section 10 Franchise Agreement

The Franchisor may terminate or cancel this Agreement and the franchise if (i) Franchisee is given written notice setting forth all the reasons for the termination or cancellation at least 180 days in advance of termination or cancellation, and (ii) the Franchisee fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of this notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are: (1) Voluntary abandonment of the franchise relationship; (2) the conviction of the Franchisee of an offense directly related to the business conducted in accordance with the franchise; or (3) failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor's trade name, trademark, service mark, logotype or other commercial symbol after the Franchisee has received written notice to cure of at least 24 hours in advance thereof.

Franchisor may not terminate or cancel a franchise except for good cause. "Good Cause" means failure by Franchisee to substantially comply with the material and reasonable franchise requirements imposed by the Franchisor including: (1) the bankruptcy or insolvency of the Franchisee; (2) assignment for the benefit of creditors or similar description of the assets of the franchise business; (3) voluntary abandonment of the franchise business; (4) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or (5) any act by or conduct of the Franchisee which materially impairs the goodwill associated with the Franchisor's trademark, trade name, service mark, logotype or other commercial symbol.

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds, 3, 4 and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Arbitration
Item 17 Disclosure Document; Section 12 Franchise Agreement

The Franchise Agreement provides for arbitration in accordance with the rules of the American Arbitration Association. According to Minnesota law, the site of the arbitration shall be held in the county or city of the franchise location, State of Minnesota.

Item 17 of Disclosure Document and Section 12.3 of the Franchise Agreement are amended to say: "any claims arising under the Minn. Stat. 80C must be commenced within three (3) years from when the cause of action accrues."

Transfer of the Franchise
Item 17 Disclosure Document; Section 11 Franchise Agreement

(CONTINUATION OF MINNESOTA)

According to Minn. Stat. 2860.4400, Item 17 and the transfer sections of the Franchise Agreement are amended to state, "It shall be unfair and inequitable for any person to require a franchisee to assent to a release assignment, novation, or waiver that would relieve any person from liability imposed by Minn. Statutes 1973 Supp., Sections 80C.01 to 80C.22."

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 I 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 pleadednolo 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.

(CONTINUATION OF NEW YORK)

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.

NORTH DAKOTA

Addendum to North Dakota Disclosure Document and Franchise Agreement.

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota Franchisees (Section 51-19-09 of the North Dakota Century Code):

Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisees' business.

(CONTINUATION OF NORTH DAKOTA)

Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Jury Trial: Section 12.3 of the Franchise Agreement requiring franchisees to consent to a waiver of jury trial is deleted.

RHODE ISLAND

Performance, Applicable Law and Forum/Disputes/Arbitration
Item 17 Disclosure Document; Sections 12. and 13k. Franchise Agreement

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

SOUTH DAKOTA

Termination of the Franchise
Item 17 Disclosure Document; Section 10 Franchise Agreement

Franchisee commits a material breach of the Franchise Agreement; or materially defaults in the payment of any indebtedness to the Franchisor, or Franchisee's suppliers arising out of the purchase of the supplies or equipment and this default is not cured within 30 days of notice to Franchisor.

Covenant Not to Compete
Item 9 Disclosure Document; Section 6.17 Franchise Agreement

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

Disputes/Arbitration
Section 12. Franchise Agreement

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

Transfer by Franchisee
Section 11 Franchise Agreement

SDCL 53-9-5 voids liquidated damages provisions from contracts unless it would be impractical or extremely difficult to fix actual damages.

Arbitration/Performance, Applicable Law and Forum
Item 17 Disclosure Document; Section 12 and 13k. Franchise Agreement

(CONTINUATION OF SOUTH DAKOTA)

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the state of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of California.

Any provision in the franchise agreement and/or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

VIRGINIA

Termination of the Franchise
Section 10 Franchise Agreement

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

WASHINGTON

Rider

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

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

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

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

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

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

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

This addendum may also be used as a rider to the Franchise Disclosure Document. This addendum to the Franchise Agreement shall amend the Franchise Agreement and related documents.

WISCONSIN

Termination of the Franchise
Item 17 Disclosure Document; Section 10 Franchise Agreement

The laws of the various states may differ regarding notice periods, time to cure defaults, causes for non-renewal, and causes whereby Franchisor may terminate. Franchisor shall comply with the requirements of the state in which Franchisee's Center is located in that event. (See Section 10 of the Franchise Agreement). The Wisconsin Fair Dealership Law, Chapter 135, Wis. Stats., supersedes any provision of the franchise contract or agreement if such provisions are in conflict with the law.

Each provision of these Addenda to the Disclosure Document and Franchise Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the respective state's laws are met independently, without reference to these Addenda to the Disclosure Document or Franchise Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

Date:_____ By:_____

By:_____

FRANCHISOR:
TEAMLOGIC, INC.

Date:_____ By:_____

EXHIBIT "F"

AMENDMENT TO FRANCHISE AGREEMENT FOR EXISTING AND NEW MULTIPLE

Multiple TeamLogicIT Business # _____
Main TeamLogicIT Busniess # _____

AMENDMENT TO FRANCHISE AGREEMENT
For TeamLogic IT Business Nos. EXISTING # and NEW MULTIPLE #

Franchisee: _____

This Amendment is made by and between TeamLogic, Inc., ("Franchisor") and the undersigned ("Franchisee"), in connection with that certain Franchise Agreement(s) the parties have entered into whereby Franchisee is authorized to own and operate TeamLogic IT Businesses in the areas of ORIGINAL TERRITORY NAME and NEW TERRITORY NAME, STATE ("Franchise Agreement").

WHEREAS, the parties believe it is in their respective best interests to amend the Franchise Agreement in accordance with the terms of this AMENDMENT and supersedes all other amendments.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency are hereby acknowledged, the parties hereby agree that the following terms and conditions shall amend the Franchise Agreement:

1. Section 3.1 Initial Franchise Fee is amended to read: "For multiple franchise purchases, the Initial Franchise Fee is $45,000.

2. Section 3.5 System WatchIT Managed Services Fees is amended to read: "Franchisee may aggregate the Managed Services Agents from Franchisee's TeamLogic IT Business #60____ and #60____, subject to the monthly minimums set forth in the Franchise Agreement."

3. Section 6.20 Financial Statements is amended to read: "Franchisee must maintain separate financials for each Franchise location and report revenue separate for each location."

4. Section 7.1 Initial Term is amended to read: "Expiration Date of Franchise Agreements. The expiration date of the Franchise Agreements shall be coterminous for #60____ <INSERT MAIN BUSINESS ORIGINAL TERRITORY NAME> and #60____ <INSERT NEW TERRITORY NAME> and shall expire ten (10) years after the last TeamLogic IT franchise opens for business as provided in this Agreement."

5. Section 6.3 Vehicle Signage/Graphics is amended to read: "Franchisee is required to lease or own a vehicle for use in each of the TeamLogic IT franchise locations. Each vehicle must be wrapped with the approved TeamLogic IT graphics package, using any approved vendor, at Franchisee's cost."

6. Section 5.2 Business Location is amended to read: "Franchisee must maintain a separate mailing address and phone number for each franchise location."

Except as modified herein, all terms of the Franchise Agreement shall remain in full force and effect. This Amendment shall be deemed effective as of the Effective Date of the Franchise Agreement.

This Amendment may be executed and exchanged in counterparts by fax or email and the faxed/emailed generated executed copies shall have the same legal force and effect for all purposes as copies bearing original signatures of the parties.

Franchisor
TEAMLOGIC, INC.

By: _____

Date:_____, 2020

Franchisee:
CORPORATE NAME:

By: _____
Franchisee Name

By: _____
Franchisee Name

Date:_____, 2020

EXHIBIT "G"

CONVERSION ADDENDUM

CONVERSION ADDENDUM

TeamLogic IT® Business # _____

This Addendum is entered into on the Effective Date by and between TeamLogic, Inc. ("Franchisor") and _____, ("Franchisee"), with respect to the following recitals.

RECITALS

WHEREAS, Franchisee currently owns and operates an independent (non-franchised) computer repair/consultation business located at_____the "Existing Business") and desires to convert the Existing Business into a TeamLogic IT® Business; and

WHEREAS, Franchisor and Franchisee have entered into, or are about to enter into a Franchise Agreement ("the Franchise Agreement") for Franchisee to own and operate a TeamLogic IT® Business to be operated by converting the Existing Business to the TeamLogic IT® Business; and

WHEREAS, Franchisor desires to consummate such a conversion, on the terms and conditions provided for herein, which terms and conditions shall supersede any conflicting provision in the Franchise Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Section I Definitions, Section 3.5 SystemWatch IT® Managed Services Fees, Section 6.9 SystemWatch IT® Managed Services: The following language is added to these sections: Franchisee must convert/migrate any existing managed services clients to SystemWatch IT® within 90 days of the Effective Date.

2. Section 3.1 of the Franchise Agreement Initial Franchise Fee: The first sentence is replaced by and shall read: Concurrently with the execution of this Agreement, Franchisee shall pay to Franchisor a non-refundable Initial Franchise Fee in the amount of $45,000.

3. Section 3.3 Minimum and Continuing Fees: The Continuing Franchise Fee outlined in Sections 3.3 of the Franchise Agreement shall be modified as follows: For the first 12 months from the Effective Date of the Franchise Agreement, Continuing Franchise Fees shall be payable on only those Gross Sales that exceed an amount equal to: *the average annual gross sales of Franchisee's independent business, as calculated from the prior 36 months* ("the Excluded Amount"). If Franchisee has been in business less than 36 months then the Excluded Amount shall be the average of all the months Franchisee has been in business for a monthly average multiplied by twelve. Franchisee shall pay the Continuing Franchise Fees as indicated

in Section 3.3 on all Gross Sales in excess of the Excluded Amount, for the first 12 months, according to the terms of the Franchise Agreement. After the first 12 months, Continuing Franchise Fees shall be payable as indicated in section 3.3 on all Gross Sales (as that term is defined in the Franchise Agreement).

4. Section 3.4. Minimum and Continuing Advertising Fees. It is acknowledged that the advertising fees outlined in section 3.4 of the Franchise Agreement shall apply on all Gross Sales by all clients, existing and new.

5. Section 4.1.d. of the Franchise Agreement shall be modified as follows: Franchisor will provide an Initial 12-Month Marketing Program consisting currently of direct mail, telemarketing, paid search marketing, and email marketing, subject to change. Franchisee must sign up for the Initial 12-Month Marketing Program directly with TeamLogic approved vendors using a credit card. Franchisee must pay the cost of this Marketing Program, which cost ranges from $2,000 to $2,400 per month and will satisfy Franchisee's obligation for the first 12 months to spend a minimum of $2,000 per month on local advertising described in section 6.4 of the Franchise Agreement.

6. Section 6.3 Vehicle Signage/Graphics. Franchisee must have the approved vehicle signage, at a minimum, installed on any leased or personal vehicle used in the Business within forty-five (45) days of the Effective Date of the Franchise Agreement.

7. Section 10.3.f. Non-Competition, Non-Solicitation Agreement. This section is deleted in its entirety.

8. Except as modified herein, the terms of the Franchise Agreement shall remain as originally written. The Franchise Agreement, together with this Conversion Addendum may not be modified except in writing signed by the President of Franchisor and Franchisee.

9. The Effective Date of this Addendum shall be the Effective Date of the Franchise Agreement.

FRANCHISOR:
TEAMLOGIC, INC.

By:_____

Date:_____

FRANCHISEE:

By:_____

Date: _____

By:_____

Date:_____

EXHIBIT "H"

TRANSFER RELEASE AGREEMENT

TRANSFER RELEASE AGREEMENT

This Agreement is entered into by and between TeamLogic, Inc., a California corporation, ("TEAMLOGIC") and_____("FRANCHISEE") with reference to the following facts:

A. WHEREAS, TEAMLOGIC and FRANCHISEE entered into a Franchise Agreement dated _____whereby FRANCHISEE is authorized to own and operate TeamLogic IT® Business #_____currently located at_____("Franchise Agreement"); and

B. WHEREAS, FRANCHISEE is about to sell FRANCHISEE'S TeamLogic Business and desires for Franchisor to consent to the transaction and TEAMLOGIC desires to consent to such transfer upon the terms and conditions below; and

C. WHEREAS, TEAMLOGIC and FRANCHISEE desire to mutually terminate their franchise relationship upon the sale of FRANCHISEE'S TeamLogic IT® Business and, except as provided for below, to mutually release one another from any presently-existing disputes or claims between them, whether known to them or not, and any other disputes or claims which the parties have or could have asserted against one another at any time in the past, or at any time in the future.

NOW THEREFORE, in consideration of the covenants and promises each to the other made herein, the parties agree as follows:

1. TEAMLOGIC hereby consents to the transfer by FRANCHISEE of TeamLogic IT® Business #___to_____(buyer) and upon the consummation of the transfer, the Franchise Agreement shall be deemed mutually terminated, subject to all of Franchisee's obligations through the termination date and post-termination covenants and obligations under the Franchise Agreement.

2. Upon the consummation of the sale of the TeamLogic IT® Business, TEAMLOGIC, on the one hand and FRANCHISEE, on the other, and subject to the obligations in section 1 above, hereby mutually release and forever discharge each other and all of each other's respective heirs, executors, administrators, affiliates, officers, directors, employees, representatives, agents, consultants, successors, assigns and attorneys, of and from any and all claims, demands, actions, causes of action, liabilities, losses, expenses, costs and fees of whatsoever kind, nature or description, whether known or unknown, which now exist or which may hereafter arise, based on, relating to, or in connection with any matter between the parties, including but not limited to: (a) the performance, non-performance, breach, enforceability or validity of any provision of the Franchise Agreement and any other agreement between the parties; (b) any and all activities of FRANCHISEE or TEAMLOGIC relating to FRANCHISEE'S TeamLogic IT® Business; (c) any statements or representations allegedly made to TEAMLOGIC by FRANCHISEE; (d) any statements or representations allegedly made to FRANCHISEE by TEAMLOGIC; and (e) any statements, acts or omissions by any person on behalf of TEAMLOGIC to FRANCHISEE their representatives or any third party relating to the purchase of FRANCHISEE'S TeamLogic IT® Business. *FRANCHISEE specifically releases TEAMLOGIC from any restriction on disclosing any and all financial*

information relating to FRANCHISEE'S TeamLogic IT® Business to the buyer and expressly authorizes such disclosures at any time. TEAMLOGIC and FRANCHISEE hereby waive any and all rights they may now or hereafter have under Section 1542 of the California Civil Code, as presently worded or as hereafter amended, (and any similar statute of any other jurisdiction) which section presently reads as follows:

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

Nothing contained in this general release shall operate to waive or release any claims arising from any breach or non-performance of this Agreement, nor of any of FRANCHISEE'S obligations through the termination date and post-termination obligations under the Franchise Agreement.

3. FRANCHISEE hereby agrees to defend and indemnify TEAMLOGIC for and against any and all losses, liabilities, costs, expenses, etc. as a result of any alleged claims of misrepresentation by FRANCHISEE to the purchaser of the TeamLogic IT® Business, either orally or in writing and whether meritorious or not.

4. This Agreement reflects the entire agreement of the parties, and all prior oral or written agreements, statements, and representations made by any of the parties are intended to be merged with this Agreement. All of the parties acknowledge that no other statements or representations have been made to such party by any other party concerning any matter that is the subject of this Agreement. This Agreement may be executed and exchanged in counterparts by fax or email and the faxed/emailed generated executed copies shall have the same legal force and effect as copies bearing original signatures of the parties.

FRANCHISOR: TEAMLOGIC, INC.	FRANCHISEE:
By:_____	By:_____
Date:_____	Date:_____
	By:_____
	Date:_____

EXHIBIT "I"

STATE FRANCHISE ADMINISTRATORS

STATE FRANCHISE ADMINISTRATORS

California:
Department of Business Oversight
320 W. 4th St., Ste. 750
Los Angeles, CA 90013-2344
(213) 576-7500 or Toll Free (866) 275-2677

Hawaii:
Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.,
Securities Compliance Branch
335 Merchant St., Rm. 205
Honolulu, HI 96813-2921
(808) 586-2722

Illinois:
Office of the Attorney General
Franchise Division
500 S. 2nd St.
Springfield, IL 62701-1771
(217) 782-4465

Indiana:
Indiana Securities Division
Franchise Section
302 W. Washington St., Rm. E111
Indianapolis, IN 46204-2738
(317) 232-6681

Maryland:
Office of the Attorney General
Division of Securities
200 Saint Paul Pl.
Baltimore, MD 21202-2020
(410) 576-6360

Michigan:
Michigan Attorney General
Consumer Protection Division
P.O. Box 30213
Lansing, MI 48909-7713
(517) 373-7117

Minnesota:
Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101-3165
(651) 539-1638

New York:
Office of New York Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty St., 21st. Flr.
New York, NY 10005-1495
(212) 416-8236

North Dakota:
Securities Department
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island:
Dept. of Business Regulations
Division of Securities
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920-4407
(401) 462-9527

South Dakota:
Dept. of Labor and Regulation
Division of Insurance - Securities Regulation
124 S. Euclid Ave., 2nd Flr.
Pierre, SD 57501-3171
(605) 773-3563

Virginia:
State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219-3630
(804) 371-9051

Washington:
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin:
Department of Financial Institutions
Securities Division
4822 Madison Yards Way, North Tower
Madison, WI 53705-9100
(608) 266-8557

EXHIBIT "J"

SBA ADDENDUM

ATTACHMENT

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20___, by and between _____ ("Franchisor"), located at _____ and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:	FRANCHISEE:
By: _____	By: _____
Print Name: _____	Print Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

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 stated below

State	Effective Date
California	
Connecticut	May 21, 2018 (permanent exemption)
Florida	March 1, 2020 (exemption state)
Hawaii	April 7, 2020
Illinois	
Indiana	March 28, 2020
Kentucky	May 15, 2005 (permanent exemption)
Maryland	
Michigan	January 18, 2020
Minnesota	
Nebraska	February 3, 2005 (permanent exemption)
New York	
North Dakota	April 30, 2020
Rhode Island	May 1, 2020
South Dakota	
Texas	February 3, 2005 (permanent exemption)
Utah	January 21, 2020 (exemption state)
Virginia	
Washington	April 14, 2020
Wisconsin	March 19, 2020

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "K"

ITEM 23 RECEIPT

ITEM 23 RECEIPT

TLI Business #_____

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

If TeamLogic IT does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency listed in Exhibit "H".

Franchise sellers offering the franchise: The following are located at 26722 Plaza, Mission Viejo, CA 92691, telephone (949) 582-6300, and check below for the seller for this offering:

____ Don F. Lowe	____ Richard Lowe	____ Alisa Kunz	____ Chris Chinnery	____ Lee Dye
____ Charles R. Lennon	____ Karl Hoenecke	____ Denise Denton	____ Patrick Spaan	____ Dan Shapero
____ Jeffrey Prince	____ Daniel J. Conger	____ Rob Levig	____ Benjamin Purcell	____ David Robidoux
____ Lesley McDonald	____ Sheldon Turner	____ Larry Miller	____ Zach Lowe	____ Joshua White
____ Carrie Loranger		____ Chris Chinnery		

Signature page on next page

Date of Issuance: March 17, 2020.

See Exhibit "B" for our registered agents authorized to receive service of process in your state.

I have/ received a disclosure document dated March 17, 2020, (see applicable State Effective Dates page located after the State Cover Page) in this disclosure document that includes the following Exhibits:

A. Financial Statements
B. Agents for Service of Process
C. Operations Manual Table of Contents
D. Franchise Agreement
E. Multi-State Addendum to Disclosure Document and Franchise Agreement
F. Amendment to Franchise Agreement for Existing and New Multiple
G. Conversion Addendum
H. Transfer Release Agreement
I. State Franchise Administrators
J. SBA Addendum
K. Item 23 Receipt

Dated: By:_____ _____
(Signature of Prospective Franchisee) (Printed Name)

Dated: By: _____ _____
(Signature of Prospective Franchisee) (Printed Name)

Please date and sign this receipt page, and then keep it for your records.

_____ of *Franchoice, Inc., 7500 Flying Cloud Dr., Eden Prairie, MN 55344 (770) 552-9661.
_____ of *FranNet LLC, 10302 Brookridge Village Blvd., Louisville, KY 40291 (502) 753-2380.
_____ of *Franchise Alliance, Inc., 400 Galleria Pkwy., #1500, Atlanta, GA 30339 (678) 385-6750.
_____ of *Entrepreneur Authority, 5800 Granite Pkwy., #300, Plano, TX 75024 (972) 731-6766.
_____ of *E-Path Advisors, 26153 N. 104th Place, Scottsdale, AZ 85255 (810) 496-6225.
_____ of *One Dakota, Inc., dba Executive Franchise Specialists, 710 Prairie Blvd., Dakota Dunes, SD 57049, (605) 422-1139.
_____ of *The You Network, 21001 N. Carrillo Trail, Surprise, AZ 85387, (623) 975-9703.
_____ of *Murphy Business & Financial Corporation (MBFC) 3715 Lindenleaf Ct., Winston-Salem, NC 27106.
_____ of *Personal (Business) Advisors, LLC, 14008 Antonio Dr., Helotes, TX 78023 (210) 695-8340.
_____ of *FranServe, Inc. / Greenline Franchise Consulting, LLC, 48 Glen Road, Yarmouth, ME 04096 (866) 568-1278.
_____ of *Richard LeBrun, LeBrun Advisory Group, 1155 St. Andrews Ct., Algonquin, IL 60102
_____ of *Franchise Consulting Company, 3735 SW 8th Street, Ste. 207, Miami, FL 33134 (800) 321-6072.
_____ of *Your Own Deal, 16864 Island Avenue, Rockville, MN 55044 (800) 214-1279.

*These brokers have not been appointed by Franchisor as its Franchise Broker in the State of Washington and cannot make offers to prospective Franchisees for a franchise in Washington.

ITEM 23 RECEIPT

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____ Jeffrey Prince	____ Daniel J. Conger	____ Rob Levig	____ Benjamin Purcell	____ David Robidoux
____ Lesley McDonald	____ Sheldon Turner	____ Larry Miller	____ Zach Lowe	____ Joshua White
____ Carrie Loranger		____ Chris Chinnery		

Signature on next Page

Date of Issuance: March 17, 2020.

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I. State Franchise Administrators
J. SBA Addendum
K. Item 23 Receipt

Dated: By: _____ _____
(Signature of Prospective Franchisee) (Printed Name)

Dated: By: _____ _____
(Signature of Prospective Franchisee) (Printed Name)

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_____ of *Entrepreneur Authority, 5800 Granite Pkwy., #300, Plano, TX 75024 (972)731-6766.
_____ of *E-Path Advisors, 26153 N. 104th Place, Scottsdale, AZ 85255 (810) 496-6225.
_____ of *One Dakota, Inc., dba Executive Franchise Specialists, 710 Prairie Blvd., Dakota Dunes, SD 57049, (605) 422-1139.
_____ of *The You Network, 21001 N. Carrillo Trail, Surprise, AZ 85387, (623) 975-9703.
_____ of *Murphy Business & Financial Corporation (MBFC) 3715 Lindenleaf Ct., Winston-Salem, NC 27106.
_____ of *Personal (Business) Advisors, LLC, 14008 Antonio Dr., Helotes, TX 78023 (210) 695-8340.
_____ of *FranServe, Inc. / Greenline Franchise Consulting, LLC, 48 Glen Road, Yarmouth, ME 04096 (866) 568-1278.
_____ of *Richard LeBrun, LeBrun Advisory Group, 1155 St. Andrews Ct., Algonquin, IL 60102
_____ of *Franchise Consulting Company, 3735 SW 8th Street, Ste. 207, Miami, FL 33134 (800) 321-6072.
_____ of *Your Own Deal, 16864 Island Avenue, Rockville, MN 55044 (800) 214-1279.

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