

FRANCHISE DISCLOSURE DOCUMENT

CK Franchising, Inc.
An Ohio Corporation
6640 Poe Avenue, Suite 200
Dayton, OH 45414
(937) 264-1933
admin@comfortkeepers.com
www.comfortkeepers.com
www.comfortkeepersfranchise.com



The franchised business is a distinctive business that operates under the Comfort Keepers® trade name. Our business provides in-home care for the elderly and other adults who need assistance in daily living, including homemaker/companionship care, personal care, and personal technology services and equipment. In addition, certain qualified franchisees may also offer approved non-invasive private duty nursing services.

The total investment necessary to begin operations of a Comfort Keepers® franchise is from \$77,550 to \$109,960. This includes \$45,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this 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 sales. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Comfort Keepers® Franchise Development Department at 6640 Poe Avenue, Suite 200, Dayton, OH 45414; 888-329-1368.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: February 13, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B-1 for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION/ARBITRATION/LITIGATION ONLY IN OHIO, WITH THE COSTS BEING BORNE BY THE LOSING PARTY. OUT OF STATE MEDIATION/ARBITRATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE/ARBITRATE/LITIGATE WITH US IN OHIO THAN IN YOUR OWN STATE. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER YOUR STATE'S LAW.
2. THE FRANCHISE AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the following State Registrations Page for the State Effective Dates

CK FRANCHISING, INC.
STATE REGISTRATIONS

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws, with the following effective dates:

California	Effective Date: <u>Exempt</u>
Hawaii	Effective Date: <u>pending</u>
Illinois	Effective Date: <u>Exempt</u>
Indiana	Effective Date: <u>Exempt</u>
Maryland	Effective Date: <u>Exempt</u>
Michigan	Effective Date: <u>April 3, 2013</u>
Minnesota	Effective Date: <u>pending</u>
New York	Effective Date: <u>Exempt</u>
North Dakota	Effective Date: <u>Exempt</u>
Rhode Island	Effective Date: <u>Exempt</u>
South Dakota	Effective Date: <u>pending</u>
Virginia	Effective Date: <u>pending</u>
Washington	Effective Date: <u>pending</u>
Wisconsin	Effective Date: <u>pending</u>

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of February 13, 2014.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS
GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7117

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COMFORT KEEPERS®
FRANCHISE DISCLOSURE DOCUMENT

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

The Franchisor

The franchisor is CK Franchising, Inc. (“CKFI,” “we”, “us” or “our”). “You” means the person(s) or entity (corporation, partnership, limited liability company, or other entity) to whom we grant a franchise. If you are an entity, “you” does not include your owners, who are described as “Related Parties.” (See Item 15 of this disclosure document)

We were incorporated under Ohio law on February 8, 1999. On February 7, 2003 we restated our charter to effect a recapitalization that resulted in a substantial increase in our authorized capital and our outstanding capital stock. As a result of the recapitalization, February 7, 2003 is considered the date of our inception for accounting purposes. Our principal business office is located at 6640 Poe Avenue, Suite 200, Dayton, Ohio 45414.

We conduct business under our corporate name and under the name “Comfort Keepers.” We do not do business under any other name, although we offer a line of personal technology services and equipment branded with the SafetyChoice® mark but associated with the COMFORT KEEPERS® mark. We also offer Comfort Keepers® services in shared housing we operate for groups of up to four seniors under the name “LifeSelect by Comfort Keepers.” If we have an agent in your state for service of process, that agent’s name and address are listed in Exhibit B-1.

We have been in the business of granting Comfort Keepers® franchises and assisting franchisees since March 1999. In addition, since June 2008 we have been offering personal technology services and equipment branded with the SafetyChoice® mark and supplying those same services and equipment to our franchisees for resale by them. In October 2013, we began providing Comfort Keepers services in shared housing we operate for groups of up to four seniors under the LifeSelect™ mark. We operated a business similar to the Comfort Keepers franchise in Toledo, Ohio between March 1999 and December 2003, when we franchised the business to a manager. Since March, 2012, we have operated franchised Comfort Keepers businesses on behalf of SDX Home Care Operations, L.L.C. (“SDX”), an affiliate and franchisee. See Item 20 of this disclosure document. We have never sold franchises for any other line of business.

Predecessors, Parents, and Affiliates

For purposes of this disclosure document, we have four parents: we are wholly-owned by CK Holdco, Inc., which is wholly-owned by Sodexo Holdings, Inc., which in turn is wholly-owned by Sodexo, Inc., which in turn is wholly-owned by Sodexo S.A. CK Holdco, Inc., is a Delaware corporation and is located at our address. Sodexo Holdings, Inc. and Sodexo, Inc. are both Delaware corporations, with their principal places of business at 9801 Washingtonian Blvd., Gaithersburg, Maryland 20878. Sodexo S.A., is a French *société anonyme* (corporation), with its principal place of business at 255 quai de la Bataille de Stalingrad, 92866 Issy-les-Moulineaux cedex 9, France.

We have no affiliate (an entity controlled by, controlling, or under common control with, us) that supplies good or services to our franchisees or that currently offers franchises in the United States in any line of business.

We have two affiliates in Europe that offer franchises. Our affiliate Gastronomie-Betriebs GmbH offers franchises in Germany for the operation, under the trademark GASTRO-KANNE, of cafeterias in the reception halls of hospitals. It has been offering those franchises for 12 years and has 11 franchises. This affiliate has its principal business office at Eisenstrasse 9a, 65428 Rüsselsheim, Germany. Our affiliate Lenôtre, S.A., offers franchises for the production and distribution of prestige gastronomy products under the trademark LENÔTRE. It has been offering those franchises for 38 years and has a total of 20 franchises in the following countries: Germany, Kuwait, Morocco, Qatar, Saudi Arabia, Sweden, and Thailand. Lenôtre has its principal business office at 44 rue d'Auteuil, 75016 Paris, France.

We have no predecessor (a company from which we received a majority of our assets).

The Comfort Keepers® Franchise

The business that you will operate under a Franchise Agreement with us (a “Franchised Business”) provides homemaker/companionship and personal care services for the elderly and other adults who need assistance in daily living, as well as personal technology services and equipment. Care typically is provided in the Client’s home but may also be provided in other facilities, such as assisted living facilities. Homemaker/companionship services include companionship, meal preparation, light housekeeping, grocery and clothing shopping, grooming and dressing guidance, and assistance with recreational activities. Personal care services relate to core activities of daily living, such as eating, bathing and dressing. You will design a customized care plan for each Client, whose care needs may range from periodic care to 24/7 live-in care. The majority of your Clients will be private pay Clients; you may also choose to seek authorization from state agencies to provide Medicaid-waiver services, although we recommend that you focus your efforts on private pay Clients. You will perform background checks on and hire employees to provide care services after you have given them training in accordance with our and/or applicable law requirements.

You will also offer personal technology services and equipment such as personal emergency response systems, medication management systems, and related monitoring and other services that are branded with the SafetyChoice® mark but associated with the Comfort Keepers® mark (together, “Personal Technology Services”); you may also sell or lease personal technology equipment, without related services, that is branded with the SafetyChoice® mark and associated with the Comfort Keepers® mark (“Equipment”). You may also offer other, ancillary services that we approve. We may also authorize you to offer non-invasive private duty nursing services (“PDN Services”) if you meet the following criteria: you have been operating for at least 12 months, you are providing a certain level of hours per week of homemaker/companionship and personal care services, you satisfy applicable state licensure requirements, you maintain specified insurance for PDN Services, and you are then and have been in good standing.

You will operate the Franchised Business under the Comfort Keepers® trade name, service marks and trademarks and other marks that we own (the “Marks”). (See Item 13 of this disclosure document)

The Market and Competition

People 65 years old and older make up the primary market for Comfort Keepers® franchisees. The rest are new mothers and other adults who need extra assistance in daily living. Statisticians currently estimate that there are nearly 40.3 million people in the U.S. who are age 65 or older.

There is an increasing number of competitors in the in-home care field, providing services similar to those that Comfort Keepers® franchisees offer and competing directly for clients; these range from individual caregivers to large national competitors, including other franchised systems. In addition, there are other competitors that focus primarily on provision of medical-related services such as in-home

skilled nursing care, providing homemaker/companionship and personal care services as a sideline. There are also several companies that provide personal technology services and equipment without providing client care services. In offering the services described above, and as you offer other services or products that we may approve in the future, you will compete directly with other companies that provide services of that type.

Specialized Industry Regulation

Regulations vary from state to state regarding the services the Franchised Business will offer and provide. In an increasing number of states, these services are covered by regulations that apply to home health care and/or personal care providers. These regulations may, for example, affect the establishment or operation of your Franchised Business, require specific training for you and your employees, or require licensure, accreditation, or registration of your Franchised Business and/or your employees. In addition, there may be federal and state wage and hour laws and regulations that apply to the provision of in-home care. See Exhibit G for a summary of some of these laws and regulations.

You must obtain and maintain all required licenses and accreditations and comply with all applicable laws and regulations. In some states, there may be a lengthy process to obtain a required license or accreditation. Although we provide non-legal advice and assistance regarding your application and the process to obtain the state license, accreditation or certification for homemaker/companionship and personal care services, if any, your state requires, it is your obligation to comply with these and all state and federal laws and regulations. You should consult competent legal counsel regarding the laws and regulations that may apply to your Franchised Business. You should also be aware of any pending or future legislation that may affect your Franchised Business.

The federal Health Insurance Portability and Accountability Act (“HIPAA”), which governs the privacy of health information, applies to the operations of the Franchised Business and you and your employees must comply with it. We as a franchisor are HIPAA-compliant, provide training on HIPAA in the initial training program, and require all of our franchisees to operate in compliance with HIPAA. To that end, you will sign a HIPAA Business Associate Agreement with us as part of the Franchise Agreement.

In addition, you must comply with all applicable federal, state, and local laws and regulations, regardless of whether these are industry-specific, including OSHA, wage and hour laws, tax laws, zoning laws, and similar laws and regulations.

Defined Terms

In addition to the definitions given throughout this disclosure document, we use the following definitions in this disclosure document: “System” means the various methods of operation, advertising methods, training methods, and the like, that we license to you under the Franchise Agreement. “Network” means all Comfort Keepers® Franchised Businesses and any units we own (“company-owned Units”). Currently we manage 16 Comfort Keepers® Franchised Businesses for one of our affiliates, SDX; these Franchised Businesses are counted as company-owned Units for purposes of Item 20 of this disclosure document. “Client” means the recipient of any services that are provided under the Franchise Agreement or, as the context indicates, that are provided by other Comfort Keepers® franchisees under their franchise agreements. “Office” means the physical facility from which you operate the Franchised Business. “Start-up Agreement” means a Franchise Agreement for the first Franchised Business a franchisee opens but excludes a Franchise Agreement for a Franchised Business acquired through a transfer. “Expansion Agreement” means a Franchise Agreement that a franchisee signs for an additional Franchised Business when he or she is already a franchisee under a Franchise Agreement. “NBF

Addendum” means the National Brand Fund Addendum to the Franchise Agreement, which you will sign as part of the Franchise Agreement. See Item 11 of this disclosure document.

ITEM 2. BUSINESS EXPERIENCE

Patrick E. Connolly, Director

Pat Connolly was elected to our Board of Directors in August 2009. Since July 2007, Pat has been Chief Operating Officer and Health Care Market President for Sodexo, Inc. in Gaithersburg, Maryland.

Hugues de Lambilly, Director

Hugues de Lambilly was elected to our Board of Directors in February 2013. Since September 2008, Hugues has been the Chief Financial Officer of the Personal and Home Services Division of One SAS, a wholly-owned subsidiary of Sodexo, S.A., in Issy-les-Moulineaux, France.

Pierre Henry, Director

Pierre Henry was elected to our Board of Directors in August 2009. Since February 2004, Pierre has been the President of Sodexo Pass International, a division of Sodexo, S.A., in Issy-les-Moulineaux, France. Since August 2010, he has also been Chief Executive Officer of Sodexo Europe in Issy-les-Moulineaux, France..

Bruno Vanhaelst, Director

Bruno Vanhaelst was elected to our Board of Directors in August 2009. Since January 2007 Bruno has been the Managing Director of One SAS, a wholly-owned subsidiary of Sodexo, S.A., in Issy-les-Moulineaux, France.

Sarosh Mistry, President and Chief Executive Officer

Sarosh Mistry joined us as President and Chief Executive Officer in December 2012.. From August 2011 through November 2012, Sarosh was Senior Vice President, On-Site Services North America, for Sodexo, Inc. in Gaithersburg, Maryland. From January 2008 to June 2010, he was Chief Executive Officer for Eurest Dining Services, a division of Compass Group U.S., in Rye Brook, New York.

Daniel Hurdle, Chief Operating Officer

Daniel Hurdle joined us as Chief Operating Officer in February 2014. From May 2012 to September 2013, Daniel was Chief Career Schools Officer for Career Education Corporation in Schaumburg, Illinois. From November 2008 to May 2012, he was Senior Vice President, Retail, for Caribou Coffee in Minneapolis, Minnesota.

Mary Bowman, Executive Vice President of Marketing & Communications

Mary Bowman has been our Executive Vice President of Marketing & Communications since February 2011. She joined us in January 2005 as Vice President of Marketing & Communications, with over 20 years of experience in marketing and advertising.

Lisa Ripley, Vice President of Strategic Relations

Lisa Ripley has been our Vice President of Strategic Relations since February 2011. From May 2008 to February 2011, she served as Vice President of Operations.

David Simic, Vice President of Business Development

David Simic has been our Vice President of Business Development since he joined us in May 2008.

Jim Brown, CFE (Certified Franchise Executive) - Vice President of Franchise Development

Jim Brown joined us in June 2006 as Director of Franchise Development and was appointed Vice President of Franchise Development in August 2009.

Robert Johnson – Vice President of Human Resources

Robert Johnson joined CKFI in August 2013 as Vice President of Human Resources. From March 2008 to August 2013, he served as Senior Director of Human Resources for Wellpoint in Atlanta, Georgia.

Tara Riley – Vice President of Field Support

Tara Riley joined CKFI in February 2010 as a Franchise Business Consultant for Multiple Unit Offices and was appointed Vice President of Field Support in September 2011. From April 2009 through January 2011, she acted as a business coach in Austin, Texas. From August 2008 through March 2009, Tara was Vice President of Operations for DBR Franchising, Inc. in Boundbrook, New Jersey.

Thierry Deleger – Vice President of Finance

Thierry Deleger has been our Vice President of Finance since August 2010. From August 2005 to August 2010, Thierry worked as Finance Director for Sodexo Operations, LLC, Pleasant Hill, California.

Kym Clark – Director of Home Care Services and Quality Administration

Kym Clark joined CKFI as Manager of Clinical Care Services for the western U.S. in July 2008 and was appointed Director of Home Care and Quality Administration in June 2012.

Alicia Cowell – Director, Learning and Development

Alicia Cowell joined CKFI in March 2010 as its Director, Learning and Development. From October 2006 through October 2009, Alicia served as Director, Learning and Development for Axxess Financial Corporation in Cincinnati, Ohio.

Kimberly Demaree-Epple – Senior Director, Marketing and Advertising

Kimberly has been our Senior Director, Marketing and Advertising, since July 2013. From April 2009 to July 2013, she was Vice President of Marketing for LCA-Vision in Cincinnati, Ohio. From April 2006 to April 2009, Kimberly was Director of Marketing for Axxess Financial Corporation in Cincinnati, Ohio.

Larry France, CFE (Certified Franchise Executive) - Manager of Franchise Development

Larry France joined us as Manager of Franchise Development in January 2004, bringing with him experience in sales, customer service and relationship building.

Freda Moreland – Manager of Franchise Administration

Freda Moreland joined us in March 2008 as Manager of Franchise Administration.

**ITEM 3.
LITIGATION**

To the best of our knowledge, following due inquiry, except for the actions described below no litigation is required to be disclosed in this Item.

Maria D. Garcia v. Comfort Keepers, CK Franchising, Inc., Employers Depot, Inc., et al., Superior Court for the State of California (Los Angeles County, Western Division), Civil Action Case No. BC486677. This case was filed June 19, 2012 as a class action lawsuit by a former employee of a franchisee, claiming wage and hour laws violations; CKFI was served September 4, 2012. The complaint alleges, among other things, that CKFI violated the California Labor Code and “wage orders” issued by the California Industrial Welfare Commission by instructing the franchisee not to pay overtime compensation to certain caregivers and that the caregivers were exempt from the overtime and minimum wage requirements of such laws. The complaint also alleges that those alleged acts constitute unfair competition by CKFI. The plaintiff seeks, among other things, certification of the class, actual and exemplary damages, statutory penalties, restitution, interest, attorney fees and costs in unspecified amounts. CKFI denies all allegations against it and will defend vigorously against these claims. The matter is in the initial discovery stage.

Compass Group USA, Inc. v. Sarosh Mistry, Superior Court for the State of North Carolina (Mecklenburg County), Case No. 10-cvs-10174, then removed to the United States District Court, Civil Action No. 3:10-cv-00218-RLV-DSC. This case was filed May 7, 2010 by Compass Group USA, Inc. (“Compass”) against Mr. Mistry, then a Compass executive and now CKFI’s President and Chief Executive Officer. The complaint alleged a breach of confidentiality, breach of fiduciary duty, conversion, unfair and deceptive trade practices, tortious interference, and trade secret violations. Compass sought compensatory damages in excess of \$10,000, punitive damages, treble damages, injunctive relief, costs, and attorney fees. The parties signed a settlement agreement dated June 11, 2010, in which (i) Mr. Mistry acknowledged a breach of confidentiality, agreed to return confidential information, and agreed to certain non-compete provisions, and (ii) Compass agreed to retain Mr. Mistry as an employee until December 2010, pay a prorated portion of his bonus (minus \$15,000 to cover attorneys’ fees), and provide certain extended benefits.

**ITEM 4.
BANKRUPTCY**

To the best of our knowledge, following due inquiry, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Deposit

You may enter directly into the Franchise Agreement or you may sign a Franchise Deposit Agreement. Under the Franchise Deposit Agreement, you will pay us a \$5,000 deposit and for 180 days we will reserve certain specified zip codes that will become your territory if you sign a Franchise Agreement within that time period. We will apply the entire deposit under the Franchise Deposit Agreement if you sign a Franchise Agreement within 180 days after you sign the Franchise Deposit Agreement. You must pay the deposit by certified check or wire transfer. We may use as we see fit any deposit you pay to us under the Franchise Deposit Agreement. The deposit is not refundable under any circumstances. During the last fiscal year we charged the initial deposit uniformly as described.

Initial Franchise Fee

When you sign a Franchise Agreement other than in connection with a transfer, you must pay us the initial franchise fee.; we will credit against it the initial deposit, if any, as indicated above. The initial franchise fee is \$45,000. You must pay the initial franchise fee by cashier's check or wire transfer; the fee is not refundable under any circumstances. We offer financing of a portion of the initial franchise fee for franchisees signing a Start-up Agreement and for franchisees signing an Expansion Agreement. See Item 10 of this disclosure document.

We offer three types of discounts on the initial franchise fee, as follows:

1. We currently offer a discount on the initial franchise fee due under Expansion Agreements; to qualify, 51% or more of the voting power must be held by the same individuals and/or entities under each Franchise Agreement. We discount the initial franchise fee by 15% for the second Franchise Agreement, 20% for the third Franchise Agreement, and 25% for the fourth Franchise Agreement and each additional Franchise Agreement under which the franchisee will operate at the same time.
2. We also currently offer a discount of 25% on the initial franchise fee to a current employee of ours or of a franchisee if the employee has worked for a Franchised Business or for us for at least 24 months before he or she submits an application to us to become a franchisee. The employee must own at least 51% of the voting power in the franchise.
3. We participate in the International Franchise Association's VetFran Program. If you qualify under this program and are signing a Start-up Agreement, we will give you a 10% discount on the initial franchise fee.

If you qualify for more than one of the discounts described above, you will receive only the larger of the discounts. We may modify or discontinue any or all of these discount programs at any time and without notice.

If you are signing a Start-up Agreement and there are unassigned zip codes near the protected territory we establish for you and these unassigned zip codes, taken together, are insufficient to form the basis for a territory, we may sell one or more of these zip codes to you when you sign the Franchise Agreement. We have no obligation to do so and we may decline to do so for any reason. We will not split a zip code; all of the zip codes we sell to you must touch each other and at least one must touch your assigned territory. You will pay a fee of \$300 per 1,000 residents in the zip code(s); the discounts

applicable to the initial franchise fee do not apply to this fee. See Item 12 of this disclosure document for a description of a program we may offer from time to time for purchase of additional zip codes by existing franchisees and for transferees of existing franchises.

During the last fiscal year, we uniformly charged the initial franchise fee and applied the discounts described, except as follows: Seven franchise prospects in the purchase process before the initial franchise fee was increased to \$45,000 in March 2013 were allowed to pay the previous initial franchise fee of \$42,000. In addition, in accordance with an announced program no longer in effect, two existing franchisees who signed Expansion Agreements by August 31, 2013, were allowed to pay the previous initial franchise fee of \$42,000 (with applicable discounts).

**ITEM 6
OTHER FEES**

NAME OF FEE ⁽¹⁾	AMOUNT	WHEN DUE	REMARKS
Royalty Fee □	<p>The royalty fee will be calculated as follows:</p> <ul style="list-style-type: none"> • During the first 23 months of operation, the royalty fee is the greater of the minimum royalty fee of \$300 or 5% of Gross Revenue⁽²⁾ • Beginning in the 23rd month following the Start Date, if you do not meet the Minimum Performance Standards⁽³⁾, the 5% royalty fee is calculated on the greater of Gross Revenue or MPS Gross Revenue⁽⁴⁾ 	15 th day of each month through direct electronic debit (“EFT”)	<p>Paid on Gross Revenue or MPS Gross Revenue of the preceding month.⁽⁶⁾ If the Franchise Agreement is a Start-up Agreement, your first royalty fee will be due in the fifth month on Gross Revenue during the fourth month.</p> <p>If we finance the initial franchise fee (see Item 10 of this disclosure document), you must pay royalty fees on your actual Gross Revenue but the requirement that you pay at least the minimum royalty fee of \$300 or a royalty fee calculated on the greater of actual Gross Revenue and MPS Gross Revenue does not take effect until 31 months after the Start Date (with respect to operations during the 30th month).</p> <p>If you are a franchisee signing a renewal franchise agreement for a franchise agreement originally signed before January 1, 2007, you will pay royalty fees calculated on a tiered basis.⁽⁵⁾</p> <p>If you are an independent operator of a business similar to a Franchised Business and choose to become a franchisee, we may permit you to pay a reduced royalty fee (on a tiered basis) for a limited period of time, based on the Gross Revenue of your independent business the year before you signed the Franchise Agreement.</p>

NAME OF FEE⁽¹⁾	AMOUNT	WHEN DUE	REMARKS
National Brand Fund	The lesser of \$600 per month or 2% of monthly Gross Revenue ⁽⁷⁾	28 th day of each month by EFT	Your first contribution will be due the 28 th day of the month in which your first royalty fee is due. See "Advertising Services" in Item 11 of this disclosure document.
Local Advertising	Minimum of \$1,000 per month or 2% of Gross Revenue, whichever is greater ⁽⁸⁾	Vendor terms	Payable monthly. Annually, we may adjust the minimum amount by the amount of the change in the CPI.
Cooperative Advertising Program ⁽⁹⁾	As Cooperative members determine	As Cooperative members determine	Amount paid counts toward local advertising requirement. We designate the cooperative, if any, in which you must participate.
National Brand Fund Collection Costs	The amount of any costs (including attorney fees) we incur in collecting National Brand Fund contributions you have not paid	Upon demand	
Renewal Fee	\$2,000	At time you sign renewal franchise agreement	
Audit Cost	Actual cost of audit plus 18% interest on any underpayment	On demand	Payable only if audit shows an underpayment of at least 3% for any month.
Certification Costs	Our actual costs, but no more than \$750 per person	Before applicable training begins.	We do not charge an initial training fee but you must reimburse us for costs (not to exceed \$750 per person) we pay to third party certification and similar entities for each individual you send to the full initial training program or to the portions of that program that include certification courses. If you are signing a Start-up Agreement, you may send two persons to the initial training program without reimbursing us for the certification costs. Currently, we have one course involving certification, with total certification costs at \$350.

NAME OF FEE⁽¹⁾	AMOUNT	WHEN DUE	REMARKS
Training Fee for Additional Optional Training ⁽¹⁰⁾	As we specify	Before training begins	We may offer additional mandatory or voluntary training. We will not charge a fee for mandatory training. We will charge a fee for optional training only if we incur out-of-pocket costs associated with a speaker or other program; those training fees will be calculated on a per-attendee basis. The training fee is in addition to any meeting fee we may impose.
Transfer Fee ⁽¹¹⁾	Generally, the greater of \$5,000 or 2% of all consideration paid in connection with the transfer, capped at \$25,000 for concurrent related transfers, plus the amount of any broker commission CKFI must pay in connection with the transfer.	Before transfer	Payable only if you transfer an ownership interest more than 10% in your Franchised Business, the Franchise Agreement, or in you.
Additional Zip Code Fee	Currently, \$300 per 1,000 residents in any additional zip code you add to your territory		If there are additional unassigned zip codes contiguous to your assigned territory, we may sell these zip codes to you. See Items 5 and 12 of this disclosure document.
Interest on Late Payments	18% or, if lower, highest rate permitted by law	Upon demand or by EFT on a monthly basis	Interest begins to accrue 30 days after a payment is due. You must also pay the Late Fee.
NSF Charge	Actual service charge we incur	Upon demand or by EFT when service charge is incurred	Payable each time your bank does not honor an electronic debit of fees or other payments you owe us.

NAME OF FEE⁽¹⁾	AMOUNT	WHEN DUE	REMARKS
Technology Support Fee	Annual fee not to exceed \$400 per platform	Before installation of technology platform	We may charge a one-time set up fee (based on our costs of installation) and an annual Technology Support Fee for any proprietary technology platform we implement and support. See Item 11, "Computer Systems." We may change this fee each year by the amount of the change in the CPI. Currently, we have only one such platform, our proprietary Prism™ Data Warehouse Program, a data warehouse and collection platform (the "Prism Data Warehouse"). We charge no fee for participation in the Prism Data Warehouse. ⁽¹²⁾
Indemnification	Amount of damages, costs, expenses, and liabilities we incur	Upon demand	You must reimburse us for any damages, costs, and expenses (including attorney fees) we incur in connection with claims arising from your operations under the Franchise Agreement, your breach of any agreement with us, the acts of or failures of your employees and/or Related Parties, and similar claims.
Insurance-related charges	Cost of premium plus our related expenses	Upon demand	If you fail to obtain required insurance, we may (but need not) obtain it and you must reimburse us for the cost of the premium(s) and our related expenses in obtaining it
Attorney Fees and Legal Costs	All of the damages, costs and expenses (including reasonable attorneys' fees and lost future profits) that CKFI incurs in connection with enforcement of its rights under the Franchise Agreement or defense against claims you bring..	If awarded by arbitrator or court	
Late Fee	\$225	By EFT two days following date payment or report was due	Payable on any royalty that you report or pay more than two days late, and on any other payment that is late. We may change this fee each year by the amount of the change in the CPI.

NAME OF FEE⁽¹⁾	AMOUNT	WHEN DUE	REMARKS
Personal Technology Product Purchases and Service Fees	See Item 8 of this disclosure document	25 th day of each month by EFT	
Meeting Fees ⁽¹³⁾	As we specify.	Upon demand	We charge a fee for the annual national franchisee conference. Otherwise, we will charge a meeting fee only if we incur out-of-pocket costs associated with a speaker or other program; those fees will be calculated on a per-attendee basis. Currently, the fee for the annual national conference is \$125 for first-time attendees and \$250 for one attendee from a Franchised Business. For each additional attendee from a Franchised Business, the current fee is \$125. You must pay travel, lodging, and all other expenses of any attendees from your Franchised Business.

Notes:

1. None of these fees is refundable. All fees are imposed by collected by, and payable to us, except for local advertising fees, which you will spend locally. During our last fiscal year, we imposed these fees uniformly.

2. The Franchise Agreement defines “Gross Revenue” as “the total amount of money received by you and your Related Parties, in a given accounting period, for all Products sold or leased and services rendered in connection with the Marks, and all other income of any kind (including income from the provision of any ancillary services CKFI approves in the Operations Manual or otherwise and the cash equivalent of goods and services received in a barter exchange)) derived directly or indirectly in connection with Your operation of Your Franchised Business, and/or Your operation under the Marks and/or any aspect of the System, including Client and Subscriber deposits and payments for mileage charges but excluding sales taxes, value added taxes, or consumption taxes actually paid to a governmental authority, and refunds actually made to Clients and Subscribers, during that accounting period.” A Subscriber is a Client with which you have an agreement to provide Technology Services. See Item 8 for a description of our Operations Manual.

3. The Minimum Performance Standard (“MPS”) requirement is that you must provide a mean average of at least 350 hours of MPS Services per week each month on a rolling three-month basis, calculated by looking at the current month and the preceding two months. If you have more than one Franchised Business subject to the MPS requirement, the MPS requirement will be calculated as the average of hours of MPS Services for all of your Franchised Businesses taken together. We can increase the MPS Services hour requirements each year by up to 5% upon notice to you. The MPS requirement begins to apply to operations in the 23rd calendar month following the Start Date. MPS Services are homemaker/companionship and personal care services. In calculating the average weekly hours in a given month to determine whether you have met the MPS requirement, CKFI will attribute four weeks to

each of the first two months in a calendar quarter and five weeks to the last month in a calendar quarter. The Start Date is the date by which you must begin operations. See Item 11 under the heading "Length of Time Before Beginning Operations" for a description of how we determine the Start Date.

4. If you are in default under the Franchise Agreement for failure to meet the MPS requirement, you must pay royalty fees calculated on the greater of Gross Revenue or MPS Gross Revenue. The Franchise Agreement defines "MPS Gross Revenue" as "the sum of (i) a gross revenue figure calculated by multiplying the then-current weekly MPS requirement times 4.3 (the average number of weeks in a month) times Your mean average hourly billing rate and (ii) any Client deposits, payments received for mileage charges, and any revenues (including the cash equivalent of any goods and services received in a barter exchange) You received in connection with Your Franchised Business or operations under the Marks other than for MPS Services, but excluding sales taxes, value added taxes, or consumption taxes actually paid to a governmental authority, and refunds actually made to Clients and Subscribers, during that accounting period." Your mean average hourly billing rate is calculated by taking the sum of your Gross Revenue for the current month (that is, the just-completed month on which you will be paying a royalty fee) and your Gross Revenue for the preceding two months and dividing that figure by the total number of hours of MPS Services you provided during that three-month period. See Item 12 of this disclosure document.

5. If you are signing a renewal franchise agreement for a franchise agreement originally signed before January 1, 2007, the royalty fee will be tiered, as follows:

Monthly Gross Revenue	Royalty Fee
\$114,440.99 or less	The greater of (i) the Minimum Royalty Fee or (ii) 5% of the Gross Revenue
\$114,441 to \$228,879	5% of Gross Revenue up to \$114,440.99 and 4% of Gross Revenue over \$114,440.99
More than \$228,879	5% of Gross Revenue up to \$114,440.99, 4% of Gross Revenue between \$114,441 and \$228,879, and 3% of Gross Revenue over \$228,879

As described in Note 4 to this Item 6, beginning in the 23rd month after the Start Date, if you fail to meet the MPS Standard, you must pay a royalty fee as calculated above on the greater of Gross Revenue or MPS Gross Revenue. Annually, CKFI may, but has no obligation to, change the royalty breakpoints above by the amount of the change in the CPI.

This revenue-based royalty structure is not a representation, warranty, or suggestion as to what level of Gross Revenue you may, or are likely to, obtain through operation of your Franchised Business.

6. If you do not timely report Gross Revenue for a given month, CKFI may debit your designated bank account for 120% of the previous royalty fee. When you report Gross Revenue for that month, you must pay any amount still owed or, if there was an overpayment, CKFI will credit the amount of the overpayment against the next royalty fee you owe.

7. Under the NBF Addendum, beginning in 2014, CKFI may increase or decrease the amount of the National Brand Fund contribution annually by the amount of the corresponding change in the Consumer Price Index, All Urban Consumers/U.S. City Average, All Items. In addition, after January 1, 2016, the amount of the National Brand Fund contribution may be increased and/or the methodology for determining the Brand Fund contribution may be changed by the affirmative vote of a majority of franchisees in good standing.

8. Under the NBF Addendum, if the total of the National Brand Fund contribution and the local advertising expenditure ("Total Expenditure") exceeds 2% of Gross Revenue in any month, you may reduce your local advertising expenditure for the following month by the amount the Total Expenditure exceeded 2% of Gross Revenue during the preceding month.

9. Under the NBF Addendum, the provision in the Franchise Agreement that permits us to mandate advertising cooperatives has been suspended. If the National Brand Fund operated under the NBF Addendum is terminated for any reason, the Franchise Agreement provision relating to cooperative advertising will be reinstated. We currently do not mandate any advertising cooperatives. We do not have any company-owned Units; the businesses we manage for SDX are Franchised Businesses operated pursuant to Franchise Agreements. To the extent that any company-owned Units were to be established within the area in which an advertising cooperative operates, the company-owned Unit would contribute to the advertising cooperative on the same basis as a Franchised Business.

10. Although our costs to provide initial training exceed \$3,000, we do not charge a fee for initial training, regardless of the number of owners or managers you send from your Franchised Business, because we believe it is extremely important for you and your managers to receive initial training. We do not charge a fee for additional training we require; we may charge a reasonable fee for additional optional training. (See "Training Fee for Additional Optional Training" below in this table) For all training, you are responsible for the incidental expenses incurred by any individual you send to training, including travel, food and lodging during training.

11. The transfer fee is the sum of a "transfer fee amount" and the amount, if any, CKFI must pay to a broker in connection with the transfer. Except as stated below, there is no transfer fee amount for the transfer of an ownership interest in you or in the Franchised Business aggregating 10% or less or for a transfer among existing holders of ownership interests in you, none of whom is exiting the franchise, or a transfer of less than a majority of ownership interests to your immediate family and the transfer takes place at the time of renewal of the franchise agreement. The transfer fee amount is \$500 per transfer if you are otherwise transferring to your immediate family or if the transfer involves only the transfer of ownership interests to existing owner(s) by one or more owners who are exiting the franchise. The transfer fee amount for each other transfer (regardless of whether the transfers are related) that, aggregated with contemporaneous or prior transfers, results in a change of 10% or more in the beneficial ownership in you or in the Franchised Business is the greater of \$5,000 or 2% of all consideration of any kind payable to you and/or any of your relatives, affiliates, and/or Related Parties in connection with the transfer (but no more than a cap (the "Cap") of \$25,000). For any simultaneous or concurrent transfer of all or the majority ownership interest in you and/or in the Franchise Agreement and in one or more other Comfort Keepers® franchisees, Franchised Businesses, and/or Franchise Agreements, the sum of the transfer fee amounts due will not exceed the Cap; the portion of the transfer fee payable to a broker is not included in calculating, or subject to, the Cap. Upon notice to you, we may adjust the Cap each year by the amount of the change in the CPI.

12. Owners of more than one Franchised Business will pay an annual technology support fee per platform for each Franchised Business for which there is a separate accounting installation.

13. In addition to meetings you will attend in person, we may offer meetings online, via teleconference, videoconference, or such other means as we deem advisable. You or your Designated Manager (a person who fulfills the function of general manager for a Franchised Business) must attend two of the following meetings each year: national, state, regional, and local meetings, meetings of Performance Management Groups or successor groups designated by CKFI (provided you are a member of that group), and local or regional advertising co-op meetings.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Combined Deposit Fee and Initial Franchise Fee ⁽²⁾	\$45,000 - \$45,000	Lump sums	Deposit fee paid if you sign a deposit agreement; balance or all of initial franchise fee paid on signing Franchise Agreement	Us
Professional Fees ⁽³⁾	\$600 - \$5,000	As incurred	Before beginning operation	Attorney or other advisor
Business Premises ⁽⁴⁾	\$0 - \$4,000	As incurred	Before beginning operation	Landlord
Furniture and Equipment ⁽⁵⁾	\$1,649 - \$2,900	As incurred	Before beginning operation	Suppliers
Insurance ⁽⁶⁾	\$2,190 - \$5,700	As arranged	Before beginning operation	Insurance Company
Expenses Related to Initial Training ⁽⁷⁾	\$2,750 - \$4,200	As incurred	Before beginning operation	Suppliers
Organizational Expenses/Supplies/ Printing ⁽⁸⁾	\$610 - \$1,070	As incurred	Before beginning operation	Suppliers
Telephone and other utility deposits	\$250 - \$250	As incurred	Before beginning operation	Suppliers
Advertising, Marketing and Promotion ⁽⁹⁾	\$1,000 - \$2,000	As incurred	As arranged	Us, Media, Others
Licensure ⁽¹⁰⁾	\$0 - \$2,200	Lump sum	Upon submission of licensure application	State licensing agencies
Caregiver Training ⁽¹¹⁾	\$1,200 - \$2,400	As incurred	On your payroll payment dates	Caregivers
Background Screening	\$310 - \$480	\$39 or more per check	As incurred	Screening Company
Additional Funds ⁽¹²⁾ - 3 months	\$21,990 - \$34,760	As incurred	As incurred	Various
TOTAL	\$77,550 - 109,960			

Notes:

1. This Item shows our estimate of expenses for a franchisee to open its first Franchised Business under a Start-up Agreement and, for the "Additional Funds" category, for an initial period of three months. If you are signing an Expansion Agreement, your expenses should be comparable, except as specified in the Notes to this Item 7. None of the expenses are refundable except for insurance premiums, which may be partially refundable if you cancel a policy, and utility and lease deposits. We based our estimates of the amounts shown on our experience in helping franchisees establish and operate Franchised Businesses across the United States. Costs may be higher in some areas of the United States than in others, and you should review all of the estimated costs in light of costs in your area.

2. You will pay a deposit only if you sign a deposit agreement; any deposit you pay is fully applicable to the initial franchise fee if you sign the Franchise Agreement within the required time period. The deposit, if any, is \$5,000. See Item 5 of this disclosure document. The initial franchise fee without any discount or other exceptions described in Item 5 is \$45,000. Among the benefits all franchisees receive for the initial franchise fee are 2 seats in training. In addition, we provide a number of additional benefits to franchisees signing a Start-up Agreement; see “Pre-Opening Services” in Item 11 of this disclosure document. We offer financing of a portion of the initial franchise fee to qualifying franchisees who are signing an Expansion Agreement or a Start-up Agreement. For a Start-up Agreement, you must pay 25% of the initial franchise fee due when you sign the Franchise Agreement; for an Expansion Agreement, you must pay \$5,000 upon signing the Expansion Agreement. In each case, the balance (which will vary depending on the amount of the initial franchise fee, including the amount of any discount to which you are entitled, as indicated in Item 5) will be financed over 30 months at 6% simple interest per year. See Item 10 of this disclosure document.

3. We recommend that you consult a franchise attorney to review the Franchise Agreement before you sign it. In addition, you should consult a competent attorney about state health and licensing regulations and other laws that may apply to your Franchised Business. You may also wish to consult other advisors, such as an accountant or a business advisor. The lower figure assumes that you have a friend or relative who provides these services to you on a discounted basis. We do not require that you use a consultant to assist in the licensure procedure (if any) to provide homemaker/companionship and personal care services and most franchisees have not found the need to do so.

4. The low figure assumes that you begin operating with your Office in your home. We discourage this practice because it detracts from the professionalism of your Franchised Business; however, we do not forbid it. Nonetheless, after the initial 6 months of operation, your Office must be in commercial or retail space. Your Office must be in your territory, even if it is in your home. The high figure assumes that you rent Office premises of 500 square feet before you begin operations and represents 3 months’ rent and a security deposit equal to 1 month’s rent. Initially, rented premises typically range in size from 500 square feet to 750 square feet. If you are signing an Expansion Agreement, you may not need an Office; see Item 12 of this disclosure document.

5. This category includes items such as office furniture and equipment and a computer system and required software. The low figure assumes that you begin operating with your Office in your home and have adequate office furniture to begin operations. The higher figure includes additional office equipment and a laptop in addition to a personal computer.

6. You must purchase and maintain insurance coverage as specified in the Operations Manual. See Item 8 of this disclosure document for a discussion of our current insurance requirements. The figures shown are based on a program of insurance offered by an approved vendor and represent an estimate, based on a typical number of employees, of the initial deposit and the first 3 months’ premium for liability, non-owned auto insurance, property, surety/employee bonding, and workers compensation insurance (using a typical rate), and the full annual premium required for employment practices liability insurance. Workers compensation insurance rates vary widely by state and the cost of your workers compensation coverage may be significantly higher.

7. The fee for initial training is included in the initial franchise fee you pay. However, you are responsible for all of the expenses incurred by the people attending training, including meals, lodging, and transportation. The low figure assumes that one person will attend the corporate-based initial training session at our offices and the hands-on training session; the high figure assumes that 2 people will attend the corporate-based initial training session at our offices but only one will attend the hands-on training session. Neither figure includes any amount for wages that you may have to pay an employee who

attends training. If you are signing an Expansion Agreement or if you acquire the Franchised Business through transfer, you must reimburse CKFI for any costs (not to exceed \$750 per person) that CKFI pays to third party certification or similar entities for each individual who takes initial training. If you are signing a Start-up Agreement, you do not need to reimburse CKFI for the certification costs for the first two individuals who take initial training. Currently, the cost of certification is \$350. The table relates to costs under a Start-up Agreement and does not reflect certification costs. See Item 11 of this disclosure document for more information about initial training.

8. The low figure in this category assumes that you will operate your Franchised Business as a sole proprietorship; the high figure assumes that you will form a business entity using an online service such as Legal Zoom and includes those additional costs. If you choose to use an attorney to form your business entity, your costs will likely be higher. Both figures in this category include the cost for an initial supply of business cards, stationery, and business forms from our approved supplier.

9. This category reflects web optimization for your page on the www.comfortkeepers.com website, miscellaneous advertising (including advertising to recruit employees), Yellow Pages advertising, and the cost of a "starter kit" of marketing materials and brochures. You can also use the starter kit items as part of a grand opening advertising campaign. Typically the campaign (which is optional, but recommended) occurs 2 to 3 months after you begin operations; the expenses you will likely incur for this campaign (even if you are signing an Expansion Agreement or are acquiring a Franchised Business through transfer) are included in the "Additional Funds" category. The high figure in this category represents the additional costs you may choose to incur for additional marketing and advertising, networking, and public relations efforts to help build your business more quickly. If you are signing an Expansion Agreement, you may need fewer of these advertising brochures if you already have a supply from your other Franchised Business.

10. Approximately 25 states, as of October 8, 2013, required licensure or registration for personal care services; 15 of those also require licensure and/or registration for homemaker/companionship services. Most states do not require payment of a licensure fee; of those that do, the current highest cost is \$2,200 for a start-up operation. Your costs may be higher if you are acquiring your Franchised Business through transfer, because some states base the licensure fee on the number of caregivers employed. You should investigate licensure requirements for the state in which you will operate and the licensure fees, if any, that may be required. See also Note (12).

11. You must provide Orientation and OnBoarding Training to your caregivers. See Item 8 of this disclosure document. The figures in this category represents the cost of the wages and related payroll taxes for caregivers while they are trained before you begin operations. Your actual costs will depend on the hourly rate you pay your caregivers and the number of caregivers you have.

12. This category estimates additional cash requirements you may have during an initial period of three months for various items and expenses for the operations of your Franchised Business, including the following: wages and payroll taxes for caregivers during the initial caregiver training sessions and for a second full-time employee (required for you to open); implementation of the grand opening advertising campaign for your Franchised Business; your National Brand Fund contributions; licensure and/or accreditation fees, if required, and other expenses. We did not make any allowance for caregiver wages paid when they provide services; these should be fully funded because you will collect payment for these wages from Clients before providing services. The low figure includes an estimated salary and related payroll taxes for 1 full-time employee but does not include any salary or other draw for you; the high figure includes estimated salaries and related payroll taxes for 2 full-time employees, one of whom may be you. The amounts shown are only estimates, and it is possible that you will need additional working capital during the initial period and for a longer time after that. This 3-month period

is not intended, and should not be interpreted, to identify a point at which your Franchised Business will break even. The amount of additional funds you may need will depend on various factors, including the number of employees you choose to hire, the prevailing wage rate, and the salary and other benefits you choose to pay; your debt and expense structure; your management skill, experience and business acumen and the extent to which you participate actively in operations of the Franchised Business; the extent to which you follow our suggested methods and procedures; local economic conditions, including competition and the local market for your services; your state's licensing or accreditation requirements, if any, and the length of time it takes to get the appropriate license(s); and the revenue you achieve during this initial period. You should review all of these numbers carefully. We recommend that you consult a business advisor or accountant.

In addition, most states that require licensure for personal care services also require that an R.N. or other professional be available to do client assessments and provide training and supervision to caregivers. You may hire an R.N. on an hourly basis to perform these services. You must begin to provide personal care services within 90 days of the Start Date. We have included in the high figure for the Additional Funds category approximately \$625, representing 15 hours of R.N. time (at the current approximate national average of \$33.00 plus payroll taxes) for caregiver training before you begin providing personal care services, but you should investigate the licensure issues in your state and, if necessary, budget funds to cover any additional costs during the initial 3-month period and in later months of operation.

The estimated additional funds are in addition to cash flow from operations. The figures do not include an allowance for payments of royalty fees because this will depend on the gross revenue you achieve. You should allow for these fees and expenses when you make your own calculations of the additional funds you will need as working capital.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to the standards (requirements) established in the Operations Manual or otherwise in writing ("Standards"). The Standards may regulate, among other things, products and supplies you must use in operating your Franchised Business, designated and approved suppliers of goods and services, and other items.

Specifications and Approved and Designated Suppliers

We may condition your right to buy or lease goods or services on their meeting our minimum specifications or being purchased from suppliers that we approve. We will make our specifications (which are part of the Standards) known to you in the Operations Manual or otherwise in writing. We may change the Standards and specifications applicable to operation of the Franchised Business by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes. If we provide specifications for items or services for use by Franchised Businesses, you must purchase only items and services that meet those specifications.

We will not issue specifications directly to suppliers who are not our approved vendors. If you would like to use in your Franchised Business any product (regardless of whether it bears any of the Marks) or services that you will purchase from a supplier we have not previously approved or designated, you must obtain our prior written consent and, upon our request, give us the supplier's contact information. Within 30 days we will notify you, and, as we deem appropriate, the supplier of our approval or our reasons for withholding approval. As a condition of permitting a supplier to produce any

item that bears the Marks, we may require the vendor to sign a license agreement obligating the vendor to meet quality standards and respect our trademark rights. We have no obligation to approve any request for a new supplier, product, or service.

In addition, we may establish strategic alliances or preferred vendor programs with suppliers for some or all of the products and/or services that we require, or recommend for use by, or in connection with operations of, Franchised Businesses. If we establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, designate sole sources that you must use for some or all products and services, and/or refuse any of your requests for vendor approval if we believe that this action is in the best interests of the Network or System. We make no representation or warranty that these alliances or programs will provide any specific Franchised Business with the lowest cost items or services available to that Franchised Business or that any individual Franchised Business will benefit proportionately from any such alliance or arrangement. We and/or our affiliates may be approved or designated (sole) suppliers of goods and services.

We have the unlimited right to approve or disapprove suppliers that may be permitted to sell products or services to you and we may at any time withdraw our designation or approval of a supplier. If we revoke approval of a supplier, we will provide written notice to you and to the supplier.

Required Purchases and Leases from Designated or Approved Suppliers

We are the designated supplier of Personal Technology Services and Equipment, which are offered under the SafetyChoice® brand. We may designate any third party to provide SafetyChoice® equipment and/or services to you. You must purchase “Client Care Agreement,” “Plan of Care,” and “Client Assessment” forms from our designated vendor, which produces them to our specifications, including required language.

Currently, as a condition of CKFI’s approving you to provide PDN Services, the following also applies:

- a. You must use our recommended provider of learning management systems in training your employees and consultants involved in providing PDN Services.
- b. Within 12 months after we approve you to provide PDN Services, you must begin using, and thereafter continue to use, the scheduling and Client file program that CKFI designates in the Manual or otherwise in writing, and you must participate in CKFI’s data collection and aggregation program for purposes of reporting information about the PDN Services you provide.

Currently, there are no other mandatory purchases from designated or approved suppliers.

Other Purchases from Approved or Designated Suppliers or According to Specifications

Advertising. We will provide you lists of approved items and approved or designated vendors of advertising materials. We also have developed and will maintain standards and specifications for advertising materials and for your use of the Marks in your advertising materials. You must obtain our prior written consent to your use of all advertising materials you produce; the copyright to those materials will belong to us. You must spend the greater of \$1,000 per month or 2% of Gross Revenue on local advertising and brand enhancement activities that we approve in the Operations Manual or otherwise. Currently, if you choose to have interior pages advertising your Franchised Business on our website, the pages must meet our specifications for form, content, and programming quality; we may, in the future,

require you to use a designated or approved vendor to design your interior pages. See "Advertising Services" in Item 11 of this disclosure document.

Insurance. Before beginning operations, you must purchase and then maintain a policy or policies of insurance we require, as specified in the Franchise Agreement. Currently, you must obtain the following coverages: (1) comprehensive general liability insurance, including product liability coverage and business interruption coverage, covering all of the Franchised Business's assets, personnel, and activities, including coverage for use of non-owned automobiles, on an occurrence basis with a combined single limit for bodily injury, death or property damage of at least \$1,000,000; (2) employment practices liability insurance with policy limits of at least \$500,000, with defense coverage provided for CKFI as the franchisor; (3) casualty insurance in a minimum amount equal to the replacement value of your interest in your Office premises, including furniture, fixtures and equipment; (4) a \$25,000 surety bond or equivalent employee theft insurance, covering all employees; (5) worker's compensation insurance, with Part Two (employer's liability) policy limits at no less than state minimum , and (6) any types of insurance required by applicable state law. If you qualify for and choose to provide PDN Services, before doing so you must purchase and then maintain professional liability insurance that covers the provision of PDN Services, with coverage of at least \$1,000,000 per occurrence and \$3,000,000 aggregate, as set forth in the Manual.

We may increase the amounts of coverage required under those insurance policies and require different or additional kinds of insurance at any time, to reflect inflation, additional types of risks identified, or other changes in circumstance, by including the new requirements in the Operations Manual. Each insurance policy (except for workers' compensation insurance) must designate "CK Franchising, Inc." as an additional insured. You must obtain insurance from an "A" or better rated insurance company registered in the jurisdiction where your Franchised Business will operate. Each required insurance policy must contain a provision that the policy cannot be canceled without at least 10 days written notice to us. You must deliver to us a certificate from the issuing insurance company evidencing each policy within 10 days after the policy is issued or renewed.

If you fail to provide the required insurance certificates following our written notice to you, we may, but have no obligation to, obtain insurance policies sufficient to meet the minimum requirements set forth in the Operations Manual. You must promptly reimburse us for the cost of the insurance premiums and any administrative costs or expenses related to our obtaining the insurance.

The insurance we require is for our own protection. You should consult with your own insurance agents, brokers, and attorneys to determine what types of coverages and what level of insurance protection you may need or desire, in addition to the coverages and minimum limits we specify.

Computer System. You must purchase computer and technology hardware and software (including web-based programs and software technology platforms, including the hardware necessary for their proper functioning), including peripherals and communications facilities, in accordance with our specifications and/or from approved or designated suppliers (including us and/or our affiliates), as provided in the Operations Manual or otherwise in writing. See "Computer Systems" in Item 11 of this disclosure document. We formulate and modify our specifications and requirements for computer hardware by reference to what is necessary to run the required software. We select software for, among other things, uniformity, usefulness of applications to the home care field, reliability, and cost effectiveness.

We are the designated provider of the Prism Data Warehouse; participation in the Prism Data Warehouse is currently optional. In order to participate in the Prism Data Warehouse, you must also use a designated provider of scheduling and client file software.. See Item 11 of this disclosure document.

Employee Background Checks. You must have employee background checks run on each job applicant before hiring him or her. The employee background checks must meet our specifications.

Orientation and Onboarding Training. You must provide Orientation and Onboarding Training to all of your caregivers, either through our designated provider of learning management systems or through training that meets our specifications, which you provide directly to your caregivers.

Collectively, the goods and services described above in this Item 8 are about 35% to 45% of your total purchases and leases in establishing your Franchised Business and about 35% to 40% of your total purchases and leases, on a monthly basis, in operating the Franchised Business.

Purchases from Us

As stated above, we are currently the designated supplier of SafetyChoice® equipment and services, and we are the designated supplier of Prism™ Data Warehouse services (from which we derived no revenue during the last fiscal year). Otherwise, neither we nor any affiliate sells any products or services to you or is an approved or designated supplier of any products or services. We and our affiliates may, in the future, sell products and services to you and may be approved or sole suppliers of those goods and services. Any such purchases, whether required or voluntary, generally will be at prices exceeding our or our affiliates' costs. If we incur direct, out-of-pocket costs in connection with the development of advertising materials, software, or other items or services that are sold to you by a vendor, that vendor will reimburse us for those costs. During our last fiscal year, we received reimbursements of \$12,313 and revenues of \$998,824, for a total of \$1,011,137, which constituted approximately 4.8% of our total revenues of \$21,007,289. Otherwise, during our last fiscal year neither we nor any affiliate derived income or other financial benefit from any source because of our franchisees' purchases of goods and services. None of our officers owns an interest in any designated or approved supplier.

General

We may collect and retain certain marketing allowances, credits, moneys, payments, and benefits (collectively, "Allowances") offered by suppliers to us based on your purchases of products and other goods and services. "Allowances" does not include payments for services rendered, license fees, reimbursement of out-of-pocket costs and the like. If we receive any Allowances, we must either, at our option, apply the Allowances to reducing the costs and goods and services to all franchisees as a group or contribute the Allowances to the National Brand Fund. This requirement does not apply to the items in the following paragraph.

Approved and designated suppliers to the Network may sponsor meals and other events at the annual franchise convention and other meetings. In addition, facilities where meetings of franchisees are held may provide complimentary rooms, upgraded rooms, and similar perquisites for our staff at the meetings.

We may negotiate purchase arrangements (including price terms) with vendors for the benefit of the Network. For example, we have negotiated agreements under which you may receive discounts on services like insurance and background checks. If you do not use approved or designated suppliers as the Franchise Agreement requires, we may deny you material benefits, such as renewal or granting additional franchises. We currently do not have purchasing or distribution cooperatives.

**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 parts of this disclosure document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	7.2.3	7, 11, 12
b. Pre-opening purchases/leases	7.2.8, 7.6	5, 7, 8, 11
c. Site development and other pre-opening requirements	N/A	N/A
d. Initial and ongoing training	5.1, 7.2.1, 7.4.1	7, 11
e. Opening	7.2.2	11
f. Fees	5.10, 6, 7.2.1, 7.2.8, 7.6, 8.1-8.4, 10.4; Franchise Deposit Agreement § 1; NBF Addendum §§ 4.7, 4.10.3, and 5.2; Attachment 12 § 2; Attachment 15 § 3	5, 6
g. Compliance with standards and policies/Operating Manual	4.2.1, 4.2.3, 4.2.4, 4.4.2, 5.5, 7.2, 7.4.2, 7.5, 7.6, 8.4-8.8	8, 11, 16
h. Trademarks and proprietary information	7.1, 7.9, 8.5, 8.7, 8.8, 9.1-9.4, 11.3; Attachments 3 and 6	11, 13, 14
i. Restrictions on products/services offered	7.2.5, Attachment 8	16
j. Warranty and customer service requirements	4.2, 7.2.7	7, 12
k. Territorial development and sales quotas	7.3	12
l. Ongoing product/service purchases	7.2.6, 7.2.8; Attachment 11 § 4	8
m. Maintenance, appearance, and remodeling requirements	7.2.3	12
n. Insurance	7.6	7, 8
o. Advertising	8; NBF Addendum; Attachment 11 § 4	6, 7, 8, 11
p. Indemnification	7.8, 9.5, 12.12; Deposit Agreement § 5(h); Attachment 3; Attachments 4 and 6; Attachment 12 § 5.E	11, 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/management/staffing	7.4	15
r. Records/reports	6.2, 7.1.3, 7.1.4, 7.2.8, 7.5, 7.7	11
s. Inspections/audits	6.4, 7.2.7-7.2.9	6
t. Transfer	10; Attachment 11 § 7	6, 17
u. Renewal	4.4.2	6, 17
v. Post-termination obligations	11.3; Attachment 3; NBF Addendum §§ 4.10.3 and 4.10.4	17
w. Non-competition covenants	7.11, Attachments 4 and 6	17
x. Dispute resolution	8.1, 12.7 - 12.12, 12.14; Franchise Deposit Agreement § 4; Attachment 6; NBF Addendum § 5.2; Attachment 12 § 5.G	17

ITEM 10 FINANCING

We offer financing of a portion of the initial franchise fee to qualifying franchisees who are signing a Start-up Agreement or an Expansion Agreement. We require payment of 25% of the initial franchise fee at the time of execution of the Start-up Agreement and payment of \$5,000 of the initial franchise fee at the time of execution of an Expansion Agreement; we will finance the remainder of the initial franchise fee at 6% simple interest per year, payable over 30 months. The initial franchise fee due, and therefore your principal balance and your loan repayments, will depend on the amount of the initial franchise fee due, based on whether you qualify for any discounts or how many Expansion Agreements you have signed before. See Item 5 of this disclosure document. If you qualify for and take advantage of this financing, you will sign a promissory note (the "Note") in the form of Exhibit F to this disclosure document when you sign the Franchise Agreement.

We do not require a security interest in any of your or your Related Parties' assets, but the Guaranty we require of your Related Parties will apply to your obligations under the Note. You may prepay the Note in any amount, at any time, without penalty. (Note § 2) You must make all payments under the Note by electronic funds transfer ("EFT") from your designated bank account; you must pay any related EFT transfer fee. (Note § 4) We will apply any payment first to EFT transfer, service, late, and other fees due; next to accrued interest, and last to principal. (Note § 2) You must pay a late charge of \$100 for any late payment (Note §3); in addition, you must pay any service fee or other fee your bank imposes if your bank does not honor an EFT for any reason. (Note § 4) We may accelerate the full principal amount of the Note, together with unpaid interest, if any of the following Events of Default occurs (Note §§ 5 and 6):

- a. A default in payment under the Note.
- b. A default in payment under the Franchise Agreement.
- c. A default in payment of trade amounts due us.
- d. Our giving notice of default under any Franchise Agreement between you and/or your Related Parties and us.
- e. Your and/or any owner's sale, transfer, or other assignment, voluntary or involuntary, of its interests in the Franchised Business, in you, and/or in or under the Franchise Agreement.
- f. Termination, whether voluntary or involuntary, of the Franchise Agreement.
- g. Your ceasing to operate the Franchised Business.

In addition, because default under any other agreement between you and us is a default under the Franchise Agreement, we may terminate the Franchise Agreement for your default under the Note. (Franchise Agreement § 11.1.2(h)) You must pay our costs of suit and reasonable attorney fees in collecting the amount due under the Note. (Note § 6)

Under the Note, you waive demand, presentment, notice of nonpayment or dishonor, notice of protest and any and all delays or lack of diligence by us in the enforcement of the Note. You also consent to any extension or postponement of the time of payment and waive any and all notice of any extension or postponement. (Note § 7)

We have no intent to sell, assign, or discount to a third party all or any part of the financing described above. Other than the financing described above, we do not offer direct or indirect financing. We will not guarantee your note, lease or obligation. We are on the Small Business Administration's registry of approved franchises and are an approved franchise eligible for financing obtained through the Small Business Administration.

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 Services

We will provide the following services to you before you begin operating your Franchised Business:

- a. We will provide initial training to two persons that you designate, as described under the heading "Initial Training" following in this Item 11. (Franchise Agreement § 5.1.1)
- b. We will give you access to the Operations Manual. (Franchise Agreement § 5.5). Our Operations Manual contains both Standards and guidelines for the operation of your Franchised Business and addresses almost all aspects of your Franchised Business, including operational procedures, use of the

Marks, advertising, sourcing guidelines and restrictions, goods and services you may or must offer, and other items. We may provide the Operations Manual in any format, including via CD-ROM, video and audio tapes, electronic communications (for example, via the Internet or an intranet we may maintain for our franchisees) and other written and electronic communications. Currently, we provide access to the Operations Manual via the intranet for our franchisees. We have included the Table of Contents to the Operations Manual as Exhibit H to this disclosure document.

c. If the Franchise Agreement is a Start-up Agreement, we will also pay the following program-related expenses if, you begin using the program within 6 months of the Start Date (Franchise Agreement § 5.8):

i. We will pay for the start-up fee and a 1-year subscription to a scheduling program we choose and for initial training on that program, if you execute the license agreement for the program as the licensor requires.

ii. We will pay for the start-up fee and a 1-year subscription to a telephonic time clock program, if you execute the license agreement for the program as the licensor requires and pay the "per call" fee.

iii. We will pay for the start-up fee and the first year's fees related to the online learning system of a specific approved vendor. If you choose to use this vendor, the vendor will require you to sign a 3-year or 5-year contract. .

iv. At your option, we will pay for either a 1-year membership in the Home Care Association of American (formerly called the National Private Duty Association) or a one-year membership with a specific Human Resources compliance vendor. The membership you choose will begin about the time of the Start Date, if you complete the enrollment forms to enable us to start the membership.

Training

Initial Training

Our initial training program consists of three segments: the first segment, which you will complete, primarily online, as a pre-requisite to the second segment. The second segment consists of training at our corporate headquarters ("corporate-based initial training"). The third segment is hands-on training at a Franchised Business we manage for our affiliate or at another Franchised Business (a "Training Location").

a. First Segment of Initial Training

Before you attend the corporate-based initial training, you will complete approximately 60 hours of study and training activities, as follows:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Opening Process	.5 – Coaching ⁽¹⁾	0	Online/Your Home
Licensure	.5 – Coaching	0	Online/Your Home

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Vendor Webinar	1.5 – Instructor Led ⁽²⁾	0	Online/Your Home
Orientation/Members Website and Expectations	2 – Instructor Led	0	Online/Your Home
Assessment	1 – Activity ⁽³⁾	0	Online/Your Home
Silverchair	1 – Instructor Led	0	Online/Your Home
CK Website Overview	1 – Instructor Led	0	Online/Your Home
Business Model Flow	1.5 – Instructor Led	0	Online/Your Home
Business Plan Intro	1 – Instructor Led	0	Online/Your Home
IT Infrastructure	.5 – Webinar ⁽⁴⁾	0	Online/Your Home
Start Business Plan	2 – Activity	0	Online/Your Home
Competitive Analysis	1.5 – Activity	0	Online/Your Home
Sales Process 101	1 – eLearning ⁽⁵⁾	0	Online/Your Home
Marketing & Branding 101	1 – eLearning	0	Online/Your Home
Research & Referral Source	1 – Activity	0	Online/Your Home
Sales Plan	1 – Activity	0	Online/Your Home
Marketing Plan	1 – Activity	0	Online/Your Home
Phone Skills 101	1 – eLearning	0	Online/Your Home
SafetyChoice®	1 – Webinar	0	Online/Your Home
HR 101	1 – eLearning	0	Online/Your Home
Orientation & OnBoarding	1 – eLearning	0	Online/Your Home
Recruitment Plan Activity	1 – Activity	0	Online/Your Home
CK Services	.5 – eLearning	0	Online/Your Home
Hiring Legally	.5 – eLearning	0	Online/Your Home
Harassment	.5 – eLearning	0	Online/Your Home
HIPAA/Background Process	1 – eLearning	0	Online/Your Home
Client Care 101	1 – eLearning	0	Online/Your Home
Interactive Caregiving®	1 – eLearning	0	Online/Your Home
Scheduling	1 – eLearning	0	Online/Your Home
Quality Assurance (Part 1)	1 – Webinar	0	Online/Your Home
Quality Assurance (Part 2)	1 – Webinar	0	Online/Your Home
Finance 101	1 – eLearning	0	Online/Your Home
Final Business Plan	4 - Coaching	0	Online/Your Home
Finalize Budget	1 – Coaching	0	Online/Your Home
Accounting Software (QB)	1 – Coaching	0	Online/Your Home
Invoicing & Payroll	1 – eLearning	0	Online/Your Home
Profit Mastery University	11 – Activity	0	Online/Your Home
Price & Wage Strategy	1 – Activity	0	Online/Your Home
KPI Targets	.5 – Coaching	0	Online/Your Home
Dashboard	.5 – Coaching	0	Online/Your Home
Growth Model	.5 – Coaching	0	Online/Your Home

- (1) Coaching sessions will be led over the phone by a Business Coach, who will be assigned to you when you begin this segment of training and will work with you until after you begin operations.

- (2) An “instructor-led” course is group instruction via telephone call.
- (3) An “activity” is work you need to prepare and share with the Business Coach before you attend corporate-based initial training.
- (4) A “webinar” is instructor-led, live or recorded training with a link to an interactive presentation.
- (5) “eLearning” is an online training course.

We will not admit you to corporate-based initial training unless you have completed this first segment of initial training and passed the tests. Any individual from your Franchised Business who will attend the full initial training program must also complete this segment of training. As part of this segment, you prepare a written business plan; you will bring the business plan to corporate-based training and present it there.

b. Training at our Corporate Headquarters

The corporate-based initial training segment lasts 5 days and consists of practical application, in a classroom environment, of the information learned in the first segment. We also provide role-playing opportunities, based on case studies, in the areas of Human Resources, Client Administration, and Sales. As of the date of this disclosure document, we provide the following instruction in our corporate-based initial training:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
<u>Human Resources/Training</u> Practice on topics such as Regulatory Issues, Recruitment, Hiring, Unemployment, Workers’ Compensation, Taking Care of Your <i>Comfort Keepers</i> , Discipline & Coaching, and Targeted Selection - Behavioral Interviewing. We also spend time practicing training sections of the Orientation and On-Boarding Training.	9.5	0	Dayton, Ohio
<u>Client Care Services/Quality Assurance</u> Practice on topics such as the Client Agreement, In-Home Visit, Personal Care Competencies, and Interactive Caregiving®.	8	0	Dayton, Ohio

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
<u>Financial</u> Case Study work on Cost-Based Pricing, Budgeting, Invoicing, Royalty Reporting, the Growth Model, and the Dashboard.	4	0	Dayton, Ohio
<u>Marketing</u> Practice on topics such as Branding, Marketing, and PR.	8	0	Dayton, Ohio
<u>Sales</u> Practice sales scenarios for key referral sources, incoming phone calls with potential Clients.	9	0	Dayton, Ohio

We conduct corporate-based initial training approximately 9 times per year. Alicia Cowell, our Director of Learning and Development since March 2010, has overall responsibility for training. Alicia has over 20 years of experience in the training and corporate education fields. As of the date of this disclosure document, Alicia Cowell and the individuals listed below were our trainers and had subject-matter work experience and work experience with us as described:

Terry Carity: Terry joined CKFI in December 2011 as Marketing Project and Traffic Manager. He has over 35 years of graphic design and commercial art experience.

Kym Clark: Kym joined us as Manager of Clinical Care Services for the western U.S. in July 2008 and was appointed Director of Home Care and Quality Administration in June 2012. She is an R.N. and a Certified Legal Nurse Consultant and has over 30 years of experience in direct care nursing, clinical care administration, and program planning and development.

Judi Collins: Judi joined CKFI in March 2013 as Manager of Home Care Services for the West. Judi has been an R.N. for 17 years, working in long term care and as a Certified Emergency Trauma Nurse.

Thierry Deleger: Thierry became our Vice President of Finance in August 2010. Thierry has over 15 years of experience in financial operations with Sodexo companies, and French university degrees equivalent to a B.S. in accounting and an MBA.

Kimberly Demaree-Epple: Kimberly joined us in July 2013 as Senior Director of Marketing and Advertising. Kimberly has over 15 years of experience in marketing and advertising across multiple industries, including health care, financial services, and consumer packaged goods.

Dan Dobbs: Dan joined us as Information System Director in September 2010. Dan has over 20 years of experience in the information technology field.

Debbie Hudson: Debbie joined us as Manager of Clinical Care Services for the eastern U.S. in August 2008. She is an R.N. and has over 25 years of experience in direct care nursing, program planning and development, and clinical care administration.

Robert Johnson: Robert joined CKFI in August 2013 as the Vice President of Human Resources. Robert has 15 years of Human Resources experience across a wide range of industries, including health care, management services, food and beverage, and financial services.

Ellen Lyons: Ellen joined us as Resources Generalist for us in June 2011 and became Manager of Human Resources in August 2013. She is a certified professional in Human Resources and has over 10 years of HR experience working in small and Fortune 500 companies.

Joan (Joni) Magnus-Ramsey: Joni joined us as Marketing Manager for Events and Cause Marketing in November 2012. She has over 25 years of experience in the marketing fields, with extensive experience focusing on event, conference, cause, and trade show marketing.

Cheryl Riggs: Cheryl joined CKFI's field staff in August 2005. Since December 2012, she has been the New Franchise Business Coach, working specifically with start-up franchisees. In addition, Cheryl is a Florida licensed optician and has 35 years of experience in sales, operations, and training and development in the optical industry.

Chris Tepe: Chris joined us as the Transfer Business Coach in October 2012. Chris is a Certified Franchise Executive with extensive experience in franchising and training and development, including over 8 years in franchise operations.

Leslie Waddell: Leslie joined us as a Training Specialist in January 2012 and was promoted to Learning and Development Manager in September 2013. Leslie has over 12 years of training experience, as well as a strong background in sales and operations management.

Michael West: Michael joined CKFI as a Training Specialist in December 2012 and was promoted to Learning and Development Manager in September 2013. Michael has over 21 years of training and education programs experience.

At the corporate-based initial training, we use the Operations Manual and handouts based on the Operations Manual as our primary instructional material.

c. Hands-on Training at a Training Location

The hands-on segment of initial training at a Training Location lasts 2 to 3 days, depending on how we assess your needs at the corporate-based initial training. Generally, this segment of training occurs within 2 to 3 weeks after corporate-based initial training.

d. General

Except as indicated, all franchisees and/or their Designated Managers must attend the full initial training program, as follows:

i. If you are acquiring your first Franchised Business through transfer, you (if you are an individual) or (if you are an entity) an individual with equity ownership in you must attend and complete all segments of the initial training program to our reasonable satisfaction as a condition of transfer and before the transfer is completed. If you are signing a Start-up Agreement, you (if you are an individual)

or (if you are an entity) an individual with equity ownership in you must attend and complete all segments of the initial training program to our reasonable satisfaction within 60 days after signing the Franchise Agreement. (Franchise Agreement § 7.2.1) If you have a Designated Manager, he or she must also attend and complete the first two segments of initial training (and may, but need not, attend the hands-on segment) to our reasonable satisfaction within the stated time periods.

ii. Under an Expansion Agreement, your Designated Manager, if any, must attend and the first two segments of initial training to our satisfaction within 60 days after you sign the Franchise Agreement. (Franchise Agreement § 7.2.1)

Failure to complete the full initial training program to our satisfaction is a material default under the Franchise Agreement. (Franchise Agreement § 11.1.2(b)) Within 6 months after being hired, each subsequent Designated Manager you employ must also attend and successfully complete the first two segments of the initial training program. (Franchise Agreement § 7.4.1)

Although our costs to provide initial training exceed \$3,000, we do not charge a fee for initial training, regardless of the number of owners or managers from your Franchised Business who are trained, because we believe it is extremely important for you and your managers to receive initial training. Certain portions of our initial training program involve certification by third parties with associated certification costs. Generally, you must reimburse us for costs (not to exceed \$750 per person) we pay to third party certification and similar entities for individuals you send to the full initial training program or who participate in the portions of that program that include certification courses. If you are signing a Start-up Agreement, you may send two persons to the full initial training program without reimbursing us for certification costs. Currently, we have one course involving certification, with the total certification cost at \$350. We will reserve 2 spaces in corporate-based initial training after you sign the Franchise Agreement; additional trainees from your Franchised Business may attend corporate-based initial training with you or subsequent corporate-based initial training if there are open training spaces in a given training class. You must pay all incidental training expenses, such as travel, meals and lodging, for you and your employees. You and your employees will not be paid for any work performed as part of the initial training program, including work at a Training Location.

e. Additional Training

We may offer additional training or refresher courses periodically and may require you and/or your Designated Manager to attend. We may use any means of training as we deem advisable, including online training, training via teleconferencing, and video conferencing. (Franchise Agreement § 7.2.1) We will not charge a fee for any additional training that we require. In connection with additional non-mandatory training, we may require you to pay a training fee for these additional courses, regardless of whether they are provided separately or in connection with other franchisee events, but only if we incur out-of-pocket costs associated with a speaker or other program. Training fees will be calculated on a per-attendee basis. (Franchise Agreement § 7.2.1)

If you provide PDN Services, as a condition for, and within sixty (60) days after, our approving approve you to provide PDN Services and before you begin to do so, you (or if you are an entity, one of your beneficial owners actively involved in the operations of the Franchised Business) must complete to our satisfaction our required PDN Services training, including three days of instructor-led training at our offices in Dayton, Ohio.

You must pay any incidental costs, such as travel, meals, and lodging expenses, that you or your employees incur during training. (Franchise Agreement § 7.2.1)

Computer Systems

You must purchase and use computer and technology hardware, peripherals, communications facilities, and software (including data collection software and other online data collection tools, web-based programs, and software technology platforms, as well as the hardware necessary for their proper functioning) (all of the these, individually and collectively, the "Computer System") in accordance with our specifications, from approved or designated suppliers, and/or as provided in the Operations Manual or otherwise in writing. (Franchise Agreement § 7.2.8)

Under our current specifications, you must have high-speed Internet access through an independent Internet service provider and a persistent high-speed Internet connection via cable, DSL, or satellite access, that permits us remote access and information retrieval. In addition, we currently require and use the following hardware and software:

- Microsoft Windows platform personal computer or laptop with latest Intel processor and at least 3 gigabytes of RAM
- Laser printer and (if not using a laptop) mouse and monitor
- Windows XP or Windows 7
- Microsoft Internet Explorer, version 8.0 or higher
- Microsoft Office Suite 2007 or higher, Adobe Acrobat, QuickBooks Pro 2013, ACT Pro 2013 contact management software
- Anti-virus protection (no specification)

We estimate that the cost of buying this hardware and software is approximately \$1,650, including a three-year service contract.

We, our affiliates and/or our related parties may condition any license of proprietary software (including as part of software technology platforms) to you, or your use of technology that we, our affiliates and/or related parties develop or maintain, on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to, and accepting, the terms of a click-through or a shrink-wrapped license agreement) that we, our affiliates, and/or our related parties prescribe to regulate your use of, and the parties' respective rights and responsibilities with respect to, the software or technology.

If we implement one or more proprietary software technology platforms that we support, we may require you to pay an annual fee, not to exceed \$400, per platform for the cost of providing technical support and of developing, maintaining, and supporting the technology platforms. We may, but have no obligation to, change those fees each year based on the change in the CPI. Upon 60 days prior written notice from us of the implementation of an aggregated data tool, you must begin and thereafter continue participating in a defined collection process (as it may be modified and amended) and pay an annual fee not to exceed \$400.00. We may, but have no obligation to, change this fee annually by the amount of the change, if any, in the CPI.

Currently, we have one proprietary data collection and warehouse platform (the "Prism Data Warehouse"), which is optional at this time for franchisees who are not providing PDN Services and who are not participating in a Performance Management Group (see Item 19). We do not charge a fee for

participation in the Prism Data Warehouse. We do not have any other technology platforms at this time and do not have any other technology platforms under development. We cannot at this time estimate the amount that we would charge for support for any other technology platform because it will depend on our costs at the time.

Unless we provide support for proprietary software technology platforms, you are solely responsible for the ongoing maintenance of your Computer System. (Franchise Agreement § 7.2.8) Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. When components of your Computer System are upgraded by their manufacturers, we may require you to purchase the upgraded components. Normally, we will not ask you to upgrade your Computer System more than once a year; however, the Franchise Agreement does not limit the frequency or costs associated with the updates and upgrades we may require. Although CKFI cannot effectively estimate the costs of any additional computer and/or technology systems or required service or support, you must, within a 4-month period following CKFI's announcement of an additional technology requirement, acquire and install all hardware, software, and peripherals (including all subsequent upgrades), install all communication facilities, contract for all required support and maintenance, and meet all other requirements CKFI may specify. CKFI will act in good faith when requiring technology improvements. However, should the anticipated cost to install and implement an improvement exceed \$2,500 per Franchised Business, then the installation and implementation deadline will be extended to a total of 12 months. If the anticipated cost to install and implement the additional technology improvement exceeds \$5,000 per Franchised Business, then the installation and implementation deadline will be extended to a total of 18 months from the original date of CKFI's announcement of the technology requirement.

If you sign a Start-up Agreement, we will pay for the following if you begin using the programs described within 6 months of your Start Date: the start-up fee and a one-year subscription to a third party vendor's scheduling program to automate scheduling and invoicing unique to our system, and the start-up fee and a one-year subscription to a telephonic time-clock program that is fully compatible with the scheduling software we recommend and that has been developed through us. (Franchise Agreement § 5.8). If you wish to continue using the programs after the first year, you must pay the applicable vendor's license fee, which is currently approximately \$60 per month per program. You must also pay a "per call" charge for the telephonic time clock program (not applicable during the first year); that charge is currently 10 cents. The prices for these programs may increase in the future.

If you are a Renewing Franchisee, we may require you to acquire, install, and use only those portions of a software technology platform that relate to communication, access to our intranet for franchisees (the "CK Intranet"), and data collection (Franchise Agreement, Attachment 11 § 2). A Renewing Franchisee is a franchisee who operated under a Franchise Agreement at December 31, 2006 and who, in connection with the first renewal of that Franchise Agreement, signs a Renewal Addendum in the form of Attachment 11 to the Franchise Agreement in this disclosure document, or the then-current form of that addendum.

If any equipment, and/or any component of the Computer System you use provides for remote monitoring capability, you must, upon our reasonable request, permit us to access and download information. (Franchise Agreement § 7.5.3) Similarly, upon notice to you we may independently access information on any web-based programs we specify that you use, including the program related to SafetyChoice® technology services and equipment. (Franchise Agreement § 7.5.3) Although there are no contractual limitations on our right to access any information your Computer System and/or web-based programs produce, in many cases we will be physically unable to do so without your active, continuing cooperation. We will not, without your permission or as may be otherwise required by law, share with other franchisees or prospective franchisees any information in a form that identifies you or

your Franchised Business; but you acknowledge that federal law relating to the making of financial performance representations in the sale of franchises may require us to provide identifying information about your Franchised Business to prospective franchisees. All Client information belongs to us, regardless of who develops it, and we may use it in any way we deem advisable. See Item 14 of this disclosure document.

Site Selection and Office Location

We are not responsible for assisting you in finding a site for your Office, nor are you required to obtain our approval of your site. Your Office must be in your territory, even if it is in your home. (Franchise Agreement § 7.2.3) See Item 12 of this disclosure document. We strongly encourage you to begin operations with your Office in commercial space, although we do not require it. Regardless of where you begin operations, after the first 6 months of operations your Office must be in commercial or retail space. (Franchise Agreement § 7.2.3) If at any time we notify you that, in our reasonable judgment, the site or condition of your Office materially damages the goodwill associated with the Comfort Keepers® Marks, you must relocate the Office within 60 days. (Franchise Agreement § 7.2.3) Factors that may damage the goodwill associated with the Marks and require change of your Office's location include deterioration of the neighborhood (appearance, crime rate, vacancy rate), detrimental change in tenant mix (for example, to include businesses that are not family-oriented), and similar factors. These requirements also apply to any Satellite Unit you may operate. A Satellite Unit is a physical facility that you may operate on a full-time or part-time basis, in addition to an Office, in your Territory; you must have our permission to establish a Satellite Unit and you must notify CKFI at least 5 days before you close the Satellite Unit. (Franchise Agreement § 7.2.3)

Length of Time Before Beginning Operations

The length of time between your signing the Franchise Agreement and beginning operations will normally be between 60 and 90 days; the length of time between your signing a Franchise Deposit Agreement and beginning operations will normally be between 240 and 270 days. Major factors affecting the length of time before you begin operations will be whether you participate in the first available corporate-based training, how long you take to fulfill previous employment commitments, how long it takes you to hire and train personnel, how quickly you initiate marketing and advertising efforts, and, if you signed a Franchise Deposit Agreement, how quickly you sign the Franchise Agreement. In addition, there can be delays in obtaining required licenses in some states. You may not begin operations until the following conditions have been met (Franchise Agreement § 7.2.2):

- a. You and/or, as applicable, your Designated Manager satisfactorily completes initial training.
- b. You have at least 2 full-time employees (one of whom may be you) or their equivalent.
- c. You have obtained the required insurance and provided a certificate of insurance to us.
- d. You have obtained all licenses (if any) required to offer homemaker/companionship in your state and provided a copy of each license (if any) to us.
- e. CKFI has advised you in writing that you have met all of the foregoing requirements and you may begin accepting Clients.

You must be ready, and begin offering, to provide homemaker/companionship services and Personal Technology Services by the Start Date specified in the Franchise Agreement. You must be

ready to, and must begin offering to, provide personal care services as soon as possible but no later than 90 days after the Start Date. (Franchise Agreement § 7.2.2) Under a Start-up Agreement, the Start Date will be the end of the calendar month following the month in which training was completed. Under an Expansion Agreement, the Start Date will be 60 days after you sign the Franchise Agreement. (Franchise Agreement § 7.2.2)

Continuing Services

So long as you are in good standing under the Franchise Agreement, we will provide the following services to you after you begin operations of your Franchised Business:

a. We will provide such periodic and continuing advisory assistance to you in the operation of your Franchised Business as we deem advisable. (Franchise Agreement § 5.2) We may provide this assistance by telephone, e-mail, Office visits, additional training, and/or other means we deem appropriate.

b. We will provide such marketing assistance and develop such marketing and advertising programs as we deem advisable. We will also make available from time to time, at your expense, marketing and other materials for your use in advertising. (Franchise Agreement § 5.3) See "Advertising Services" following in this Item 11.

c. We will, as we deem advisable, research new services for you to offer to your Clients. (Franchise Agreement § 5.4)

d. We will periodically revise the Operations Manual to conform to the changing needs of the System and we will provide you with these revisions by such means as we deem advisable, including via e-mail, posting on our intranet for franchisees, and/or other means. (Franchise Agreement § 5.5)

e. We will make available to you, for lease or purchase, Personal Technology Services and Equipment. (Franchise Agreement § 5.6)

f. We will provide you with a list of names and addresses of suppliers of goods and services that meet our standards and specifications and of our approved and designated suppliers. (Franchise Agreement § 5.7) To the extent possible, we will pass on to you any warranty we receive from the manufacturer of Equipment.

g. We will, as we deem advisable, coordinate periodic meetings of franchisees on a local, regional, and/or national basis. These meetings may be held in person, online, electronic, by teleconference, by videoconference, or by such other means as we deem advisable. We may charge a fee to attend the national conference of franchisees; otherwise, we may charge a fee (calculated on a per-attendee basis) only if we incur out-of-pocket costs associated with a speaker or other program. (Franchise Agreement § 5.10) See Item 6 of this disclosure document.

Advertising Services

a. **Advertising Materials.** We will make available to you from time to time, at your expense, marketing and other materials for your use in advertising. (Franchise Agreement § 5.3) You must submit to us for approval copies of all other advertising materials that you propose to use at least 3 weeks before the first time you broadcast or publish them. (Franchise Agreement § 8.5) We will review the materials and notify you in writing within 14 days whether we approve or reject the materials. We may not withhold our approval unreasonably. (Franchise Agreement § 8.5) Advertising materials that

differ in text from previously approved materials only in variables such as date or price will be considered to be previously approved but those materials must continue to meet our standards for quality. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in the System (including changes to brand and advertising standards) or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material. (Franchise Agreement § 8.5) Upon our request, you must submit to us a tear sheet of any advertisement you run. (Franchise Agreement § 8.5). We may require that any third party you choose to assist you with advertising efforts sign a license agreement governing the third party's use of the Marks on your behalf. (Franchise Agreement § 8.5)

b. Local Advertising. Each month you must spend the greater of \$1,000 or 2% of Gross Revenue on local advertising that we have approved in the Operations Manual or otherwise in writing and that conforms to Standards. "Local advertising" includes advertising, marketing, promotional events, public relations, search engine optimization of your local webpage, and other brand development activities and materials that enhance the brand but are targeted primarily to promoting your Franchised Business. We can change this minimum requirement each year by the amount of the change in the CPI. Upon our request, you must submit to us invoices showing compliance with this requirement. (Franchise Agreement § 8.4) If it is prudent for your area, we encourage you to spend more on local advertising to grow your Franchised Business. You may not direct advertising for prospective Clients outside of your territory unless we give our written consent in the Operations Manual or otherwise. (Franchise Agreement §§ 4.2 and 8.4) Under the NBF Addendum (see subsection b. "National Brand Fund," below), if the total of your National Brand Fund contribution and your local advertising expenditure ("Total Expenditure") exceeds 2% of Gross Revenue in any month, you may reduce your local advertising expenditure for the following month by the amount the Total Expenditure exceeded 2% of Gross Revenue during the preceding month.

c. National Brand Fund. At the end of February 2013, Comfort Keepers franchisees voted to implement a National Brand Fund to engage in brand enhancement activities for the Network on a national basis. CKFI, working with the National Advisory Council of franchisees ("NAC") (see subsection f. "National Advisory Council," below), developed the NBF Addendum, which you will sign, and which suspends and supersedes the provisions of Section 8.1 (b) through (k) of the Franchise Agreement. The National Brand Fund operated under the terms of the NBF Addendum is called the "NBF" in this Item. The NBF was implemented in April 2013. During our last fiscal year, 69.6% of the NBF's expenditures was on production, 9.6% was on media placement, 7.1% was on administrative expenses, and 13.7% was on other items (primarily marketing research).

You must begin making the monthly contribution to the NBF in the month in which your first royalty fee is due. (See Item 6 of this disclosure document) Contributions are set at the lesser of \$600 per month or 2% of monthly Gross Revenue. (NBF Addendum § 4.7) Beginning in 2014, CKFI may change the monthly contribution by the amount of the increase or decrease in the CPI-U. In addition, after January 1, 2016, the amount of the NBF contribution may be increased and/or the methodology for determining the NBF contribution may be changed by the affirmative vote of a majority of franchisees in good standing. (NBF Addendum § 4.7) For any Company-owned Units, we will contribute to the NBF on the same basis as franchisees. CKFI will also contribute \$500,000 for each of the initial first three calendar years of operation of the NBF (prorated during 2013 since it is a partial year) and \$100,000 for each budget year of the NBF's existence thereafter until (and including) its tenth year of operation. (NBF Addendum § 4.5) CKFI will also expend at least \$815,000.00 per year on Marketing Department expenses (exclusive of expenses related to franchise development advertising and activities) to maintain activities of the Marketing Department for franchisees at similar levels (but not necessarily the same or similar activities) to the activities received by the Network during 2012. (NBF Addendum § 4.6)

The purpose of the NBF is to promote, on a national basis, the goodwill and public image of the System, Network, and Marks and to develop brand enhancement programs and materials. "Brand enhancement" includes advertising, marketing, promotions, public relations, website, social media, mobile, and all other brand development activities and materials (whether in electronic or other form) designed to promote the goodwill and public image of the System, Network, and Marks. Each fall, the NBF Advisory Committee, a committee of the NAC, will, working together with CKFI and appropriate outside agencies or consultants, propose to the NAC a brand enhancement activities budget for the following calendar, including the recommended advertising medium or media to be utilized by the NBF during that budget year and the recommended dollars to be spent in each such medium the media spend and budget to the NAC. (NBF Addendum § 4.2.3) Any form of media may be used. If the NAC recommends that media spend and budget to CKFI, CKFI will implement that recommendation unless CKFI determines that (a) unanticipated expenditures require a change, (b) the recommendation represents an imprudent or ill-advised use of the NBF, and/or (c) the recommended medium or media are inconsistent with CKFI's plans for positioning for the Network and System. (NBF Addendum § 4.2.3) In addition, CKFI retains control of the brand message. (NBF Addendum § 4.2.4) See subsection f. "National Advisory Council" for information concerning the formation and composition of the NAC and the NBF Advisory Committee.

The NBF (including any interest that may accrue on NBF contributions) may be used to fund or pay all brand enhancement activities and their related costs, including:

- (i) The cost of any purchased media time (paid advertising, also known as "media weight") in any medium (broadcast or cable television, print, radio, outdoor displays, online/digital advertising, and so forth);
- (ii) The costs incurred for advertising agencies, public relations agencies, and/or other advisors;
- (iii) The costs of designing, conducting, and administering national public relations projects and events (including projects and events that are intended for roll-out to the Network if successful, and nationwide roll-outs of projects and events on a region by region basis) intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with CKFI affiliates and/or others;
- (iv) The costs of market research, including branding studies, consumer research, competitive research, and similar programs;
- (v) The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail, Internet, mobile, and social media advertising;
- (vi) The costs associated with running a call center or providing another electronic mechanism for capturing leads generated by the NBF's brand enhancement activities;
- (vii) The costs of purchasing promotional items;
- (viii) The costs of designing and administering national brand enhancement programs and activities (including activities such as local and regional trials and/or pilots that are intended for roll-out to the Network if successful, and nationwide roll-outs of programs and activities on a region by region basis) of all types, including social media programs, search engine optimization, pay per click programs, and purchasing media advertising;
- (ix) The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, customer loyalty programs, and similar brand enhancement activities and programs;

(x) The costs of establishing, designing, maintaining, updating, and upgrading one or more consumer-oriented Internet, on-line, mobile, and other electronic applications, including hosting, maintenance, web-optimization, search engine marketing, and similar costs (provided, however, that CKFI will be responsible for development, hosting, maintenance, and optimization costs associated with maintaining, at its current or similar functionality, the website at www.comfortkeepers.com);

(xi) All administrative costs associated with NBF activities; and

(xii) To preserve flexibility in meeting competition and taking advantage of new brand enhancement vehicles and media that may develop and/or change over time, the costs of such other national brand enhancement activities as may be deemed advisable.

No NBF contributions may be spent on any activity that is intended to be local and/or regional only. In addition, no part of the NBF will be used to pay for anything whose primary purpose is the marketing of franchises and/or to fund any activity of CKFI that is not primarily related to carrying out the purpose of the NBF. (NBF Addendum § 4.3)

We may administer the NBF as a segregated fund or we may cause the NBF to be incorporated or operated through an entity separate from us at the time we deem appropriate, and the successor entity will have all of our rights and duties. (NBF Addendum § 4.4) There is a target cap of 10% on administrative costs associated with the NBF but the NBF must pay all of its own expenses. (NBF Addendum § 4.2.3) As part of the administrative costs and other expenses of the NBF, CKFI may reimburse itself from the NBF for such reasonable salary costs of CKFI's employees, and such administrative and overhead costs and expenses, as CKFI may incur in activities reasonably related to the administration of the NBF and its brand enhancement programs and activities. Those costs and expenses include agency fees, legal fees, travel expenses, insurance and indemnification related to NBF activities for members of the NAC and NBF Advisory Committee, preparing or procuring market studies, preparing or procuring reports required by the NBF Addendum or requested by the NAC and/or NBF Advisory Committee, repayment of funds advanced and/or funds loaned pursuant to the NBF, judgments and settlements, preparing brand enhancement materials, regulatory, tax, and other compliance activities, expenses related to governance, collecting and accounting for contributions to and expenditures by the NBF, and preparing for and assisting in any independent audit that may be done of the NBF. CKFI may not pay any of its general operating expenses

We may use collection agents and bring legal proceedings at the NBF's expense to collect NBF contributions. We may forgive, waive, settle, and compromise all claims by or against the NBF, including, in its sole judgment, claims involving individual Franchised Businesses. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the NBF. (NBF Addendum § 4.4)

The NBF will be audited after its first full year of operation and every three years thereafter. In addition, the NBF Advisory Committee and/or the NAC may budget for and request an audit at any time, and if one-third of Franchised Businesses in good standing request in writing that the NBF be audited, CKFI will schedule an audit within three months. By the thirtieth (30th) day of the first month following the end of a calendar quarter, CKFI will provide to the NBF Advisory Committee unaudited accountings of contributions to and expenditures by the NBF during the preceding quarter. In addition, by March 31 of each year, CKFI will prepare an unaudited accounting of contributions to and expenditures by the NBF during the preceding calendar year. CKFI will furnish that annual accounting to the NAC and the NBF Advisory Committee. In addition, CKFI will present a financial report to the NAC at each regular meeting. These accountings and financial reports will be posted on the Intranet or otherwise made available to franchisees.

After receiving input from the NAC and the NBF Advisory Committee, CKFI will exercise its discretion with respect to maintaining, directing, or administering the NBF. You agree that, regardless of the legal form the NBF takes, the NBF will not be deemed a trust and that members of the NBF Advisory Committee, members of the NAC, and CKFI have no fiduciary obligation to you with respect to the NBF. (NBF Addendum § 4.8) Except in the case of malfeasance, you and the NBF release and hold harmless, and the NBF will indemnify, all of the foregoing against any action or decision taken with respect to the NBF, including claims brought by third parties. The NBF may purchase appropriate insurance for NAC and NBF Advisory Committee members with respect to such claims.

CKFI will attempt to spend NBF contributions so as to provide benefits to all participating Franchised Businesses and Company-owned Units, but CKFI has no obligation to ensure that expenditures by the NBF in or affecting any geographic area are proportionate or equivalent to the contributions to the NBF by Franchised Businesses operating in that area or that any Franchised Business, including yours, will benefit in any manner directly or in proportion to its contribution to the NBF. You acknowledge that your failure to derive any proportionate, direct, or quantifiable benefit from NBF activities and expenditures will not serve as a basis for (a) a claim against any NAC, NBF Advisory Committee Member and/CKFI, or the NBF, or (b) a reduction or elimination of your obligation to contribute to the NBF.

You agree to reimburse the NBF for any costs (including reasonable legal fees and costs) incurred in collecting NBF contributions You have not paid. If You or CKFI has both a claim (or counter-claim) related to the NBF and a claim (or counter-claim) unrelated to the NBF, the claim (or counterclaim) unrelated to the NBF must be brought separately under the dispute resolution provisions of the Franchise Agreement.

The NBF will be administered on a calendar year basis. The NBF may spend in any calendar year an amount greater or less than the aggregate contribution of the Network to the NBF in that year. If needed to augment cash flows to meet budgeted expenditures, CKFI may borrow money on behalf of the NBF from any source offering competitive rates and terms, or, at the request of the NAC, CKFI may lend money to the NBF but only at the best rates and terms CKFI is able to obtain for itself. CKFI has no obligation to make any loan to the NBF. The total of all loans outstanding at any time may not exceed fifty percent (50%) of that calendar year's expected NBF contributions. Except in the case of termination of the NBF, the NBF will retain for future use any amounts that are not disbursed in a given calendar year.

After January 1, 2016, the NBF may be terminated by the affirmative vote (one vote per territory) of the majority of the combined total of Comfort Keepers® Franchised Businesses and Company-owned Units then in good standing, according to the procedure set forth in this paragraph. After that date, if one-third or more of Franchised Businesses in good standing request in writing that termination of the NBF be put to a vote, that vote will be conducted. CKFI will conduct the vote as soon as practicable but no longer than 3 months from receipt of the written request by at least one-third of Franchised Businesses in good standing. If the vote is against termination of the NBF, the NBF will continue. This procedure for termination by vote may be utilized no more often than once every three (3) years after January 1, 2016. CKFI may terminate the NBF at any time after January 1, 2016, following consultation with the NAC and the NBF Advisory Committee.

If the NBF is terminated for any reason, you and CKFI must continue to make your and its respective NBF contributions until all loans and other outstanding financial obligations of the NBF have been paid in full. If there are any funds remaining in the NBF after the NBF has paid all of its outstanding loans and financial obligations, CKFI will return contributions to then-current franchisees (that is, not to a prior franchise owner if a transfer has taken place or a franchise agreement has expired),

to then-existing Company-owned Units, and to itself on a pro-rata basis based on their and its contributions during the twelve (12) calendar months preceding the return of contributions.

If the NBF operated under the NBF Addendum is terminated for any reason, then, along with any provisions of the NBF Addendum that survive termination of that NBF, the provisions of Sections 8.1 (b) through (k) of the Franchise Agreement will be reinstated. In that case, CKFI would have the right, at a time it deems advisable, to implement a Brand Fund under the terms of Section 8.1 (b) through (k) (the "Brand Fund"). Following is a description of the Brand Fund provisions in Section 8.1 (b) through (k) of the body of the Franchise Agreement.

When we establish the Brand Fund, you must make a monthly contribution to it by EFT together with your royalty fee. Contributions may range from .5% to 2% of your Gross Revenue, as we determine. (Franchise Agreement § 8.1) For any company-owned Units, we will contribute to the Brand Fund on the same basis as franchisees; in addition, we will match contributions by franchisees, up to a maximum of 1% of the total Brand Fund contributions paid to the Brand Fund during the applicable period. (Franchise Agreement § 8.1)

The purpose of the Brand Fund will be to promote the goodwill and public image of the System and Network, and Marks and to develop brand enhancement programs and materials as we deem appropriate. "Brand enhancement" includes advertising, marketing promotions, public relations, and other brand development activities and materials designed to promote the goodwill and public image of the System, Network, and Marks.. We will work closely with the National Advisory Council ("NAC"), if any (see "f. National Advisory Council" following in this Item 11), in devising the content and the format of all brand enhancement activities by the Brand Fund but we will control both the activities and the expenditures of the Brand Fund, including all decisions concerning the creative concepts, materials, content, and endorsements used in these activities and the geographic, market, and media placement and allocation of all brand enhancement activities by the Fund. We may use any form of media for any brand enhancement activities we authorize. (Franchise Agreement § 8.1)

We may use the Brand Fund (including any interest that may accrue on Brand Fund contributions) to pay (Franchise Agreement § 8.1) :

(i) The cost of any purchased media time (paid advertising, also known as "media weight") in any medium (broadcast or cable television, print, radio, outdoor displays, online/digital advertising, and so forth);

(ii) The costs incurred for advertising agencies, public relations agencies, and/or other advisors;

(iii) The costs of designing, conducting, and administering national public relations projects and events (including projects and events that are intended for roll-out to the Network if successful, and nationwide roll-outs of projects and events on a region by region basis) intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with CKFI affiliates and/or others;

(iv) The costs of market research, including branding studies, consumer research, competitive research, and similar programs;

(v) The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail, Internet, mobile, and social media advertising;

(vi) The costs associated with running a call center or providing another electronic mechanism for capturing leads generated by the Brand Fund's brand enhancement activities;

(vii) The costs of purchasing promotional items;

(viii) The costs of designing and administering national brand enhancement programs and activities (including activities such as local and regional trials and/or pilots that are intended for roll-out to the Network if successful, and nationwide roll-outs of programs and activities on a region by region basis) of all types, including social media programs, search engine optimization, pay per click programs, and purchasing media advertising;

(ix) The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, customer loyalty programs, and similar brand enhancement activities and programs;

(x) The costs of establishing, designing, maintaining, updating, and upgrading one or more consumer-oriented Internet, on-line, mobile, and other electronic applications, including hosting, maintenance, web-optimization, search engine marketing, and similar costs (provided, however, that CKFI will be responsible for development, hosting, maintenance, and optimization costs associated with maintaining, at its current or similar functionality, the website at www.comfortkeepers.com);

(xi) All administrative costs associated with the Brand Fund; and

(xii) To preserve flexibility in meeting competition and taking advantage of new brand enhancement vehicles and media that may develop and/or change over time, the costs of such other national brand enhancement activities as CKFI may deem advisable.

The Brand Fund may pay our affiliates for their provision of any services or products in connection with the activities and operations listed above. (Franchise Agreement § 8.1)

Administrative costs of the Brand Fund include, and we may reimburse ourselves for, such reasonable salary costs of CKFI's employees, and such administrative and overhead costs and expenses, as CKFI may incur in activities reasonably related to the administration of the Brand Fund and its brand enhancement programs and activities. Those costs and expenses include agency fees, legal fees, travel expenses, preparing or procuring market studies, preparing or procuring reports related to the Brand Fund, repayment of funds advanced or loaned by CKFI to the Brand Fund, judgments and settlements, preparing brand enhancement materials, regulatory, tax, and other compliance activities, expenses related to governance, collecting and accounting for contributions to and expenditures by the Brand Fund, costs of collection of delinquent Brand Fund contributions (including the cost of collection agencies and attorney fees) and preparing for and assisting in any independent audit that may be done of the Brand Fund. (Franchise Agreement § 8.1)

We may use collection agents and bring legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. We may forgive, waive, settle, and compromise all claims by or against the Brand Fund, including, in its sole judgment, claims involving individual Franchised Businesses. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund. (Franchise Agreement § 8.1) You agree to reimburse the Brand Fund for any costs (including reasonable legal fees and costs) incurred in collecting Brand Fund contributions you have not paid. If you or CKFI has both a claim (or counter-claim) related to the Brand Fund and a claim (or counter-claim) unrelated to the Brand Fund, the claim (or counterclaim) unrelated to the Brand Fund must be brought separately under the dispute resolution provisions of the Franchise Agreement.

We will not use any part of the Brand Fund to pay for anything whose sole purpose is the marketing of franchises, but the Brand Fund may pay for media, materials, and programs, including one or more consumer-oriented websites, that may contain information about and/or support franchising opportunities and sales. (Franchise Agreement § 8.1)

We may administer the Brand Fund as a segregated fund or we may cause the Brand Fund to be incorporated or operated through an entity separate from us at the time we deem appropriate, and the successor entity will have all of our rights and duties. You agree that, regardless of the legal form the Brand Fund takes, the Brand Fund will not be deemed a trust and that CKFI has no fiduciary obligation to you with respect to the Brand Fund. (Franchise Agreement § 8.1) You release and hold harmless CKFI with respect to any action or decision taken with respect to the Brand Fund except in the case of malfeasance. In addition, the Brand Fund will indemnify and hold harmless CKFI with respect to any action or decision taken with respect to the Brand Fund except in the case of malfeasance

Within 90 days after the close of our fiscal year, we will prepare an annual statement of contributions to and expenditures by the Brand Fund during that fiscal year. We will furnish the annual statement to you upon your written request; we will not prepare interim reports. There is no requirement for an audit of the Brand Fund. (Franchise Agreement § 8.1)

We will attempt to spend Brand Fund contributions so as to provide benefits to all participating Franchised Businesses, but we have no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchised Businesses operating in that area or that any Franchised Business will benefit in any manner directly or in proportion to its contribution to the Brand Fund. You acknowledge that your failure to derive any proportionate, direct, or quantifiable benefit from Brand Fund activities and expenditures will not serve as a basis for a claim against us or the Brand Fund or a reduction or elimination of your obligation to contribute to the Brand Fund. (Franchise Agreement § 8.1)

We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Franchised Businesses to the Brand Fund in that year. We may advance moneys to the Brand Fund, charge the Brand Fund interest on those advances at one percent above the prime rate then designated by any major bank we select, and authorize repayment of the advances from the Brand Fund. We will retain in the Brand Fund for future use any amounts that are not disbursed in a given fiscal year.

We may terminate the Fund at any time. If we do so, you and CKFI must continue to make your and its respective Brand Fund contributions until all loans and other outstanding financial obligations of the Brand Fund (whether to CKFI or others) have been paid in full. If there are any funds remaining in the Brand Fund after the Brand Fund has paid all of its outstanding loans and financial obligations, CKFI will return contributions to then-current franchisees (that is, not to a prior franchise owner if a transfer has taken place or a franchise agreement has expired), to then-existing Company-owned Units, and to itself on a pro-rata basis based on their and its contributions during the twelve calendar months preceding the return of contributions. (Franchise Agreement § 8.1)

d. Cooperative Advertising Program. Under the NBF Addendum, the provision in the Franchise Agreement that permits CKFI to mandate advertising cooperatives has been suspended. (NBF Addendum § 2) If the NBF is terminated for any reason, the Franchise Agreement provision relating to cooperative advertising will be reinstated. If that provision is reinstated, the following will apply: CKFI can, in its sole judgment, establish advertising cooperatives for Franchised Businesses located within a particular geographic area or region. (Franchise Agreement § 8.3) If we establish an advertising cooperative (the "Cooperative") for an area that includes your Territory (as defined in Item 12 of this disclosure document), you must join it. We will establish the rules and procedures under which the

Cooperative will operate, but we can delegate to the Cooperative the power to self-administer the funds the Cooperative uses. You must abide by the decisions we make for the Cooperative and, as applicable, by the decisions the Cooperative makes. We can direct you to allocate all or any portion of your local advertising budget to the Cooperative, but these payments will count toward the amount you must spend on local advertising. We have the sole right to determine the geographic areas for the cooperatives and we can dissolve, change or merge the cooperatives at any time. (Franchise Agreement § 8.3) Although we do not have company-owned Units, to the extent that any were to be established within the area in which a Cooperative operates, the company-owned Unit would contribute to the Cooperative on the same basis as a Franchised Business.

We do, in addition, encourage franchisees within a Cooperative to enter into mutual agreements for the voluntary contribution of additional funds for cooperative brand enhancement activities beyond those required under the Franchise Agreement. The amount of the additional contribution and the type of cooperative brand enhancement activities to be undertaken would be decided by majority vote of the members of the Cooperative (each Franchised Business in good standing with us and with the Cooperative having one vote). As with all advertising our franchisees use, we retain the right to approve and disapprove advertising. See "a. Advertising Materials" previously in this Item 11.

e. Other Marketing Programs. We may establish and/or coordinate marketing and sales programs, client loyalty programs, and those other programs or activities that we deem appropriate. These programs may be on a local, national, and/or regional basis and may involve other entities or businesses. We believe that participation in these types of programs can be critical to your Franchised Business's success and we may require you to participate in some or all of these programs and activities. Participation in these programs and activities may require you to incur program-related expenses and/or to accept a uniform fee schedule (which may set fees at a discount to the fees you normally charge). (Franchise Agreement § 8.2)

f. National Advisory Council. CKFI has a National Advisory Council, consisting of 15 franchisees elected at large by franchisees. We also appoint 3 members from our staff. The elected council members serve staggered 3-year terms. The NBF Addendum provides for the NAC to establish an NBF Advisory Committee. The NBF Advisory Committee will initially have a membership of nine, consisting of an owner from each of seven Comfort Keepers franchises (two NAC franchisee members and five owners from the at-large franchisee community) and two CKFI staff members; two owners from the same or related franchise entities may not serve on the NBF Advisory Committee at the same time. The NAC may from time to time, as it deems advisable, change the number of members of the NBF Advisory Committee but there must always be at least two (2) CKFI staff members on the NBF Advisory Committee and the ratio of CKFI staff members to franchisee members may not exceed 2 to 7. The NAC will establish guidelines for the operation of the NBF Advisory Committee. The NAC and its committees serve in an advisory capacity only. We can change or dissolve the NAC and its committees at any time; however, under the NBF Addendum, we have agreed that, if for any reason there is no NAC and the Brand Fund is still in existence, we will immediately constitute a committee with the same membership composition and ratio as outlined above for the NBF Advisory Committee.

g. Websites and Electronic Media. You may not establish your own website, blogs, social media sites or register any domain name that uses any part of the Marks, including the letters "CK," or creates any association with the Network, without CKFI's prior written consent or except as provided in the Operations Manual. If you so request, we will include at our website one or more interior pages about your Franchised Business. (Franchise Agreement § 8.7) We own and control all of those subdomains and will designate the subdomain you will use for these interior pages (for example, www.comfortkeepers.com/smallville-oh); we may, as we deem advisable, change the subdomain assigned to your Franchised Business. (Franchise Agreement § 8.7) We will give you a template for these pages

but you must develop them at your expense, using our designated vendor (unless CKFI permits otherwise in the Operations Manual) and in accordance with the Standards. We must approve the form, content, and programming quality of these pages before we will post them. (Franchise Agreement § 8.7) In addition, we will include your Franchised Business on a Franchised Business locator page on our website. (Franchise Agreement § 8.7) If you are in default under the Franchise Agreement or otherwise fail to comply with any standards we have established for the CK Intranet or our website, we can suspend your access to all or any part of the CK Intranet and remove your interior pages from the website until you cure the breach. (Franchise Agreement §§ 5.10, 8.6, and 8.7) We have no obligation to maintain any website but may discontinue it at any time. (Franchise Agreement § 8.7)

CKFI may, in its sole judgment and on such terms as it may establish in the Operations Manual or otherwise in writing, permit you to own domain names or URLs for websites or social media sites that do not incorporate any of the Marks but have content related to, or creating an association with, the System and/or the Network, but CKFI need not do so.

ITEM 12 TERRITORY

Territory Definition and Office Location

Under your Franchise Agreement, we will grant you a defined territory ("your Territory") within which you will operate a single Franchised Business using the Marks and System, with your Office, if any, at a location within your Territory that you will determine and that we need not approve. Your Territory will be a fixed geographical area, defined by the borders of specified U.S. Postal Service zip codes as of the date that you sign the Franchise Agreement. We will list the zip codes in an attachment to your Franchise Agreement. Population within your Territory will be approximately 225,000 people (but no fewer than 220,000) when your Territory is established, based on the demographics provided by the U.S. Census Bureau, as updated by IntellectVue, a demographic and site analysis company. Depending on the configurations of and populations within zip codes, we may, in our sole judgment, grant a franchisee a protected territory with a population higher than 225,000. We may permit you to purchase additional zip codes for a fee. See Item 5 of this disclosure document.

Except as noted below, your Office must be within your Territory unless we give you a written waiver of this requirement. If you begin operations with your Office in your home, your home must be in your Territory; however, you must have your Office in commercial or retail space within your Territory no later than 6 months after you begin operations. You must ensure that we have your current Office address and telephone number at all times. You may locate and relocate your Office and/or Satellite Unit within your Territory without seeking our approval; however, you must give us 5 days advance written notice of any change in your Office's address and of closure of a Satellite Unit. In addition, if we notify you that, in our reasonable judgment, the condition or location of your Office materially damages the goodwill associated with the Marks, you must relocate within 60 days. All of these requirements also apply to Satellite Units; in addition, if you close a Satellite Unit, you must give us 5 days advance written notice. If you are signing an Expansion Agreement or renewal agreement, you need not have an Office in your Territory if you have an Office in one of the territories (outside of the New York City Boroughs) you operate under other Franchise Agreements with us.

Territorial Protections

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

We do grant limited territorial protections, which apply only if you and your Related Parties are in good standing under the Franchise Agreement and other agreements with us. We have different territorial protections for homemaker/companionship and personal care services and for Personal Technology Services and Equipment, as described below.

Territorial Protection for Services Other than Personal Technology Services

For homemaker/companionship and personal care services and other services of the type we approve for you to offer (including PDN Services), subject to our reservation of rights described below we will not compete with you by providing those services under the Marks to clients within your Territory or authorize any other franchisee or licensee to provide those services under the Marks to Clients within your Territory without your express written permission, except under any of the following conditions:

a. If, before you executed the Franchise Agreement, another Comfort Keepers® franchisee or company-owned Unit has been serving Clients in an area previously unassigned to any franchisee or any company-owned Unit (“Open Area”) that now is within your Territory, we will, in the best interests of continuity of client care, permit that franchisee or company-owned Unit to continue to serve those Clients.

b. We may, in our sole judgment, permit another Comfort Keepers® franchisee to provide homemaker/companionship services, personal care services and/or other services (excluding Personal Technology Services) under the Marks to new Clients or existing Clients of yours in your Territory if you have failed to respond to requests for those services by Clients or potential Clients in your Territory in violation of our service Standards in the Operations Manual and (ii) we call your Franchised Business to advise of our intent to give service permission and you do not, within three hours after the call, provide evidence to our reasonable satisfaction, in accordance with the procedure outlined in the Operations Manual, that you have satisfactorily resolved the issue of contacting the prospective or existing Client.

c. If for any reason (other than an unsafe or unhealthy environment for the caregiver, non-payment by the potential Client or care recipient of a requested deposit, or direct or indirect request by a potential Client or care recipient that you violate the law) you decline to serve a potential Client in your Territory, we may permit another franchisee or company-owned Unit to provide services. If you decline to provide services, you must immediately refer the potential Client to another franchisee in accordance with the requirements of the Operations Manual and notify us that you have done so.

d. If you opt not to provide services under a Network Key Account Agreement where participation is non-mandatory, we may assign all Clients under a Network Key Account Agreement in your Territory to another franchisee, franchisees, and/or company-owned Unit(s), as we deem advisable. A “Network Key Account Agreement” is an agreement with a referral source that offers, on a local, statewide, national or regional basis, the opportunity for Franchisees in the applicable geographic area to provide any Services and/or Products to the referral source’s members, affiliates, or, however designated, other persons who have a similar relationship with that referral source. The Network Key Account Agreement may but need not, involve a prescribed discount or other special terms.

e. If you acquired the Franchised Business by transfer and the transferring franchisee had given another franchisee or company-owned Unit written permission to provide services to specific Clients in your Territory, that franchisee or company-owned Unit may continue thereafter to provide services (including Personal Technology Services and/or Equipment, regardless of whether the Client is then a Subscriber) to Clients under signed Client Agreements at the time you meet the conditions to begin operations.

The territorial protections described above begin on the third business day after we have given you written notice that you have met all of the conditions to begin operations.

Territorial Protection for Personal Technology Services and the Sale and/or Lease of Equipment

Subject to our reservation of rights described below we will not provide Personal Technology Services under the Marks in your Territory without your written permission. We will not authorize another franchisee to provide Personal Technology Services and/or sell or lease Equipment under the Marks in your Territory without your written permission, except under any of the following circumstances:

a. If a franchisee has been providing other approved services to a Client in an Open Area that now is within your Territory, so long as that franchisee provides services to Clients under the exception described above under (a)(i) with respect to other services, that franchisee may also market and provide Personal Technology Services and/or Equipment to that Client, regardless of whether that Client had received Personal Technology Services and/or bought or leased Equipment previously. If a franchisee has been providing only Personal Technology Services and/or Equipment to a Client in an Open Area, or if a franchisee had been providing other approved services to a Client in an Open Area but ceases to do so, that franchisee must transfer the Personal Technology Services and Equipment agreements for that Client to you.

b. If for any reason (other than an unsafe or unhealthy environment for the installer, non-payment by the potential Client of a requested deposit, or direct or indirect request by a potential Client that you violate the law) you decline to provide Personal Technology Services to a potential Client in your Territory, CKFI may permit another franchisee or company-owned Unit to provide Personal Technology Services and/or Equipment or CKFI may itself provide Technology Services and/or Equipment to the potential Client. If you decline to provide Personal Technology Services and/or Equipment, you must, in accordance with the procedure provided in the Operations Manual, notify CKFI and provide all necessary contact information. This provision does not apply if you are providing personal technology services and/or equipment under other marks under the circumstances described in Item 16 of this disclosure document.

c. If you acquired the Franchised Business by transfer and the transferring franchisee had given another franchisee or company-owned Unit written permission to provide services to specific Clients in your Territory, that franchisee or company-owned Unit may continue thereafter to provide Personal Technology Services and/or Equipment, regardless of whether the Client is a Subscriber when you acquire the Franchised Business, to Clients under signed Client Agreements at the time you meet the conditions to begin operations.

The territorial protections described above begin on the third business day after CKFI has given you written notice that you have met all of the conditions to begin operations.

There are no other circumstances under which we will authorize another franchisee to provide services to Clients or sell and/or lease Equipment under the Marks in your Territory without your permission.

Reservation of Rights

Except as expressly described in the preceding paragraphs, we reserve, for ourselves, our related parties, and any affiliates, all rights in the Marks and System not expressly granted in the Franchise Agreement, including the right to offer and grant Comfort Keepers® franchises to others for any area that is not included within your Territory. We have no affiliates that we control (“CKFI Affiliates”), other than SDX to the extent that we manage the operations of its Franchised Businesses. We do not compete with Comfort Keepers® franchisees under a different name or marks and we have no plans to do so in the future directly or through any CKFI Affiliate. We, for ourselves, our related parties, and our affiliates, retain the following rights, among others, which we and/or they may exercise in any manner and on any terms and conditions that we and/or they deem advisable and without granting you any rights or interests in them:

a. To own, acquire, establish and/or operate, and license others to establish and operate, Franchised Businesses outside your Territory;

b. To own, acquire, establish, and/or operate systems (franchised and/or company-owned) under other proprietary marks, whether any such system is similar to or different from the System, at any location(s) within or outside your Territory and to use other channels of distribution (for example, the Internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);

c. To own, acquire, establish, and/or operate, and license others to establish and operate, businesses different from a Franchised Business but operated under the Marks within or outside your Territory, and to use other channels of distribution (for example, the Internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);

d. To be acquired (whether through acquisition of assets, or equity interests or otherwise, regardless of the form of transaction) by a business or entity providing products and services similar to those provided by Franchised Businesses, even if that business or entity operates, franchises or licenses those similar businesses in your Territory; and

e. To sell or distribute, at retail or wholesale, directly or indirectly, via the Internet or any other means, or license others to sell or distribute, via any means (including other channels of distribution) any products (including Equipment) that bear any proprietary marks, including the Marks, whether within or outside your Territory.

We do not have to pay you if we exercise any of the rights specified above inside your Territory. Except as previously indicated, neither we nor any CKFI Affiliate has any right to use other channels of distribution (for example, the Internet, telemarketing or other direct marketing) to provide services or make sales within your Territory under the Marks. We have not made sales of this type. Although we, our related parties, and our affiliates have the right to do so (as described above), we, our related parties, and our affiliates have not operated or franchised, and have no plans to operate or franchise, other businesses selling similar products or services under different trademarks in the United States, other than the services provided in the shared dwellings operated under the mark “LifeSelect™ by Comfort Keepers®.”

Territorial Restrictions on Your Activities

You may solicit referral sources without regard to their geographic location. You may not otherwise directly or indirectly market to, advertise to, or solicit to or for, Clients outside your Territory

by any means (including other channels of distribution such as the Internet, telemarketing or other direct marketing), unless we give our written consent in the Operations Manual or otherwise; we may withhold or withdraw our consent in our sole judgment. You may, however, advertise in a medium (such as a metropolitan area newspaper or radio and television advertising) that covers your Territory but also has some circulation outside your Territory, as provided in the Operations Manual. You may sign a Client Agreement with, and/or provide services to, Clients, and you may lease and/or sell Equipment, outside your Territory only if you have the express written consent of the franchisee in whose territory you wish to do so or if you have our written consent. We will grant our consent, if we do so at all, only if you and your Related Parties are, and remain, in good standing under the Franchise Agreement and all other agreements with us.

We will be deemed to have granted our written consent (which we may withdraw in our sole judgment) to your soliciting, marketing, and advertising in, and to your providing services and/or leasing and/or selling technology products in, an Open Area if the following conditions are met:

- a. You direct solicitations, marketing, and advertising only to the Open Area, and you can completely discontinue the solicitations, marketing, and/or advertising on 14 days notice or less.
- b. You agree that, when the Open Area (or any portion of it) is granted to another franchisee as part of its territory or we open a company-owned Unit that serves any portion or all of the Open Area:
 - i. You will cease accepting new Clients for services and/or for Equipment in any portion of the Open Area that is assigned as the territory of another franchisee or the company-owned Unit; and
 - ii. You will immediately take all steps necessary to completely discontinue any advertising for services or Equipment you have directed to Clients and prospective Clients in the Open Area.

If you begin directing any solicitation, marketing, and/or advertising to, providing services in, and/or selling or leasing Equipment in, an Open Area, you will be deemed to have agreed to the conditions listed above.

You must immediately stop directing advertising to and providing services and/or Equipment to Clients in an Open Area if we withdraw our consent to your doing so. We may withdraw our consent for any reason or for no reason at all immediately upon written notice to you.

Modification of Territory

From time to time we offer a program under which we may offer to let existing franchisees, or franchisees acquiring their franchises through transfer, purchase additional zip codes to increase the size of their protected territories. The program works as follows: If there are one or more unassigned zip codes near your Territory and these zip codes, taken together, are, in our sole judgment, insufficient to form the basis for a Territory, we may sell one or more of these zip codes to you. We have no obligation to do so. We will not split a zip code; all of the zip codes we sell to you must touch each other and at least one must touch your assigned Territory. The current fee is \$300 per 1000 residents in the zip code(s) (population determined using our then-current methodology for assigning Territories), but we may increase that fee at any time and/or discontinue the program of offering additional zip codes. We may decline for any reason to sell you additional zip codes. But, among other conditions we may impose, to

be considered for any such purchase you must be in good standing under all of your Franchise Agreements.


You need not meet any particular level of sales volume, market penetration, or other criteria to maintain your Territory. Except as described in the preceding paragraphs, we may not modify your Territory.

General

We do not offer options, rights of first refusal, or similar rights to acquire additional franchises within a franchisee's territory or in contiguous territories. We may consider granting you the right to operate one or more additional Franchised Businesses, under one or more additional Franchise Agreements, if you and your Related Parties are in compliance with all existing Franchise Agreements and other agreements with us and with the Operations Manual, but we have no obligation to do so.

**ITEM 13
TRADEMARKS**

In operating your Franchised Business, you may use the Marks we approve and only those Marks. The principal Marks are “COMFORT KEEPERS”, “NON-MEDICAL-IN HOME CARE COMFORT KEEPERS” AND DESIGN, “COMFORT KEEPERS” AND DESIGN, “I AM A COMFORT KEEPER”, “WE ARE COMFORT KEEPERS”, “COMFORTING SOLUTIONS FOR IN-HOME CARE”, and “SAFETYCHOICE”. The following principal Marks have federal registrations:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER OF THE UNITED STATES PATENT AND TRADEMARK OFFICE
“COMFORT KEEPERS”	2,366,096	July 11, 2000	Principal
	2,335,434	March 28, 2000	Principal
“COMFORTING SOLUTIONS FOR IN-HOME CARE”	2,961,831	November 13, 2003	Principal
“I AM A COMFORT KEEPER”	3,172,466	November 14, 2006	Principal
“WE ARE COMFORT KEEPERS”	3,172,467	November 14, 2006	Principal
“SAFETYCHOICE”	3,674,128	August 25, 2009	Principal

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER OF THE UNITED STATES PATENT AND TRADEMARK OFFICE
	3,871,051	November 2, 2010	Principal
	4,360,533	July 2, 2013	Principal
	4,371,259	July 23, 2013	Principal

We own all of the Marks listed above and directly license the use of those Marks to our franchisees. All required affidavits have been filed for the Marks in the table above and the first 5 Marks in the table have become incontestable.

In addition, CKFI claims a common law trademark in the oval design logo shown above (Registration No. 2,335,434) but without the words “non-medical in-home care” and with slightly different font (as shown on the first page of this disclosure document). On October 23, 2013, CKFI filed an amendment to its federal registration for that mark to amend the registration to reflect the removal of the wording and the font change.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks. We are not aware of any infringing uses or any superior prior rights that could materially affect your use of the Marks in any state.

No agreements limit our rights to use or license the use of the Marks.

You may use the Marks only in the operation of your Franchised Business and only in the manner and for the purposes we permit or specify in the Operations Manual or otherwise. You may not use any other trade name or marks in connection with your Franchised Business. You may not use any portion of the Marks or the letters “CK” as part of your corporate, partnership, or limited liability company name in connection with your Franchised Business or any other business you may operate. You may not register any domain name, social media site, or blog or use any e-mail address that uses any part of the Marks or the letters “CK”. You must conspicuously identify yourself on a sign in your Office and on all

advertising, stationery, business forms, and other documents you use, as a franchisee operating an independent business, using the identification we specify in the Operations Manual.

You must notify us in writing within 5 days if you become aware of any apparent infringement of the Marks or System and of any claim by any person or entity of any claim to any Mark, but we have no obligation to take affirmative action when notified of any such apparent infringement or claim. You must also notify us in writing promptly if you become aware of any adverse publicity relating to you, your Franchised Business, or any other person or entity that might damage the goodwill associated with the Marks. You must advise us in writing within five days of any claim, demand, or suit against you or against your principals based upon or arising in connection with your use of the Marks or System.

Except as we otherwise permit in writing, you must not directly or indirectly communicate with any person other than your attorney (if a claim is brought against you) and CKFI and its counsel in connection with any such infringement, challenge or claim. CKFI has the sole right to determine whether any action should be taken, and, if any action is taken, CKFI has the right to direct and control any such action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Marks, as well as any settlement of any such proceeding or litigation. You have no right, independent of CKFI, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Marks. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of CKFI's counsel, be necessary or advisable to protect and maintain the interests of CKFI and its affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of CKFI and/or its affiliates in the Marks. We will indemnify and hold you harmless from all expenses and liabilities that you incur in any trademark infringement proceeding disputing your authorized use of any Mark in strict accordance with the Franchise Agreement, if you have timely notified us of the proceeding and comply with the other requirements described in this paragraph. If you are made a party to a legal proceeding in any such alleged infringement, we will defend you at our expense, if you have timely notified us of the proceeding and if you have complied with the other requirement described in this paragraph.

We have invested substantial time, energy, and money in the promotion and protection of the Marks as they exist currently. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Marks are often difficult to establish and defend. Changes in the cultural and economic environment within which the Network operates or third-party challenges to our rights in the Marks may make changes in the Marks desirable or necessary. We therefore reserve the right to change the Marks and the specifications for each when we believe that these changes will benefit the System. You agree that you will promptly conform, at your own expense, to any such changes. We need not reimburse you for any loss of revenue due to any modified or discontinued Mark or for your expenses in promoting a modified or substitute trademark or service mark.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We hold no patents. We claim copyrights for our advertising materials, the Operations Manual, forms, sales, training, and management materials, other materials we create, and all advertising materials bearing the Marks, regardless of author. We have not registered these copyrights with the United States Registrar of Copyrights, but we need not do so at this time to protect them. Your right to use the

copyrighted materials derives solely from the Franchise Agreement and is limited to your conduct of business in accordance with the Franchise Agreement and all applicable Standards that we prescribe.

There are currently no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrights. There are no agreements currently in effect that significantly limit our rights to use or franchise the copyrighted materials. As of the date of this disclosure document, there are no superior prior rights or infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state.

You must notify us in writing within 5 days of any unauthorized use or disclosure of proprietary information, copyrighted material, and/or other intellectual property (collectively, “Intellectual Property”) belonging to us and of any claim by any person or entity to any rights in any proprietary information, copyright, or other intellectual property belonging to us. Except as we otherwise permit in writing, you must not directly or indirectly communicate with any person other than your attorney (if a claim is brought against you) and us and our counsel in connection with any claim of rights in our Intellectual Property. We have the sole right to determine whether any legal action should be taken, and, if any action is taken, we have the right to direct and control any such action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving any of our Intellectual Property, as well as any settlement of any such proceeding or litigation. You have no right, independent of us, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Intellectual Property. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of our counsel, be necessary or advisable to protect and maintain the interests of CKFI and its affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of CKFI and/or its affiliates in the Intellectual Property. We need not protect or defend copyrights or other Intellectual Property, although we intend to do so if it is in the Network’s best interests. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or other Intellectual Property

Any addition, modification, adaptation, improvement, refinement, invention, or innovation that any you, any of your Related Parties, and/or any of your employees makes or suggests related to the System, the Network, the Operations Manual, or other confidential information relating to any Franchised Business (“Improvements”) will become our sole and exclusive property, regardless of your or their participation in developing the Improvement. All Improvements will be deemed works-made-for-hire for us, will be deemed assigned to us, and may, at our option, become part of the System. You will, and you will cause your employees and Related Parties to, execute any instruments and documents we request and give us assistance to perfect or protect all of our intellectual property rights in any Improvement, without compensation for the use or licensing of any Improvement.

Confidential Information

In addition to the copyright we claim in the Operations Manual, we consider the Operations Manual to be confidential. Our confidential information also includes other materials, procedures, techniques, and plans we provide to you for the operation of your Franchised Business, as well as any password and/or electronic key or other device necessary to access other confidential information and/or the CK Intranet. All information relating to Clients of your Franchised Business (including name, contact information, care needs, services provided, Equipment leased or purchased, payment history, and relationship history) belongs to us as part of the goodwill associated with the Marks and is part of our confidential information. You may not at any time—during or after the term of the Franchise Agreement or any renewal Franchise Agreement—reveal any of our confidential information to any person or use it for any purpose except those permitted under the Franchise Agreement. You may not copy any of our

confidential information or give it to any third party except as we permit in writing. You must take reasonable steps to prevent misuse or disclosure of our confidential information. All of your Related Parties, officers, directors, and principal managers must sign a non-disclosure and non-competition agreement in the form of Attachment 6 to the Franchise Agreement or in the form that we require at the time they become associated with you. Your Designated Manager and all of your employees who will have access to our confidential information must sign a confidentiality agreement in the form that we require at the time they become associated with you. You must send a copy of the signed agreement to us within 10 days after it is signed. You must turn over to us all copies of the confidential information when you cease to be a franchisee. "Related Parties" means each of your owners, all persons holding a direct or indirect beneficial interest in you (if you are an entity), and the spouse of any owner or of any person holding a direct or indirect beneficial interest in you.

Please see the discussion above under "Patents and Copyrights" regarding your obligations and CKFI's rights with respect to claims involving confidential information.

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

In order to meet Standards for client care and service, you must have at least two full-time employees (or equivalent) to open and operate your Franchised Business, as specified in the Operations Manual. Your Franchised Business must be supervised by an individual (who can be you) who has completed the initial training program to our reasonable satisfaction. You may have a Designated Manager. You and your business partner or Designated Manager must devote all of your, his, or her productive time and effort to the management and operation of the Franchised Business and to the promotion of the services we authorize you to offer. Each Office you operate must have a separate Designated Manager, one of whom can be you, but you (if you are an individual) or an individual with an ownership interest in you must provide overall supervision of all Franchised Businesses you own. Your Designated Manager, if any, and any successor Designated Manager, must complete the initial training program to our reasonable satisfaction but need not have any equity interest in you if you are an entity.

Your Designated Manager, if any, must sign a nondisclosure agreement in the form that we require at the time you employ the Designated Manager. You must send a copy of the signed agreement to us within 10 days after it is signed.

If you are a business entity, each of your owners with at least a 10% ownership interest in you must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenants not to compete.

ITEM 16 RESTRICTIONS ON WHAT YOU MAY SELL

Except as noted below, you must offer your Clients homemaker/companionship services, personal care services, Personal Technology Services and Equipment under the SafetyChoice® mark, and, except as we otherwise permit, all other services and products that we authorize you to offer. You may offer, in addition, only those other services and products that we authorize you to provide. As we continue to develop the System, we may change the types of services that you may offer and/or that you must offer. There is no contractual limit on our right to change the types of authorized services or

required services. If, when you execute the Franchise Agreement, you are a franchisee under another Franchise Agreement that did not require you to offer Personal Technology Services and Equipment under the SafetyChoice® mark and you are then under contract to a different provider of personal technology equipment and services, you need not offer Personal Technology Services and Equipment under the SafetyChoice® mark during the term of that contract but you may not renew that contract and you must begin to offer Personal Technology Services and Equipment under the SafetyChoice® mark when that contract expires or, if applicable, at the end of any post-termination non-competition period in that contract. You must, at CKFI's request, provide CKFI with a copy of your contract with the provider of personal technology equipment and services.

Please see Item 12 of this disclosure document for geographic limitations on the clients you may serve.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4.4.1	Term is 10 years
b. Renewal or extension of the term	4.4.2	If you meet conditions, you can renew for consecutive additional 10-year terms
c. Requirements for franchisee to renew or extend	4.4.2	Sign new franchise agreement (including guaranty), be in good standing and have been substantially in good standing throughout term, comply with training requirements, give 120 days' notice, sign release, and pay renewal fee. If you seek to renew your franchise agreement at the expiration of the initial term or any renewal term, you will be asked to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different or higher fees, but your Territory will not change.
d. Termination by franchisee	11.2	You may terminate the Franchise Agreement if we fail to take reasonable steps to attempt to cure a material breach of the Franchise Agreement on 60 days' written notice to cure the default. Termination will be valid only if you meet in full the conditions of the section of the Franchise Agreement entitled "Rights and Obligations Upon Termination" within the specified time periods.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	11.1.1, 11.1.2	We can terminate only if you default. See also Sections 5.10, 8.6, 8.7, and 12.8 of the Franchise Agreement for our other remedies upon your default.
g. "Cause" defined - curable defaults	11.1.2	You have 5 days to cure payment defaults or failure to have required insurance; you have 30 days to cure other defaults that can be cured, including failure to provide confidentiality and non-compete agreements from employees, failure to complete training, failure to offer all required services or offering any non-approved services, failure to provide replacement guarantor, failure to obtain required background checks on employees, failure to meet any other material obligation. (See State Specific Disclosures in Exhibit A)
h. "Cause" defined - non-curable defaults	11.1.2	Noncurable defaults include conviction of felony, misrepresentation in securing franchise, abandonment, repeated defaults, misuse of the Marks, unapproved transfer, insolvency, more than once serving clients in another franchisee's territory without that franchisee's permission, competition with us or other Comfort Keepers® franchisees; termination for default of another franchise or other agreement you have with us
i. Franchisee's obligations on termination/non-renewal	11.3	Obligations include cooperation with CKFI in transition of Clients to other franchisees or other providers, compliance with non-compete obligations, complete accounting and payment of amounts due, discontinuing use of the Marks and Client information, return of all of our manuals and other property (including Client information), assigning phone numbers, domain names and social media names to us, refraining for 12 months from transferring assets of Franchised Business to Competitive Business, and more
j. Assignment of contract by franchisor	10.9	May assign to person/entity that assumes obligations under your franchise agreement
k. "Transfer" by franchisee – defined	3.88	Includes transfer of franchise agreement, assets, or ownership change, or creation of lien on these
l. Franchisor approval of transfer by franchisee	10.1	We have the right to approve all transfers

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	10.1-10.4	Transferee qualifies, all your debts to us are paid, all defaults under the Operations Manual and any agreements with us, our affiliates or related parties are cured, transfer fee paid, purchase agreement approved, training undertaken, release signed by you and your Related Parties, transferee signs current franchise agreement and related agreements
n. Franchisor's right of first refusal to acquire franchisee's business	10.7	We have right to match any offer to buy your business or controlling interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	10.6	Heirs must qualify; if not, they have 120 days to sell
q. Non-competition covenants during the term of the franchise	7.11 and Attachment 6	No involvement in any competing or related business and no diversion of Clients to a competing business
r. Non-competition covenants after the franchise is terminated or expires	7.11 and Attachment 6	For two (2) years following the termination or expiration of your Franchise Agreement, (a) no involvement in competing business within your previous Comfort Keepers® territory (or within 10 miles of it), within ten (10) miles of the protected territory under any other Franchise Agreement then in effect, or within ten (10) miles of the territory agreed upon in connection with a deposit agreement that had been signed at the time of termination or expiration, and (b) no solicitation of business of former Clients or of referrals from referral sources you used during the term of the Franchise Agreement.
s. Modification of the agreement	12.4	Except where Franchise Agreement permits otherwise, modification only by written agreement of parties; Operations Manual may change
t. Integration/merger clause	12.6	Only the terms of Franchise Agreement (including its attachments and the Operations Manual) are binding (subject to state law); all prior or contemporaneous agreements are superseded. Any statements or promises not in Franchise Agreement or this disclosure document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	12.7, 12.8, and NBF Addendum	All disputes must be mediated and arbitrated in Dayton, Ohio, except that CKFI may bring court action for claims relating to: payment of amounts due CKFI under the Franchise Agreement, and Brand Fund contributions, the Marks, Confidential Information, insurance or indemnification, violation of non-compete covenants, and unauthorized transfer (see New York Disclosures in Exhibit A)
v. Choice of forum	12.7, 12.8, and 12.10	Where CKFI's headquarters is located when the action is brought (see State Specific Disclosures in Exhibit A)

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
w. Choice of law	12.2	Ohio, with certain exceptions (see State Specific Disclosures in Exhibit A)

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

Table A, Table B, and Tables PMG 1 through 3 are historical financial performance representations, based on revenue and, as applicable, expense experience reported by franchisees; we have not included in any of these tables the revenues or expense information for the Franchised Businesses we operate on behalf of our affiliate, SDX. For purposes of Table A, Table B, and Table PMG-1, “net revenue” means that revenue on which a franchisee pays royalty fees (but which is, in the Franchise Agreement, called “Gross Revenue”), that is, the total amount of money the franchisee and its owners receive for all goods sold and services rendered in connection with the Marks, and all other income of any kind derived directly or indirectly in connection with the operation of a Franchised Business, including Client deposits and payments for mileage charges but excluding sales tax and Client refunds. Tables PMG-2 and PMG-3 are based on billed revenue, rather than on revenue received.

Table A, on the next page, shows information relating to all Franchised Businesses operating at September 30, 2013 that had been operating for at least one year and reported revenue for every month during the period October 1, 2012 through September 30, 2013 (the “Reporting Period”). Table A shows net revenue achieved during the Reporting Period by Franchised Businesses that had been operating the specified number of months. The last line in the table shows information relating to net revenue for the Reporting Period for all of the Franchised Businesses included above in the table.

We used the Start Date for a Franchised Business as the date its operations began. Under a Start-up Agreement, the Start Date is the end of the month after the franchisee completes initial training. Under an Expansion Agreement executed before January 1, 2007, the Start Date is the date of execution of the Expansion Agreement; under an Expansion Agreement executed January 1, 2007 or after, the Start Date is 60 days after the date of execution of the Expansion Agreement.

For purposes of the net revenue shown in Tables A and B below, we used the Gross Revenue figures from the royalty reports the franchisees filed with us; these revenues are reported on a cash basis.

While we have not audited this information or independently confirmed the royalty reports, we have no reason to believe that any franchisee would overstate its revenues to us.

TABLE A

Number of Months in Operation (1)	Total # of Franchised Businesses (2)	Average Net Revenue	Number and Percentage of Franchised Businesses Meeting or Exceeding Average	Median Net Revenue	Highest Franchised Business Net Revenue	Lowest Franchised Business Net Revenue
73 or more	441	\$775,459	169/38%	\$591,527	\$4,910,843	24,345
61 to 72	31	\$518,645	10/32%	\$435,797	\$2,619,071	\$37,381
49 to 60	24	\$377,448	11/46%	\$346,634	\$1,090,656	\$67,942
37 to 48	34	\$339,419	15/44%	\$323,857	\$ 848,397	\$21,591
25 to 36	23	\$277,586	9/39%	\$194,884	\$ 877,997	\$48,748
12 to 24	21	\$237,809	7/33%	\$ 183,555	\$ 1,067,087	\$ 9,592
All Franchised Businesses Open One Year or More Ending September 30, 2013	574	\$679,500	211/37%	\$505,849	\$4,910,843	\$ 9,592

Notes to Table A:

(1) Franchised Businesses operating 73 or more months had Start Dates between March 1, 1998 and September 30, 2007. Franchised Businesses operating 61 to 72 months had Start Dates between October 30, 2007 and September 30, 2008. Franchised Businesses in each subsequent descending tier of months shown in this table had Start Dates one year later than those in the preceding tier.

(2) The total number of Franchised Businesses that had been operating at least 12 months at September 30, 2013 is 574; we have excluded the Franchised Businesses we manage on behalf of SDX. The number in this column represents all Franchised Businesses that reported revenue for every month during the Reporting Period and that had been operating for at least 12 months at September 30, 2013. The table excludes 9 Franchised Businesses that closed during the Reporting Period and 59 Franchised Businesses that reported no revenue or did not file a royalty report for one or more months during the Reporting Period. Each of the Franchised Businesses included in the table provided the homemaker/companionship services and personal care services that you must provide under the Franchise Agreement and most provided Personal Technology Services and Equipment under the SafetyChoice® program. 72 Franchised Businesses participated in a pilot program for PDN Services during the Reporting Period.

Table B represents the same Franchised Businesses and the same revenues as in Table A, but in Table B the revenue is shown on a per “franchise entity” basis, rather than on a per “Franchised Business” basis. That is, if a franchise entity owns multiple Franchised Businesses, revenues from all of those Franchised Businesses are aggregated and reported for that franchise entity.

TABLE B

Number of Franchise Entities (1)	Total # of Franchised Businesses (2)	Average Net Revenue per Entity	Number and Percentage of Franchised Entities Meeting or Exceeding Average	Median Net Revenue per Entity	Highest Franchise Entity Net Revenue	Lowest Franchise Entity Net Revenue
313	574	\$1,246,112	38/12%	\$579,910	\$4,910,843	54,075

Notes to Table B:

(1) Of the 313 franchise entities, 3 franchise entities had 8 Franchised Businesses each; 2 franchise entities had 6 Franchised Businesses each; 6 franchise entities had 5 Franchised Businesses each; 11 franchise entities had 4 Franchised Businesses each; 39 franchise entities had 3 Franchised Businesses each; 95 franchise entities had 2 Franchised Businesses; and 157 had 1 Franchised Business each. Each Franchised Business is operated under a separate Franchise Agreement with its own Territory.

(2) The total number of Franchised Businesses that had been operating at least 12 months at September 30, 2013 is 574; we have excluded the Franchised Businesses we manage on behalf of SDX. The number in this column represents all Franchised Businesses that reported revenue for every month during the Reporting Period and that had been operating for at least 12 months at September 30, 2013. The table excludes 9 Franchised Businesses that closed during the Reporting Period and 59 Franchised Businesses that reported no revenue or did not file a royalty report for one or more months during the Reporting Period. Each of the Franchised Businesses included in the table provided the homemaker/companionship services and personal care services that you must provide under the Franchise Agreement and most provided Personal Technology Services and Equipment under the SafetyChoice® program. 72 Franchised Businesses participated in a pilot program for PDN Services during the Reporting Period.

The following three tables are historical financial performance representations for the 12 months ended September 30, 2013, for a limited group of franchisees (the “PMG Group”). These tables do not include data from the Franchised Businesses we manage on behalf of SDX. The PMG Group consists of smaller groups of franchisees (“performance management groups”) who have voluntarily come together to improve the performance of their Franchised Businesses. These franchisees meet periodically in person or by telephone to discuss their performance goals and their actual outcomes. In order to participate in the performance management groups, the franchisees must own one or more units that have been in operation for at least a year, they must agree to a uniform system of revenue and expense reporting, and they must provide CKFI with financial reports based on that uniform system of revenue and expense reporting. Although CKFI staff facilitate the PMG Group meetings, CKFI provides no additional instruction or business guidance to the PMG Group. PMG Group members pay a fee to CKFI to offset costs associated with the program. All 93 members of the PMG Group, representing 220 Franchised Businesses, provided data presented in Tables PMG 1 and 2. 29 of the Franchised Businesses

are held by single unit franchisees; the remainder of the Franchised Businesses are held by 64 multi-unit franchisees. 30 franchisees held 2 Franchised Businesses each; 20 franchisees held 3 each; 7 franchisees held 4 each; 3 franchisees held 5 each; 2 franchisees held 6 each; 1 franchisee held 7; and 1 franchisee held 9. The Franchised Businesses in the PMG Group are located throughout the country, in 30 different states. All of the Franchised Businesses in the PMG Group had been operating at least one year as of September 30, 2013. The Franchised Businesses in the PMG Group offer the homemaker/companionship and personal care services that you must offer under the Franchise Agreement; all but one also offer Personal Technology Services and Equipment, which you must offer under the Franchise Agreement. In addition, 40 of the 220 Franchised Businesses participated in the PDN Services pilot during the Reporting Period.

Table PMG-1 represents the average net revenues of the Franchised Businesses in the PMG Group for the twelve months ending September 30, 2013, based on length of time in operation (using the Start Date as the commencement of operations). We used the Gross Revenue figures from the royalty reports that PMG Group members filed with us, which reflect revenues reported on a cash basis. While we have not audited this information or independently confirmed the royalty reports, we have no reason to believe that any franchisee would overstate its revenues to us.

TABLE PMG-1

Time in Operation (Years)	# of Franchised Businesses	Average Net Revenue	# and % meeting / exceeding average	Median Net Revenue	Highest Net Revenue	Lowest Net Revenue
10 or more	102	\$1,067,603	40 / 39%	\$880,089	\$4,910,843	\$139,875
8 to 10	37	\$916,785	14 / 37%	\$720,702	\$4,038,315	\$3,955
5 to 8	44	\$690,342	18 / 41%	\$522,428	\$2,619,071	\$17,682
2 to 5	35	\$276,323	15 / 43%	\$224,597	\$832,912	\$2,313
More than 1 but less than 2	2	\$37,858	1 / 50%	\$37,858	\$73,659	\$2,057
Total	220	\$828,516	87 / 40%	\$579,449	\$4,910,843	\$2,057

Table PMG-2 is a statement of the average performance of the PMG Group as a whole, based on the costs listed and then measured against their Net Revenue for the twelve months ending September 30, 2013. As indicated above, the members of the PMG Group have agreed to a uniform methodology for reporting revenue and expenses and the revenue and expense information shown comes from the reports provided by the PMG Group members to CKFI. The information in Table PMG-2 reflects reporting of both revenues and expenses on an accrual basis by members of the PMG Group; accordingly, the average net revenue figure is different from that shown in Table PMG-1, which reflects net revenue reported, on a cash basis, on the franchisees' royalty reports to CKFI. While we have not audited this information or independently confirmed the expense information or the information on the sub-categories of revenue, because a franchisee's financial performance does not affect its obligations to us and because of the

specific commitment of PMG Members to accurate and uniform financial reporting, we have no reason to believe that any franchisee would misrepresent its revenue and expense information.

PMG Group members who own more than one Franchised Business report expenses on an aggregated basis for all of their Franchised Businesses; typically, due to the nature of the business (services-based, rather than a location-based retail operation), multi-unit franchisees operate and manage their Franchised Businesses as a whole. The averages shown in Table PMG-2 represent the billed revenues and accrued expenses reported (on a single unit or aggregated basis) divided by 220, the number of Franchised Businesses held by franchisees in the PMG Group. Thus, the average shown does not take into account that a multi-unit franchisee may have one or more of its Franchised Businesses that are performing well below the “average” shown. For the 29 single unit franchisees in the PMG Group, we have indicated in the applicable note to Table PMG-2 the number and percentage of their Franchised Businesses that met or exceeded the average shown for certain line items.

TABLE PMG-2

Revenue	AVERAGE for all PMG Group Members	As percent of Total Revenue Billed
In-home Care Service Revenue ⁽¹⁾	\$ 820,097	98.4%
Personal Technology Services ⁽²⁾	\$ 4,487	0.5%
All Other Revenue ⁽³⁾	\$ 9,007	1.1%
Total Revenue⁽⁴⁾	\$ 833,592	100.0%
Cost of Sales		
Caregiver (CG) Payroll ⁽⁵⁾	\$ 409,802	49.2%
CG Payroll Taxes and Benefits ⁽⁶⁾	\$ 47,510	5.7%
CG Workers' Compensation Insurance ⁽⁷⁾	\$ 21,213	2.5%
Cost of Personal Technology Equipment ⁽⁸⁾	\$ 2,805	0.3%
Direct Revenue Incentive Compensation ⁽⁹⁾	\$ 1,804	0.2%
Franchise Royalty ⁽¹⁰⁾	\$ 33,434	4.0%
Direct Costs for All Other Revenue ⁽¹¹⁾	\$ 6,161	0.7%
Total Cost of Sales⁽¹²⁾	\$ 522,731	62.7%
Gross Profit⁽¹³⁾	\$ 310,860	37.3%

Notes to Table PMG-2:

- (1) This represents revenue billed by the franchisees for providing homemaker/companionship and personal care services; in addition, 40 of the 220 Franchised Businesses participated in the PDN Services pilot during the Reporting Period. Each franchisee sets its own rates; typically, franchisees will charge different rates for different types of services and may charge more or less

- depending on the number of hours of service a Client needs and whether live-in care is required. Of the 29 single unit franchisees, 20, or 69%, met or exceeded the average shown.
- (2) This represents revenue billed by the franchisees for the sale or lease of Personal Technology Services and Equipment under the SafetyChoice® program. 1 franchisee, owning 3 Franchised Businesses, and 6 single-unit franchisees did not have revenue from the SafetyChoice® program. Of the 23 single unit franchisees that had such revenue, 18, or 78%, met or exceeded the average shown.
 - (3) This represents revenue billed for ancillary services that CKFI has approved but does not require, such as PDN Services (which was offered by a limited number of franchisees under a pilot program during the Reporting Period) and reimbursements for transportation services, grocery purchases, and similar items. Of the 29 single unit franchisees, 16, or 55%, met or exceeded the average shown.
 - (4) Of the 29 single unit franchisees, 21, or 72%, met or exceeded the average shown.
 - (5) This represents wage expense for caregivers. Hourly wages will vary depending on the economic conditions in a given area. Typically, where hourly wages are higher, rates for services are higher.
 - (6) This represents payroll taxes and benefits (for example, health and/or life insurance) associated with caregivers. Payroll taxes vary significantly by state, but typically where payroll taxes are higher, rates for services are higher.
 - (7) This represents workers compensation insurance coverage for caregivers. CKFI requires that you carry workers compensation with Part Two (employer's liability) policy limits at no less than state minimum. Workers compensation rates vary significantly by state.
 - (8) This represents the cost paid to CKFI for SafetyChoice® equipment and services that were then sold or leased to Clients.
 - (9) This represents the bonuses and other incentives that the franchisees paid to employees.
 - (10) This represents the royalty fees paid to CKFI. All Franchised Businesses in the PMG Group pay royalty fees under a tiered royalty structure, with franchisees under older franchise agreements generally paying royalty fees based on lower royalty tier breakpoints. (See note 5 to the Item 6 table in this disclosure document for more information on how the tiered royalty structure works.) The 4% rate represents a blend of the royalty fees calculated under the tiered royalty structure. You will pay royalty fees based on a flat 5% of Gross Revenues, as described in Item 6 of this disclosure document.
 - (11) This represents costs such as mileage reimbursement costs paid to caregivers and, for those franchisees participating in a pilot program for private duty nursing, private duty nurse wages (and related payroll expenses).
 - (12) The expenses that are included in the Cost of Sales calculation do not include all of the expenses associated with operating a Franchised Business.
 - (13) Gross Margin means Total Revenue less Total Cost of Sales. Of the 29 single unit franchisees, 18, or 62%, met or exceeded the average shown.

Table PMG-3 is a statement of the actual performance of the highest-performing single unit owner and the lowest-performing single unit owner in the PMG Group for the twelve months ending September 30, 2013. Revenue and expenses included in the table were reported on an accrual basis.

TABLE PMG-3

	Highest-Performing Single Unit		Lowest Performing Single Unit	
	Actual	As percent of Total Revenue	Actual	As percent of Total Revenue
Revenue				
In-home Care Service Revenue ⁽¹⁾	\$5,086,285	99.6%	\$380,491	96.5%
Personal Technology Services ⁽²⁾	\$6,754	0.1%	\$4,595	1.2%
All Other Revenue ⁽³⁾	\$14,860	0.3%	\$9,015	2.3%
Total Revenue	\$5,107,899	100.00%	\$394,101	100.00%
Cost of Sales				
Caregiver (CG) Payroll ⁽⁴⁾	\$2,623,353	51.4%	\$162,421	41.2%
CG Payroll Taxes and Benefits ⁽⁵⁾	\$245,494	4.8%	\$34,728	8.8%
CG Workers' Compensation Insurance ⁽⁶⁾	\$171,486	3.4%	\$18,252	4.6%
Cost of Personal Technology Equipment ⁽⁷⁾	\$2,831	0.1%	\$3,501	0.9%
Direct Revenue Incentive Compensation ⁽⁸⁾	\$0	0.0%	\$0	0.0%
Franchise Royalty ⁽⁹⁾	\$188,274	3.7%	\$18,913	4.8%
Direct Costs for All Other Revenue ⁽¹⁰⁾	\$13,453	0.3%	\$ 5,440	1.4%
Total Cost of Sales⁽¹¹⁾	\$3,244,891	63.5%	\$243,255	61.7%
Gross Profit⁽¹²⁾	\$1,863,008	36.5%	\$150,846	38.3%

Notes to Table PMG-3:

- (1) This represents revenue billed by the franchisee for providing homemaker/companionship and personal care services; in addition 5 of the 29 single unit franchisees participated in the PDN Services pilot program during the Reporting Period. Each franchisee sets its own rates; typically, franchisees will charge different rates for different types of services and may charge more or less depending on the number of hours of service a Client needs and whether live-in care is required.
- (2) This represents revenue billed by the franchisee for the sale or lease of Personal Technology Services and Equipment under the SafetyChoice® program.
- (3) This represents revenue billed for ancillary services that CKFI has approved but does not require, such as PDN Services (which was offered by 5 of the 29 single-unit franchisees under a pilot program during the Reporting Period) and for reimbursements for transportation services, grocery purchases, and similar items.
- (4) This represents wage expense for caregivers. Hourly wages will vary depending on the economic conditions in a given area. Typically, where hourly wages are higher, rates for services are higher.
- (5) This represents payroll taxes and benefits (for example, health and/or life insurance) associated with caregivers. Payroll taxes vary significantly by state, but typically where payroll taxes are higher, rates for services are higher.

- (6) This represents workers compensation insurance coverage for caregivers. CKFI requires that you carry workers compensation with Part Two (employer's liability) policy limits at no less than state minimum. Workers compensation rates vary significantly by state.
- (7) This represents the cost paid to CKFI for SafetyChoice® equipment and services that were then sold or leased to Clients.
- (8) This represents the bonuses and other incentives that the franchisees paid to employees.
- (9) All Franchised Businesses in the PMG Group pay royalty fees under a tiered royalty structure , with franchisees under older franchise agreements generally paying royalty fees based on lower royalty tier breakpoints. (See note 5 to the Item 6 table in this disclosure document for more information on how the tiered royalty structure works.) The two rates shown represents a blend of the royalty fees calculated under the tiered royalty structure. You will pay royalty fees based on a flat 5% of Gross Revenues, as described in Item 6 of this disclosure document.
- (10) This represents costs associated with mileage reimbursements to caregivers.
- (11) The expenses that are included in the Cost of Sales calculation do not include all of the expenses associated with operating a Franchised Business.
- (12) Gross Margin means Total Revenue less Total Cost of Sales.

We will make available to you upon reasonable request written substantiation of the information contained in the tables above.

The financial performance representations in Tables A and B do not reflect the costs of sales, and none of the financial performance representations in any of the tables reflects all of the operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The net revenue and net profit of your Franchised Business will depend on many factors, including the prices you charge for services and products, labor costs and general economic conditions in your area, your ability to network and generate Clients, and competition from other similar businesses in your area. There is no assurance that your Franchised Business will do as well as the Franchised Businesses in the tables above. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees listed in the disclosure document may be one source of this information.

THE RESULTS GIVEN IN THESE TABLES ARE HISTORIC REPRESENTATIONS OF FINANCIAL RESULTS ACHIEVED BY CERTAIN COMFORT KEEPERS® FRANCHISED BUSINESSES. A NEW FRANCHISEE'S RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS STATED IN THE TABLES. ACTUAL RESULTS VARY FROM FRANCHISED BUSINESS TO FRANCHISED BUSINESS, AND THE SUCCESS OF YOUR FRANCHISED BUSINESS WILL DEPEND IN LARGE PART UPON YOUR SKILLS AND ABILITIES, COMPETITION FROM OTHER BUSINESSES, AND OTHER ECONOMIC AND BUSINESS FACTORS. WE MAKE NO REPRESENTATION OR WARRANTY THAT YOU WILL, OR ARE LIKELY TO, ACHIEVE THE RESULTS SHOWN IN THE TABLES.

Other than the preceding financial performance representations, CKFI does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jim Brown, Vice President of Franchise Development, 6640 Poe Avenue, Suite 200, Dayton, OH 45414, 937-665-1300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2011 to 2013

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2011	596	612	+16
	2012	612	628	+16
	2013	628	648	+20
Company-Owned	2011	0	8	+80
	2012	8	15	+7
	2013	15	15	0
Total Outlets	2011	596	620	+24
	2012	620	643	+23
	2013	643	663	+20

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2011 to 2013

State	Year	Number of Transfers
AL	2011	0
	2012	1
	2013	0
AR	2011	0
	2012	1
	2013	1
AZ	2011	1
	2012	0
	2013	1
CA	2011	2
	2012	1
	2013	2

State	Year	Number of Transfers
CO	2011	0
	2012	0
	2013	2
CT	2011	2
	2012	0
	2013	0
DE	2011	0
	2012	0
	2013	1
FL	2011	4
	2012	5
	2013	2
GA	2011	1
	2012	1
	2013	3
IL	2011	0
	2012	8
	2013	0
IN	2011	5
	2012	0
	2013	0
ID	2011	2
	2012	0
	2013	0
IA	2011	0
	2012	2
	2013	0
KY	2011	0
	2012	0
	2013	3

State	Year	Number of Transfers
MA	2011	2
	2012	1
	2013	0
MD	2011	0
	2012	0
	2013	2
MI	2011	0
	2012	2
	2013	0
MN	2011	0
	2012	0
	2013	3
NC	2011	0
	2012	0
	2013	1
NH	2011	0
	2012	1
	2013	0
NJ	2011	3
	2012	0
	2013	3
NY	2011	1
	2012	1
	2013	0
OH	2011	1
	2012	2
	2013	0
PA	2011	0
	2012	3
	2013	2

State	Year	Number of Transfers
SC	2011	0
	2012	0
	2013	5
TN	2011	1
	2012	0
	2013	0
TX	2011	1
	2012	4
	2013	2
UT	2011	1
	2012	0
	2013	0
VA	2011	0
	2012	0
	2013	1
WA	2011	0
	2012	0
	2013	0
WI	2011	1
	2102	1
	2013	2
Total	2011	28
	2012	34
	2013	36

Table No. 3
 Status of Franchised Outlets
 For years 2011 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2011	4	2	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
AK	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
AZ	2011	21	0	0	0	0	1	20
	2012	20	0	0	0	0	0	20
	2013	20	0	0	0	0	0	20
AR	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	1	0	0	0	1	2
CA	2011	79	3	0	0	0	0	82
	2012	82	3	0	0	0	0	85
	2013	85	1	1	0	0	0	85
CO	2011	11	2	0	0	0	0	13
	2012	13	0	0	0	0	0	13
	2013	13	0	0	0	0	1	12
CT	2011	9	0	0	0	0	0	9
	2012	9	1	0	0	0	0	10
	2013	10	0	0	0	0	0	10
DE	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
FL	2011	57	2	0	0	0	0	59
	2012	59	0	0	0	0	0	59
	2013	59	0	2	0	0	0	57
GA	2011	18	1	0	0	0	0	19
	2012	19	1	0	0	0	0	20
	2013	20	0	0	0	0	1	19
ID	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
IL	2011	29	1	0	3	0	0	27
	2012	27	0	0	1	0	0	26
	2013	26	0	0	0	0	0	26

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
IN	2011	18	0	0	0	0	0	18
	2012	18	2	0	0	0	0	20
	2013	20	0	0	0	0	0	20
IA	2011	6	0	1	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
KS	2011	7	0	0	0	0	0	7
	2012	7	0	0	0	0	0	7
	2013	7	0	0	0	0	0	7
KY	2011	10	0	0	0	0	0	9
	2012	10	0	0	0	0	0	9
	2013	10	0	0	0	0	0	10
LA	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
ME	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
MD	2011	6	2	1	0	0	1	6
	2012	6	0	0	0	0	0	6
	2013	6	6	0	0	0	0	12
MA	2011	17	0	0	0	0	3	14
	2012	14	0	0	0	0	4	10
	2013	10	0	0	0	0	0	10
MI	2011	24	0	0	0	0	1	23
	2012	23	0	0	0	0	0	23
	2013	23	1	0	0	0	0	24
MN	2011	10	2	0	0	0	0	12
	2012	12	0	1	0	0	0	11
	2013	11	0	0	0	0	1	10
MS	2011	5	0	0	0	0	0	5
	2012	5	1	0	0	0	0	6
	2013	6	0	0	0	0	0	6
MO	2011	6	0	0	2	0	0	4
	2012	4	2	0	0	0	0	6
	2013	6	4	0	0	0	0	10
MT	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
NE	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NV	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
NH	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
NM	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
NJ	2011	20	2	0	0	0	1	21
	2012	21	1	0	0	0	0	22
	2013	22	2	0	0	0	0	24
NY	2011	12	0	0	0	0	0	12
	2012	12	2	0	0	0	0	14
	2013	14	1	0	0	0	0	15
NC	2011	17	2	2	0	0	0	17
	2012	17	2	1	0	0	0	18
	2013	18	0	0	0	0	0	18
ND	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
OH	2011	44	1	0	0	0	0	45
	2012	45	2	0	0	0	1	46
	2013	46	0	0	0	0	0	46
OK	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
OR	2011	2	2	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
PA	2011	32	3	0	0	0	2	33
	2012	33	0	0	1	0	0	32
	2013	32	0	0	0	0	1	31
RI	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
SC	2011	13	1	0	0	0	0	14
	2012	14	1	0	0	0	0	15
	2013	15	0	0	0	0	0	15
SD	2011	2	0	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
TN	2011	15	0	0	0	0	0	15
	2012	15	0	0	0	0	0	15
	2013	15	0	0	0	0	0	15
TX	2011	27	5	0	0	0	1	31
	2012	31	4	0	0	0	0	35
	2013	35	7	1	0	0	0	41
UT	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
VA	2011	13	0	0	0	0	0	13
	2012	13	1	2	0	0	0	12
	2013	12	4	0	0	0	0	16
WA	2011	4	2	0	0	0	0	6
	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
WI	2011	16	1	0	0	0	0	17
	2012	17	1	0	0	0	0	18
	2013	18	0	0	0	0	0	18
WV	2011	0	1	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Totals	2011	596	35	4	5	0	10	612
	2012	612	27	4	2	0	5	628
	2013	628	29	4	0	0	5	648

Table No. 4
Status of Company-Owned Outlets
For years 2011 to 2013⁽¹⁾

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
NJ	2011	0	2	0	0	0	2
	2012	2	0	0	0	0	2
	2013	2	0	0	0	0	2
OK	2011	0	0	0	0	0	0
	2012	0	7	0	0	0	7
	2013	7	0	0	0	0	7
PA	2011	0	6	0	0	0	6
	2012	6	0	0	0	0	6
	2013	6	0	0	0	0	0
Totals	2011	0	8	0	0	0	8
	2012	8	7	0	0	0	15
	2013	15	0	0	0	0	15

(1) We do not own any outlets. As of the date of this disclosure document, our affiliate, SDX Home Care Operations, L.L.C., owned, under franchise agreements with us, sixteen Comfort Keepers® businesses that we operate on its behalf. For purposes of this Item 20, those units are considered “Company-Owned Outlets.”

Table No. 5
Projected Openings As of August 31, 2013

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arkansas	0	3	0
California	1	1	0
Florida	1	1	0
Illinois	0	2	0
Louisiana	0	1	0
Maine	1	0	0
Maryland	3	3	0
Michigan	0	2	0
Missouri	0	1	0
New Jersey	0	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
New Mexico	0	1	0
New York	0	2	0
Pennsylvania	0	2	0
Texas	1	2	5
Virginia	0	2	0
Washington	0	2	0
Wisconsin	0	1	0
Total	7	29	5

Attached to this disclosure document as Exhibit I-1 is a list of the names of all current franchisees with the addresses and phone numbers of each of their Franchised Businesses, as of August 31, 2013. Some franchisees may operate more than one Franchised Business from a single Facility; in that case, the number of Franchised Businesses the franchisee operates from that Facility and in that state is listed after his or her name. Franchisees who have not yet begun to operate are listed separately at the end of Exhibit I-1.

Attached to this disclosure document as Exhibit I-2 is a list of the name, city, state and current business telephone number (or if unknown, the last known home telephone number) of each of the 53 franchisees who had an outlet terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during the last fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. There were 75 such outlets; of those 75, 56 were transferred, 4 were terminated, 2 did not open, 1 was reacquired by the franchisor (through its affiliate, SDX), and 12 left the franchise system for other reasons. If a given franchisee had more than one Franchised Business leave the system, the number is listed after the franchisee's name. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly with you about their experience with the Comfort Keepers® system. During the last three fiscal years, two former franchisees have signed such a provision. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We sponsor the NAC (currently comprising 12 franchisees and three company representatives) but its franchisee members are elected by franchisees. The NAC does not have an e-mail address. Its mailing address is NAC Chairman, c/o CK Franchising, Inc., 6640 Poe Avenue, Suite 200, Dayton, Ohio 45414. We will forward all mail so addressed to the then-current NAC Chairman.

ITEM 21.
FINANCIAL STATEMENTS

Exhibit C to this disclosure document contains our unaudited financial statements as of January 31, 2014 and our audited financial statements for the fiscal years ended August 31, 2013, 2012, and 2011.

ITEM 22.
CONTRACTS

The following agreements are proposed for use in this state:

Exhibit D-1: Franchise Deposit Agreement

Exhibit D-2: Franchise Agreement, which included the following separate agreements among its attachments:

Attachment 2: Authorization Agreement for Prearranged Payment via EFT

Attachment 3: Conditional Assignment of Telephone Numbers, Facsimile Numbers, E-mail Addresses, and Universal Resource Locator (URL) Addresses

Attachment 4: Agreement and Guaranty of Related Parties

Attachment 6: Confidentiality Agreement and Ancillary Covenants Not to Compete

Attachment 12: Data Warehouse Business Agreement

Attachment 14: HIPAA Business Associate Agreement

Exhibit F: Promissory Note

Exhibit J: Current Sample Form of General Release

ITEM 23
RECEIPT

Attached as the last page of this disclosure document (Exhibit K) is a Receipt. Please sign it and return it to us. A duplicate of the Receipt is also attached for your records.

EXHIBIT A
SPECIFIC STATE DISCLOSURES

CALIFORNIA

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code §20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law and the law applies, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

The franchise agreement requires the application of the laws of Ohio. This provision may be unenforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Dayton, Ohio, with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT COPIES OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Our website URLs are www.comfortkeepers.com and www.comfortkeepersfranchise.com. OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THOSE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

ILLINOIS

Many states have statutes concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute (815 ILCS 705/19 and 705/20).

The Franchise Agreement provides for termination upon bankruptcy except as required under federal bankruptcy law. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U.S. Code Section 101.

The following is added to Item 17 of the disclosure document:

In accordance with Illinois law, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action that is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement with respect to claims arising under the Illinois Franchise Disclosure Act or any related Illinois statute or regulation.

The Summary column of Item 17g of the disclosure document shall be amended to read as follows: "You have 10 days to cure payment defaults or failure to have required insurance; you have 30 days to cure other defaults that can be cured."

Section 12.10 of the Franchise Agreement requires that an arbitration claim be filed within one year after the event complained of occurs. In accordance with Illinois law, this provision is deleted and the related clause is amended to state "files an arbitration before the expiration of the later of one year after the date of discovery of the facts relating to the controversy or three years after the date of the first act or omission giving rise to the controversy."

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. Insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent us from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute.

INDIANA

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. To the extent Indiana law applies, the provision concerning the place where arbitration will occur is deleted from the Indiana Franchise Agreement.

The Franchise Agreement requires application of the laws of another state. To the extent Indiana law applies, this provision is deleted from the Indiana Franchise Agreement.

In Item 17 of the disclosure document, the Summary columns of Sections (u), (v) and (w) are amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchisee to waive compliance with the franchise laws of Indiana is void. In Item 17 of the disclosure document, the Summary columns of Sections (c) and (m) are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or transfer. This will not prevent us from requiring you to sign a general release of claims as part of a settlement of a dispute or from requiring you, upon renewal or transfer of the Franchise Agreement, to sign a release of claims other than those under the franchise laws of Indiana.

MARYLAND

Item 17, under the Summary column of parts (c), (j) and (m), is amended to include the following paragraph:

A general release required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law ("the Maryland Franchise Law").

Item 17, under the Summary column of part (h), is amended to include the following sentence:

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17, under the Summary column of part (v), is modified by to include the words “, except you may sue in Maryland for any claims arising under the Maryland Franchise Law.”

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

Section 14-226 of the Maryland Franchise 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. The Franchise Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law resulting from the offer or sale of the franchise.

MINNESOTA

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, requiring you to consent to liquidated damages, termination penalties, or judgment notes, or requiring you to consent to the issuance of an injunction. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. This provision will prevail over a contrary provision in the franchise agreement.

Minnesota Statutes, Section 80C.17, Subd. 5, provides for a three-year limitation of claims period for claims arising under the Minnesota franchise laws. This provision will prevail over a contrary provision in the franchise agreement.

The following language is added to Item 13 of the Minnesota disclosure document:

We will protect your right to use the Marks or will indemnify you against any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the Marks.

Section 11.1.1 of the Franchise Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes § 80C.14, Subds. 3, 4 and 5, which require, except in certain

specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

Sections 4.4.2(e) and 10.4(g) of the Franchise Agreement state that we may require you to sign a general release of claims as a condition of renewal or transfer of your franchise. Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release of claims arising under Minnesota Statutes Chapter 80C. This provision will prevail over a contrary provision in a franchise agreement.

NEW YORK

The following five paragraphs shall be added to the State Cover Page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 DISCLOSURE DOCUMENT.

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ALTHOUGH THESE FRANCHISES HAVE BEEN ACCEPTED FOR FILING SUCH FILING UNDER GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE NEW YORK STATE DEPARTMENT OF LAW THAT THE INFORMATION PROVIDED IN THIS AGREEMENT IS TRUE. THE DEPARTMENT'S REVIEW DID NOT INCLUDE A DETAILED EXAMINATION OF THE MATERIALS SUBMITTED. A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT MAY CONSTITUTE A VIOLATION OF BOTH FEDERAL AND STATE LAW, AND SHOULD BE REPORTED TO BOTH FEDERAL TRADE COMMISSION, WASHINGTON, DC 20580 AND THE NEW YORK STATE DEPARTMENT OF SECURITIES, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, NEW YORK, NY 10271.

GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE A COPY OF THE OFFERING PROSPECTUS, TOGETHER WITH A COPY OF THE FRANCHISE AGREEMENT AT THE EARLIER OF (A) THE FIRST PERSONAL MEETING BETWEEN THE FRANCHISE OR ITS AGENT AND THE PROSPECTIVE FRANCHISEE, (B) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE EXECUTION OF A BINDING FRANCHISE OR OTHER AGREEMENT OR (C) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION IN THE SALE OR PROPOSED SALE OF A FRANCHISE.

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: SECRETARY OF STATE, 162 WASHINGTON AVENUE, ALBANY, NY 12231.

Except as stated in Item 3 of this disclosure document, neither the franchisor, its predecessor, any affiliate offering franchises under the Marks, nor any person identified in Item 2 of this disclosure document:

(i) has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a felony, violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations;

(ii) 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 a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgement or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations;

(iii) is subject to any injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

Neither the franchisor or any predecessor, officer or general partner of the franchisor has during the 10-year period immediately preceding the date of the offering prospectus been adjudged bankrupt or reorganized due to insolvency or was a principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer or general partner of the franchisor held such position in such company or partnership, nor has any such bankruptcy or reorganization proceeding been begun.

The introduction to Item 17 is amended to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

The Summary column of Item 17d is amended to read: “You may terminate upon any grounds permitted by law.”

The Summary column of Item 17j is amended to read: “We may assign only to a financially responsible assignee that we reasonably believe capable of performing our obligations under the Franchise Agreement and that expressly assumes these obligations in writing.”

The Summary column of Item 17s is amended to add the following: “Revisions to the Manual will not unreasonably affect your obligations, including your economic obligations, under the Franchise Agreement.”

The Summary column of Item 17w is amended to add the following: “The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

NORTH DAKOTA

Items 17u (Dispute Resolution by Arbitration or Mediation) and 17v (Choice of Forum) are modified to eliminate the requirement that arbitration be held in Dayton, Ohio.

Item 17w (Choice of Law) is modified to eliminate the requirement that Ohio law be used.

Item 17c (Renewal) and 17m (Transfer) are modified to eliminate the requirement that you sign a general release of claims. This will not prevent us from requiring you to sign a general release of claims as part of a settlement of a dispute or from requiring you, upon renewal or transfer of the Franchise Agreement, to sign a release of claims other than those under the franchise laws of North Dakota.

Covenants not to compete are generally considered unenforceable in the State of North Dakota.

RHODE ISLAND

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

Despite the provisions of Item 17v and Item 17w of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

Despite the provisions of Section 6(ii) of the FDA (Training), Section 5(b) of the FDA (Territory), and Section 12.2 of the Franchise Agreement and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, each of those agreements will be governed by the laws of the State of Rhode Island.

Section 6-50-4 of the RIFDA provides, except in certain specified instances, 60 days notice of termination or non-renewal of the Agreement. These requirements will supersede inconsistent provisions of the Franchise Agreement.

VIRGINIA

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

WASHINGTON

The State of Washington has a statute, RCW 19.100.180, that 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 the franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator.

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The Franchise Agreement requires application of the laws of a state other than Washington. If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chap. 19.100 RCW, will prevail.

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchisee may not include rights under the Washington Franchise Investment Protection Act. This will not prevent a franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute after the Franchise Agreement is in effect and when you are represented by independent counsel.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in the transfer.

EXHIBIT B

EXHIBIT B-1

STATE ADMINISTRATORS

CALIFORNIA

Commissioner of the Department of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

HAWAII

Hawaii Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Chief, Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Franchise Section
Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

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

MICHIGAN

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. of Attorney General
670 Williams Building
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-4026

NEW YORK

Assistant Attorney General
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH DAKOTA

Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Consumer
and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, N.E.
Salem, Oregon 97309
(503) 378-4140

RHODE ISLAND

Chief Securities Examiner
Division of Securities
1511 Pontiac Avenue, John O. Pastore Complex 69-1
Cranston, Rhode Island 02920-4407
(401) 462-9527

SOUTH DAKOTA

Franchise Administrator
Securities Division
445 East Capitol
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

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

WASHINGTON

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

WISCONSIN

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8559

EXHIBIT B-2

AGENTS FOR SERVICE OF PROCESS

Commissioner of the Department of Business
Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62706

Indiana Secretary of State
302 W Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Consumer Protection Division
Attn: Franchise
670 Williams Building
Lansing, Michigan 48913

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Secretary of State of New York
162 Washington Avenue
Albany, New York 12231

Ohio Attorney General's Office
30 East Broad Street, 25th Floor
Columbus, Ohio 43266-0410

Director, Consumer & Business Services Dept.
350 Winter Street, N.E.
Salem, Oregon 97310

Securities Commissioner
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505

Director of the
Department of Business Regulation
1511 Pontiac Avenue, John O. Pastore
Complex 69-1
Cranston, Rhode Island 02920-4407

Director of the Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Administrator of Securities
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

Commissioner of Securities
Office of the Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, WI 53703

EXHIBIT C

**FINANCIAL STATEMENTS OF
CK FRANCHISING, INC.**

CK FRANCHISING, INC.
MONTHLY BALANCE SHEET
January 31, 2014

UNAUDITED

ASSETS	
Cash & Cash Equivalents	4,985,071
Earned Royalty Receivable	1,616,810
Accounts Receivable	182,179
Prepaid Expenses	225,169
Other Current Assets	<u>257,719</u>
Current Assets	7,266,948
Fixed Assets in Progress	174,945
Furniture & Fixtures	217,226
Machinery & Equipment	293,949
Systems Development	1,371,200
Leasehold Improvements	19,441
Other Assets	-
Accumulated Depreciation	<u>(1,185,665)</u>
Fixed Assets	891,096
Deposits	-
Notes Receivable	8,171,413
Deferred Tax Asset	521,236
Deferred Income Taxes	-
Goodwill	2,844,340
Trademarks	279,021
Royalty Contracts	12,080,835
Accumulated Amortization	<u>(11,746,313)</u>
Other Assets	<u>12,150,532</u>
Total Assets	<u>20,308,576</u>
LIABILITIES & EQUITY	
Accounts Payables	76,546
Accrued Expenses	318,431
Accrued Taxes	4,323,755
Deferred Revenue	<u>45,750</u>
Current Liabilities	4,764,482
Deferred Income Taxes	-
Total Liabilities	4,764,482
Common Stock	300,000
Paid in Capital	8,643,643
Retained Earnings	5,436,171
Net Income	<u>1,164,280</u>
Stockholders' Equity	<u>15,544,094</u>
Total Liabilities & Equity	<u>20,308,576</u>

Unaudited

These Financial Statements Have Been Prepared Without An Audit.
Prospective Franchisees or Sellers of Franchises Should Be
Advised That No Independent Certified Public Accountant Has
Audited These Figures or Expressed an Opinion With Regard to their
Content or Form.

CK FRANCHISING, INC.
MONTHLY INCOME STATEMENT
1/31/2014
UNAUDITED

	Aug 31, 2014 YTD
Total Revenue	8,751,481
Operating Expenses	6,072,899
Operating Income	2,678,582
Amortization	238,945
Depreciation	132,070
Other Income	54,051
Financial Income	19,125
Management Fees	523,254
Taxes	693,209
Net Income	<u><u>1,164,280</u></u>

Unaudited

**These Financial Statements Have Been Prepared Without An Audit.
Prospective Franchisees or Sellers of Franchises Should Be Advised That No
Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion
With Regard to their Content or Form.**

CK Franchising Inc. and Company Owned Operations dba Comfort Keepers

Combined Financial Statements

August 31, 2013 and 2012

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CK Franchising, Inc.
Dayton, Ohio

Report on the Combined Financial Statements

We have audited the accompanying combined balance sheets of CK Franchising, Inc. and SDX Homecare Operations, LLC. (the "Company") as of August 31, 2013 and 2012, and the related combined statements of income and retained earnings and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

10100 innovation drive, ste 400
dayton, oh 45342

www.cshco.com
p. 937.226.0070
f. 937.226.1626

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position CK Franchising, Inc. and SDX Homecare Operations, LLC. as of August 31, 2013 and 2012 and the results of its combined operations and its combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules presented on pages 13-21 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
November 11, 2013

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
 Combined Balance Sheets
 August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,135,217	6,132,833
Restricted cash	1,070,282	-
Accounts receivable:		
Royalties	1,526,490	1,513,551
Related party	-	1,537,378
Other and in home care	288,994	169,295
Notes receivable - franchisees	390,159	417,066
Prepaid expenses and other assets	218,484	73,668
Deferred income taxes	48,201	356,220
	<u>7,677,827</u>	<u>10,200,011</u>
Equipment and other depreciable assets:		
Furniture and fixtures	259,204	232,493
Office equipment	303,481	249,542
Computer software	902,249	716,013
Marketing materials	334,714	368,832
Software development in progress	114,019	-
	<u>1,913,667</u>	<u>1,566,880</u>
Less accumulated depreciation	1,095,038	842,951
	<u>818,629</u>	<u>723,929</u>
Other assets:		
Deferred income taxes	480,528	274,048
Deposits	5,660	4,836
Notes receivable - franchisees	345,768	389,017
Due from related parties	7,605,580	7,184,646
Goodwill	2,844,340	2,844,340
Trademarks and other intangible assets	379,021	379,021
Royalty contracts, net of accumulated amortization of \$11,507,368 at August 31, 2013 and \$10,933,900 at August 31, 2012	573,467	1,146,935
	<u>12,234,364</u>	<u>12,222,843</u>
	<u>\$ 20,730,820</u>	<u>23,146,783</u>

See accompanying notes to the combined financial statements.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
 Combined Balance Sheets (Continued)
 August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Shareholder's Equity:		
Current liabilities:		
Accounts payable	\$ 1,512,724	1,025,437
Accrued liabilities:		
Wages, bonus and other accrued liabilities	1,394,548	4,602,552
Income taxes - due to Sodexo, Inc.	3,061,525	2,815,218
Accrued national brand fund	1,070,282	-
Due to related parties	353,899	273,489
Deferred revenue	<u>56,604</u>	<u>13,111</u>
	<u>7,449,582</u>	<u>8,729,807</u>
Shareholder's equity:		
Common stock, no par, 300,000 authorized, 300,000 issued and outstanding	300,000	300,000
Additional paid in capital	8,643,643	8,643,643
Retained earnings	<u>4,337,595</u>	<u>5,473,333</u>
	<u>13,281,238</u>	<u>14,416,976</u>
	<u>\$ 20,730,820</u>	<u>23,146,783</u>

See accompanying notes to the combined financial statements.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
 Combined Statements of Income and Retained Earnings
 Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue:		
Franchise fees	\$ 1,035,163	1,486,810
Royalties	17,856,363	16,593,278
Safety Choice	1,002,162	986,137
In home care	1,059,155	43,067
Other	<u>124,900</u>	<u>130,663</u>
	21,077,743	19,239,955
Operating expenses	<u>15,497,341</u>	<u>13,189,665</u>
	5,580,402	6,050,290
Income from operations	<u>5,580,402</u>	<u>6,050,290</u>
Other income (expenses):		
Interest income	75,004	100,683
Depreciation	(372,835)	(330,278)
Amortization of royalty contracts	(573,468)	(573,468)
Other income (expense)	<u>(45,696)</u>	<u>31,025</u>
	<u>(916,995)</u>	<u>(772,038)</u>
	4,663,407	5,278,252
Income before income tax expense	4,663,407	5,278,252
Income tax expense	<u>1,802,846</u>	<u>2,044,147</u>
	2,860,561	3,234,105
Net Income	2,860,561	3,234,105
Retained earnings beginning of year	5,473,333	2,239,228
Dividends	<u>(3,996,299)</u>	<u>-</u>
Retained earnings end of year	<u>\$ 4,337,595</u>	<u>5,473,333</u>

See accompanying notes to the combined financial statements.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
 Combined Statements of Cash Flows
 Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income	\$ 2,860,561	3,234,105
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	372,835	330,278
Amortization of other assets	573,468	573,468
Deferred income taxes	101,539	819,883
Provision for bad debts	71,775	(15,000)
Effects of change in operating assets and liabilities:		
Accounts, notes receivable and due from related parties	982,187	(192,832)
Prepaid expenses, deposits and other assets	(145,640)	52,366
Accounts payable and accrued liabilities	(2,474,410)	(1,147,061)
Accrued national brand fund	1,070,282	-
Due to related parties	43,600	(1,223,968)
Deferred revenue	43,493	13,111
	3,499,690	2,444,350
Cash flows from investing activities:		
Purchases of equipment and other depreciable assets	(430,725)	(520,410)
	(430,725)	(520,410)
Cash flows from financing activities:		
Payment of dividends	(3,996,299)	-
	(3,996,299)	-
Net increase (decrease) in cash and cash equivalents	(927,334)	1,923,940
Cash and cash equivalents - beginning of year	6,132,833	4,208,893
Cash and cash equivalents - end of year	\$ 5,205,499	6,132,833
Supplemental disclosure of cash flow information:		
Cash paid to related parties for income taxes	\$ 1,500,000	3,791,615

Supplemental disclosure of non-cash transactions:

The Company had non-cash investing transactions of \$36,810 related to the acquisition of equipment and other depreciable assets acquired through a related party payable in the year ended August 31, 2013.

See accompanying notes to the combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of CK Franchising, Inc. ("CKFI" or the "Company"), are set forth to facilitate the understanding of data presented in the combined financial statements:

Nature of operations and principles of combination

The financial statements include the accounts of CK Franchising, Inc. and SDX Home Care Operations, LLC.

CK Franchising, Inc. is a franchiser of non-medical in-home care service companies that operate under the brand of Comfort Keepers. The Company markets throughout the United States and internationally. All shares of the Company are owned by CK Holdco, Inc., a holding company established in 2007. On August 18, 2009, CK Holdco, Inc. was acquired by Sodexo Holdings, Inc. (the "Parent"), a wholly-owned subsidiary of Sodexo, Inc., which itself is a wholly-owned subsidiary of Sodexo S.A. For financial reporting purposes, Sodexo Holdings, Inc.'s basis of accounting in connection with its acquisition of CK Holdco, Inc. has not been "pushed down" to the Company's financial statements.

SDX Homecare Operations, LLC. ("SDX") is a wholly owned subsidiary of CK Holdco, Inc. that operates Comfort Keepers franchises in Pennsylvania, New Jersey, Oklahoma, and Texas (collectively "Company Owned Operations"). Effective September 1, 2012, CKFI management became responsible for all company owned franchise operations. Prior to September 1, 2012, the franchises in Pennsylvania and New Jersey operated independently. The 2013 combined financial statements include the financial position and results of operations for all company owned franchise operations. The financial position and results of operations for the New Jersey and Pennsylvania franchises are excluded from the 2012 financial statements as they operated independently.

All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents

Cash and cash equivalents include interest bearing deposits and short-term investments with original maturities of three months or less. Periodically during the year the Company has cash deposits in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk with its cash on deposit with financial institutions.

Accounts receivable

Accounts receivable primarily relates to royalties due from franchisees. The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on current information known about franchisees, historical collection information and existing economic conditions. When an account is considered uncollectible, it is charged to the allowance for doubtful accounts. At August 31, 2013 and 2012, accounts receivable was presented net of an allowance for doubtful accounts of \$13,304 and \$0-, respectively.

Notes receivable

Notes receivable consists of amounts due from franchisees for the financing of the franchisees' initial franchise fees. See Note 2.

Equipment and other depreciable assets

Purchases of equipment and other depreciable assets are recorded at cost. Costs related to website development and internal-use software, incurred after the preliminary project stage, are capitalized at cost. Costs incurred during the preliminary project stage are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Intangible assets

Intangible assets include royalty contracts, goodwill, trademarks, and license rights. Goodwill, trademarks and license rights are considered to have an indefinite life and therefore are not being amortized. Royalty contracts are being amortized on a straight-line basis over eight years, which represents management's best estimate of the benefits provided by the assets.

In accordance with accounting standards generally accepted in the United States of America, indefinite lived intangible assets are tested for impairment, at least on an annual basis, and written down in the periods in which the recorded amount is greater than fair value. The Company performed the required impairment tests for goodwill, trademarks, and license rights and determined that no impairment loss was deemed necessary during the years ended August 31, 2013 and 2012. The carrying values of the finite lived intangible assets and other long-lived assets are reviewed if facts and circumstances indicate potential impairment of their carrying values. If the review indicates that the intangible assets and other long-lived assets are impaired, as determined by the undiscounted cash flow method, they will be reduced to their estimated recoverable value.

Royalty contracts include \$7,493,093 resulting from a 2003 recapitalization that was fully amortized at August 31, 2013 and 2012. The amortization previously recognized was not deductible for tax purposes. The remaining royalty contracts with an original fair value of \$4,587,742 and accumulated amortization of \$4,014,275 and \$3,440,807 at August 31, 2013 and 2012, respectively, were acquired through a separate purchase in 2006 and are deductible for tax purposes over 15 years.

Amortization expense for the years ended August 31, 2013 and 2012 was \$573,468. Amortization expense for the next fiscal year is expected to be \$573,468.

Federal income tax

CKFI and SDX are included in the consolidated tax return of Sodexo, Inc. Income taxes are provided for on a separate-return basis, with both entities being treated as C-Corporations. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus or minus the net change in deferred tax assets and liabilities. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax assets to the amount that will more likely than not be realized.

Uncertain tax positions

The Company evaluates its income tax positions taken or expected to be taken in Sodexo, Inc.'s income tax returns. Sodexo, Inc.'s income tax filings are subject to audit by various taxing authorities. For federal tax purposes the Company's open audit periods are for the periods from August 19, 2009 through August 31, 2013. The Company was previously audited through August 18, 2009. The Company is also subject to audit in various states. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Revenue recognition

Franchise fees are recognized upon the completion of substantially all initial commitments. These commitments include substantial completion of initial training for U.S. based franchises. Revenue related to territory expansions and transfers is recognized when the agreement is executed, as the Company has no commitment related to these transactions. Master franchise agreements sold internationally typically do not include training commitments to be completed prior to revenue recognition. Franchise fees that have been received by the Company for which initial commitments have not been fulfilled are recorded as deferred revenue. Royalties are recognized when earned by the Company based on monthly revenues reported by franchises. Initial franchise fees are expected to become a decreasing portion of the Company's total future revenue as fewer franchise territories are available for purchase.

In home care revenue is recognized as services are provided to clients.

During 2013, the franchises voted to implement a provision in the franchise agreement that created a National Brand Fund ("NBF"). CKFI began receiving contributions in April 2013. CKFI is obligated to collect NBF contributions and spend the funds on nationwide promotional activities. Contributions received from franchisees for the NBF are accounted for as an agency transaction and therefore, no revenue is recognized. Rather, contributions to the NBF are credited to a liability and qualifying expenditures are charged against this liability. See Note 3 for further discussion of the NBF.

Advertising

The Company expenses ongoing advertising cost as incurred. Certain marketing materials that have utility beyond one year are capitalized and amortized over their estimated lives. Total advertising costs capitalized during the years ended August 31, 2013 and 2012 were \$104,503 and \$23,172, respectively, and advertising costs charged to expense were \$857,392 and \$514,814, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The estimated value of the royalty contracts and the related amortization expense are considered to be significant estimates.

Subsequent events

Management evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 11, 2013, the date on which the financial statements were available to be issued.

2. NOTES RECEIVABLE:

Franchise may finance the initial franchise fee for new territories or territory expansions. Notes receivable includes 47 separate notes (55 at August 31, 2012) that have maturity dates through June 2016 and bear interest at 6%.

Scheduled principle and interest payments are deducted from franchisee accounts monthly. Notes deemed uncollectible by management of \$54,684 and \$-0- were written-off at August 31, 2013 and 2012, respectively. There were no past-due notes or notes on a non-accrual status at August 31, 2013 and 2012. Accordingly, management has elected not to show the status of past-due notes or notes on a non-accrual status.

Future principal payments scheduled to be received are as follows at August 31, 2013:

2014		\$	390,159
2015			263,796
2016			81,972
			735,927
		\$	735,927

3. NATIONAL BRAND FUND:

As discussed in Note 1, the Company implemented a National Brand Fund during 2013. Below is a summary of activity for the year ended August 31, 2013:

Contributions received			\$1,409,441
Expenditures:			
Marketing expenditures			321,507
Administrative expenditures			17,652
			339,159
Increase in agency liability		\$	1,070,282

4. OPERATING LEASES:

CKFI and SDX lease their operating facilities and certain office equipment under operating leases that extend through October 2018. Total lease expense for the years ended August 31, 2013 and 2012 was \$316,176 and \$287,012, respectively. Future minimum lease payments under these lease agreements are as follows:

2014		\$	317,424
2015			309,864
2016			55,658
2017			35,858
2018			35,858
Thereafter			2,988
			757,650
		\$	757,650

5. RETIREMENT PLAN:

The Company sponsors a 401(k) profit sharing plan that covers substantially all employees of CKFI and management of SDX who have completed one year of service. Pursuant to the provisions of the Plan, the Company may make matching contributions equal to a discretionary percentage determined by the Company. The Company made matching contributions of \$73,969 and \$71,173 for the years ended August 31, 2013 and 2012, respectively.

6. LITIGATION:

The Company is involved in various legal actions arising in the normal course of business. These matters include being named as co-defendants in franchisee-level legal matters and disputes over proposed terms for renewals of franchise agreements. It is not possible to determine the ultimate outcome of these matters; however, management believes such matters will not have a material effect upon the financial position or results of the Company. It is the Company's policy to accrue legal fees when it is probable that the Company will have to defend itself against known claims or allegations and it can reasonably estimate the amount of the anticipated expense. The Company's legal fee accrual was \$500,000 and \$100,000 at August 31, 2013 and 2012, respectively. The legal fee accrual is considered to be a significant estimate.

7. INCOME TAXES

The Company files its federal tax return as a member of a consolidated group and records its share of the consolidated federal tax liability on a separate return basis. The components of income tax expense (benefit) for the years ended August 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Federal, state and local:		
Current	\$ 1,701,307	1,224,264
Deferred	<u>101,539</u>	<u>819,883</u>
	<u>\$ 1,802,846</u>	<u>2,044,147</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major temporary differences that result in deferred tax assets are various accrued liabilities, differences between book and tax depreciation expense and differences between the book and tax basis for intangible assets. After considering all the evidence, management has concluded that a valuation allowance is not needed for the deferred tax assets created by these differences.

8. RELATED PARTY TRANSACTIONS:

As described, in Note 1, through a series of holding companies, CKFI and SDX are wholly owned by Sodexo, Inc, which is a wholly owned subsidiary of Sodexo S.A. During the normal course of business, the Company enters into certain transactions with its parent companies and their affiliates. Outstanding balances between the Company and related parties at August 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Note receivable - Sodexo Holdings, Inc.	\$ 7,605,580	8,105,580
Note receivable - Sodexo Rose Holding Company, Inc.	-	579,066
Due from SDX - royalties	-	37,378
Accrued income taxes due to Sodexo, Inc.	3,061,525	2,815,218
Due to Sodexo related entities	353,899	273,489

Payment terms for the balance due from Sodexo Holdings, Inc. have not been finalized. Management does not expect repayment in the near term, and as such, the balance of \$7,605,580 has been classified as non-current.

The note receivable from Sodexo Rose Holding Company, Inc. ("Sodexo Rose") is pursuant to a loan agreement that permits Sodexo Rose to borrow up to \$2,500,000 from the Company. The note was paid in full on December 21, 2012.

Other amounts due to or from related parties are the result of transactions occurring during the normal course of business.

Income earned from and expenses paid to related parties for the years ended August 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Interest income earned from Sodexo Rose Holding Company, Inc.	\$ 10,413	46,164
Royalty revenue - paid by SDX owned territories	-	35,396
Sodexo trademark royalties expense	257,412	233,042
Sodexo technical assistance expense	386,641	307,197
Sodexo brand liaison expense	-	35,000

During 2013, the Company ceased charging royalties for company owned operations as these transactions are eliminated within the corporate consolidation with Sodexo, Inc. Royalties paid during 2012 are related to the Pennsylvania and New Jersey operations of SDX, which were not included in the 2012 financial statements.

SUPPLEMENTAL SCHEDULES

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
 Combined Schedules of Operating Expenses
 Years Ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating expenses:		
Commissions	\$ 207,000	144,729
Professional fees	1,091,019	713,681
Advertising/marketing	857,392	514,814
Office supplies	70,152	57,259
Telephone	177,036	96,812
Travel and entertainment	1,072,242	847,317
Internet	150,277	135,754
Employee compensation	8,822,211	7,840,406
Rent and lease expense	316,176	287,012
Utilities	6,016	3,246
Training	106,163	52,224
Postage	48,657	38,726
Franchisee support	501,762	657,731
Equipment expense	41,864	16,641
Insurance	88,665	86,587
Safety Choice	747,119	712,223
Performance group	(1,052)	22,548
Membership fees	43,786	25,285
Recruiting	327,066	281,257
Dues and subscriptions	3,536	3,964
Related party trademark royalties	257,412	233,042
Related party technical assistance	386,641	307,197
Related party brand liason	-	35,000
Franchise tax and state registration fees	47,100	48,685
Bad debt expense	71,775	-
Miscellaneous	57,326	27,525
	<u>\$ 15,497,341</u>	<u>13,189,665</u>

See accompanying notes to the combined financial statements.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Balance Sheet
Year Ended August 31, 2013

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,133,717	1,500	-	4,135,217
Restricted cash	1,070,282	-	-	1,070,282
Accounts receivable:				
Royalties	1,526,490	-	-	1,526,490
Other and in home care	184,389	104,605	-	288,994
Notes receivable - franchisees	390,159	-	-	390,159
Prepaid expenses and other assets	197,531	20,953	-	218,484
Deferred income taxes	40,708	7,493	-	48,201
	<u>7,543,276</u>	<u>134,551</u>	<u>-</u>	<u>7,677,827</u>
Equipment and other depreciable assets:				
Furniture and fixtures	218,329	40,875	-	259,204
Office equipment	266,115	37,366	-	303,481
Computer software	902,249	-	-	902,249
Marketing materials	334,714	-	-	334,714
Software development in progress	114,019	-	-	114,019
	<u>1,835,426</u>	<u>78,241</u>	<u>-</u>	<u>1,913,667</u>
Less accumulated depreciation	<u>1,053,595</u>	<u>41,443</u>	<u>-</u>	<u>1,095,038</u>
	<u>781,831</u>	<u>36,798</u>	<u>-</u>	<u>818,629</u>
Other assets:				
Deferred income taxes	480,528	-	-	480,528
Deposits	-	5,660	-	5,660
Notes receivable - franchisees	345,768	-	-	345,768
Due from related parties	9,228,267	-	(1,622,687)	7,605,580
Goodwill	2,844,340	-	-	2,844,340
Trademarks and other intangible assets	379,021	-	-	379,021
Royalty contracts, net of accumulated amortization	<u>573,467</u>	<u>-</u>	<u>-</u>	<u>573,467</u>
	<u>13,851,391</u>	<u>5,660</u>	<u>(1,622,687)</u>	<u>12,234,364</u>
	<u>\$ 22,176,498</u>	<u>177,009</u>	<u>(1,622,687)</u>	<u>20,730,820</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Balance Sheet (Continued)
Year Ended August 31, 2013

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Liabilities and Shareholder's Equity:				
Current liabilities:				
Accounts payable	\$ 1,429,059	83,665	-	1,512,724
Accrued liabilities:				
Wages and bonus	1,359,807	34,741	-	1,394,548
Income taxes - due to Sodexo, Inc.	3,675,545	(614,020)	-	3,061,525
Accrued national brand fund	1,070,282	-	-	1,070,282
Due to related parties	261,991	91,908	-	353,899
Deferred revenue	-	56,604	-	56,604
	<u>7,796,684</u>	<u>(347,102)</u>	<u>-</u>	<u>7,449,582</u>
Other liabilities:				
Due to related parties	-	1,622,687	(1,622,687)	-
	<u>-</u>	<u>1,622,687</u>	<u>(1,622,687)</u>	<u>-</u>
Shareholder's equity:				
Common stock, no par, 300,000 authorized, 300,000 issued and outstanding	300,000	-	-	300,000
Additional paid in capital	8,643,643	-	-	8,643,643
Retained earnings (deficit)	5,436,171	(1,098,576)	-	4,337,595
	<u>14,379,814</u>	<u>(1,098,576)</u>	<u>-</u>	<u>13,281,238</u>
	<u>\$ 22,176,498</u>	<u>177,009</u>	<u>(1,622,687)</u>	<u>20,730,820</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Balance Sheet
Year Ended August 31, 2012

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 6,131,833	1,000	-	6,132,833
Accounts receivable:				
Royalties	1,513,551	-	-	1,513,551
Related party	1,537,378	-	-	1,537,378
Other and in home care	149,449	19,846	-	169,295
Notes receivable - franchisees	417,066	-	-	417,066
Prepaid expenses and other assets	67,820	5,848	-	73,668
Deferred income taxes	356,220	-	-	356,220
	<u>10,173,317</u>	<u>26,694</u>	<u>-</u>	<u>10,200,011</u>
Equipment and other depreciable assets:				
Furniture and fixtures	217,234	15,259	-	232,493
Office equipment	248,497	1,045	-	249,542
Computer software	716,013	-	-	716,013
Marketing materials	368,832	-	-	368,832
	<u>1,550,576</u>	<u>16,304</u>	<u>-</u>	<u>1,566,880</u>
Less accumulated depreciation	<u>842,951</u>	<u>-</u>	<u>-</u>	<u>842,951</u>
	<u>707,625</u>	<u>16,304</u>	<u>-</u>	<u>723,929</u>
Other assets:				
Deferred income taxes	274,048	-	-	274,048
Deposits	-	4,836	-	4,836
Notes receivable - franchisees	389,017	-	-	389,017
Due from related parties	7,550,681	-	(366,035)	7,184,646
Goodwill	2,844,340	-	-	2,844,340
Trademarks and other intangible assets	379,021	-	-	379,021
Royalty contracts, net of accumulated amortization	1,146,935	-	-	1,146,935
	<u>12,584,042</u>	<u>4,836</u>	<u>(366,035)</u>	<u>12,222,843</u>
	<u>\$ 23,464,984</u>	<u>47,834</u>	<u>(366,035)</u>	<u>23,146,783</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Balance Sheet (Continued)
Year Ended August 31, 2012

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Liabilities and Shareholder's Equity:				
Current liabilities:				
Accounts payable	\$ 1,016,824	8,613	-	1,025,437
Accrued liabilities:				
Wages and bonus	4,531,363	71,189	-	4,602,552
Income taxes - due to Sodexo, Inc.	2,968,851	(153,633)	-	2,815,218
Due to related parties	273,489	-	-	273,489
Deferred revenue	-	13,111	-	13,111
	<u>8,790,527</u>	<u>(60,720)</u>	<u>-</u>	<u>8,729,807</u>
Other liabilities:				
Due to related parties	-	366,035	(366,035)	-
	<u>-</u>	<u>366,035</u>	<u>(366,035)</u>	<u>-</u>
Shareholder's equity:				
Common stock, no par, 300,000 authorized, 300,000 issued and outstanding	300,000	-	-	300,000
Additional paid in capital	8,643,643	-	-	8,643,643
Retained earnings (deficit)	5,730,814	(257,481)	-	5,473,333
	<u>14,674,457</u>	<u>(257,481)</u>	<u>-</u>	<u>14,416,976</u>
	<u>\$ 23,464,984</u>	<u>47,834</u>	<u>(366,035)</u>	<u>23,146,783</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Statement of Income and Retained Earnings
Year Ended August 31, 2013

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Revenue:				
Franchise fees	\$ 1,035,163	-	-	1,035,163
Royalties	17,866,520	-	(10,157)	17,856,363
Safety Choice	998,824	3,338	-	1,002,162
In home care	-	1,059,155	-	1,059,155
Other	<u>113,213</u>	<u>11,687</u>	<u>-</u>	<u>124,900</u>
	20,013,720	1,074,180	(10,157)	21,077,743
Operating expenses	<u>13,144,035</u>	<u>2,363,463</u>	<u>(10,157)</u>	<u>15,497,341</u>
Income (loss) from operations	<u>6,869,685</u>	<u>(1,289,283)</u>	<u>-</u>	<u>5,580,402</u>
Other income (expenses):				
Interest income	75,004	-	-	75,004
Depreciation	(353,143)	(19,692)	-	(372,835)
Amortization of royalty contracts	(573,468)	-	-	(573,468)
Other expense	<u>(45,696)</u>	<u>-</u>	<u>-</u>	<u>(45,696)</u>
	<u>(897,303)</u>	<u>(19,692)</u>	<u>-</u>	<u>(916,995)</u>
Income (loss) before income tax expense (benefit)	5,972,382	(1,308,975)	-	4,663,407
Income tax expense (benefit)	<u>2,270,726</u>	<u>(467,880)</u>	<u>-</u>	<u>1,802,846</u>
Net income (loss)	3,701,656	(841,095)	-	2,860,561
Retained earnings beginning of year	5,730,814	(257,481)	-	5,473,333
Dividends	<u>(3,996,299)</u>	<u>-</u>	<u>-</u>	<u>(3,996,299)</u>
Retained earnings (deficit) end of year	<u>\$ 5,436,171</u>	<u>(1,098,576)</u>	<u>-</u>	<u>4,337,595</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Statement of Income and Retained Earnings
Year Ended August 31, 2012

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Revenue:				
Franchise fees	\$ 1,486,810	-	-	1,486,810
Royalties	16,593,278	-	-	16,593,278
Safety Choice	985,685	452	-	986,137
In home care	-	43,067	-	43,067
Other	<u>130,626</u>	<u>37</u>	-	<u>130,663</u>
	19,196,399	43,556	-	19,239,955
Operating expenses	<u>12,734,995</u>	<u>454,670</u>	-	<u>13,189,665</u>
Income (loss) from operations	<u>6,461,404</u>	<u>(411,114)</u>	-	<u>6,050,290</u>
Other income (expenses):				
Interest income	100,683	-	-	100,683
Depreciation	(330,278)	-	-	(330,278)
Amortization of royalty contracts	(573,468)	-	-	(573,468)
Other income	<u>31,025</u>	-	-	<u>31,025</u>
	<u>(772,038)</u>	-	-	<u>(772,038)</u>
Income (loss) before income tax expense (benefit)	5,689,366	(411,114)	-	5,278,252
Income tax expense (benefit)	<u>2,197,780</u>	<u>(153,633)</u>	-	<u>2,044,147</u>
Net income (loss)	3,491,586	(257,481)	-	3,234,105
Retained earnings beginning of year	2,239,228	-	-	2,239,228
Dividends	-	-	-	-
Retained earnings (deficit) end of year	<u>\$ 5,730,814</u>	<u>(257,481)</u>	-	<u>5,473,333</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Schedule of Operating Expenses
Year Ended August 31, 2013

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Operating expenses:				
Commissions	\$ 207,000	-	-	207,000
Professional fees	1,019,093	71,926	-	1,091,019
Advertising/marketing	634,672	232,877	(10,157)	857,392
Office supplies	41,262	28,890	-	70,152
Telephone	105,065	71,971	-	177,036
Travel and entertainment	994,352	77,890	-	1,072,242
Internet	150,277	-	-	150,277
Employee compensation	7,209,164	1,613,047	-	8,822,211
Rent and lease expense	257,672	58,504	-	316,176
Utilities	-	6,016	-	6,016
Training	88,477	17,686	-	106,163
Postage	42,713	5,944	-	48,657
Franchisee support	501,762	-	-	501,762
Equipment expense	40,308	1,556	-	41,864
Insurance	75,648	13,017	-	88,665
Safety Choice	737,487	9,632	-	747,119
Performance group	(1,052)	-	-	(1,052)
Membership fees	37,871	5,915	-	43,786
Recruiting	206,930	120,136	-	327,066
Dues and subscriptions	3,536	-	-	3,536
Related party trademark royalties	257,412	-	-	257,412
Related party technical assistance	386,641	-	-	386,641
Franchise tax and state registration fees	47,100	-	-	47,100
Bad debt expense	62,988	8,787	-	71,775
Miscellaneous	37,657	19,669	-	57,326
	<u>\$13,144,035</u>	<u>2,363,463</u>	<u>(10,157)</u>	<u>15,497,341</u>

See independent auditors' report.

CK Franchising, Inc. and Company Owned Operations dba Comfort Keepers
Combining Schedule of Operating Expenses
Year Ended August 31, 2012

	<u>CKFI</u>	<u>SDX</u>	<u>Eliminations</u>	<u>Combined</u>
Operating expenses:				
Commissions	\$ 144,729	-	-	144,729
Professional fees	712,142	1,539	-	713,681
Advertising/marketing	452,640	62,174	-	514,814
Office supplies	55,632	1,627	-	57,259
Telephone	91,375	5,437	-	96,812
Travel and entertainment	823,077	24,240	-	847,317
Internet	135,754	-	-	135,754
Employee compensation	7,551,833	288,573	-	7,840,406
Rent and lease expense	281,292	5,720	-	287,012
Utilities	-	3,246	-	3,246
Training	48,730	3,494	-	52,224
Postage	32,352	6,374	-	38,726
Franchisee support	657,731	-	-	657,731
Equipment expense	15,898	743	-	16,641
Insurance	81,949	4,638	-	86,587
Safety Choice	711,602	621	-	712,223
Performance group	22,548	-	-	22,548
Membership fees	24,338	947	-	25,285
Recruiting	240,588	40,669	-	281,257
Dues and subscriptions	3,964	-	-	3,964
Related party trademark royalties	233,042	-	-	233,042
Related party technical assistance	307,197	-	-	307,197
Related party brand liaison	35,000	-	-	35,000
Franchise tax and state registration fees	48,685	-	-	48,685
Miscellaneous	22,897	4,628	-	27,525
	<u>\$12,734,995</u>	<u>454,670</u>	<u>-</u>	<u>13,189,665</u>

See independent auditors' report.

CK FRANCHISING, INC.

Combined Financial Statements
August 31, 2012 and 2011
with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CK Franchising, Inc.
Dayton, Ohio

We have audited the accompanying combined balance sheets of CK Franchising, Inc. (the "Company") as of August 31, 2012 and 2011, and the related combined statements of income and retained earnings and cash flows for the years then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CK Franchising, Inc., as of August 31, 2012 and 2011, and the results of its combined operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules presented on pages 12-16 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
October 10, 2012

10100 innovation drive, ste. 400
dayton, oh 45342

www.cshco.com
p. 937.226.0070
f. 937.226.1626

CK Franchising, Inc.
Combined Balance Sheets
August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,132,833	4,208,893
Accounts receivable:		
Royalties	1,513,551	1,268,500
Related party	1,537,378	1,816
Other and in home care	169,295	121,239
Notes receivable - franchisees	417,066	168,200
Prepaid expenses and other assets	73,668	130,870
Deferred income taxes	356,220	573,812
	<u>10,200,011</u>	<u>6,473,330</u>
Equipment and other depreciable assets:		
Furniture and fixtures	233,538	277,685
Office equipment	248,497	421,034
Computer software	716,013	446,571
Marketing materials	368,832	603,317
	<u>1,566,880</u>	<u>1,748,607</u>
Less accumulated depreciation	842,951	1,214,810
	<u>723,929</u>	<u>533,797</u>
Other assets:		
Deferred income taxes	274,048	876,339
Deposits	4,836	-
Notes receivable - franchisees	389,017	242,579
Due from related parties	7,184,646	9,200,787
Goodwill	2,844,340	2,844,340
Trademarks and other intangible assets	379,021	379,021
Royalty contracts, net of accumulated amortization of \$10,933,900 at August 31, 2012 and \$10,360,432 at August 31, 2011	1,146,935	1,720,403
	<u>12,222,843</u>	<u>15,263,469</u>
	<u>\$ 23,146,783</u>	<u>22,270,596</u>

See accompanying notes to financial statements.

CK Franchising, Inc.
 Combined Balance Sheets (Continued)
 August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Shareholder's Equity:		
Current liabilities:		
Accounts payable	\$ 1,025,437	887,901
Accrued liabilities:		
Wages, bonus and other accrued liabilities	4,602,552	1,757,036
Income taxes - due to Sodexo, Inc.	2,815,218	5,337,331
Due to related parties	273,489	179,327
Deferred revenue	13,111	-
	<u>8,729,807</u>	<u>8,161,595</u>
Other liabilities:		
Wages, bonus and other accrued liabilities - non-current	-	1,608,000
Due to related parties	-	1,318,130
	<u>-</u>	<u>2,926,130</u>
Shareholder's equity:		
Common stock, no par, 300,000 authorized, 300,000 issued and outstanding	300,000	300,000
Additional paid in capital	8,643,643	8,643,643
Retained earnings	5,473,333	2,239,228
	<u>14,416,976</u>	<u>11,182,871</u>
	<u>\$ 23,146,783</u>	<u>22,270,596</u>

See accompanying notes to financial statements.

CK Franchising, Inc.
 Combined Statements of Income and Retained Earnings
 Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue:		
Franchise fees	\$ 1,486,810	1,532,237
Royalties	16,593,278	14,908,972
Safety Choice	986,137	796,000
In home care	43,067	-
Other	<u>130,663</u>	<u>18,877</u>
	19,239,955	17,256,086
Operating expenses	<u>13,189,665</u>	<u>11,864,964</u>
	6,050,290	5,391,122
Income from operations	<u>6,050,290</u>	<u>5,391,122</u>
Other income (expenses):		
Management and board expenses	-	(9,305)
Interest income	100,683	128,706
Depreciation	(330,278)	(265,791)
Amortization of royalty contracts	(573,468)	(963,731)
Gain on disposal of equipment	-	1,620
Net recovery on note receivable	-	65,758
Other expense	<u>31,025</u>	<u>(7,541)</u>
	<u>(772,038)</u>	<u>(1,050,284)</u>
	5,278,252	4,340,838
Income before income tax expense	5,278,252	4,340,838
Income tax expense	<u>2,044,147</u>	<u>1,578,257</u>
	3,234,105	2,762,581
Net Income	3,234,105	2,762,581
Retained earnings beginning of year	2,239,228	1,476,647
Dividends	<u>-</u>	<u>(2,000,000)</u>
Retained earnings end of year	<u>\$ 5,473,333</u>	<u>2,239,228</u>

See accompanying notes to financial statements.

CK Franchising, Inc.
 Combined Statements of Cash Flows
 Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net income	\$ 3,234,105	2,762,581
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	330,278	265,791
Gain on disposal of equipment	-	(1,620)
Amortization of other assets	573,468	963,731
Deferred income taxes	819,883	(1,014,151)
Allowance for doubtful accounts	(15,000)	(84,594)
Effects of change in operating assets and liabilities:		
Accounts, notes receivable and due from related parties	(192,832)	(3,601,669)
Prepaid expenses, deposits and other assets	52,366	90,879
Accounts payable and accrued liabilities	(1,147,061)	4,664,826
Deferred revenue	13,111	(88,500)
Due to related parties	(1,223,968)	(130,793)
Net cash provided by operating activities	<u>2,444,350</u>	<u>3,826,481</u>
Cash flows from investing activities:		
Purchases of equipment and other depreciable assets	(520,410)	(305,505)
Proceeds from sale of equipment and other depreciable assets	-	1,620
Net cash used by investing activities	<u>(520,410)</u>	<u>(303,885)</u>
Cash flows from financing activities:		
Payment of dividends	-	(2,000,000)
Net cash used by financing activities	<u>-</u>	<u>(2,000,000)</u>
Net increase in cash and cash equivalents	1,923,940	1,522,596
Cash and cash equivalents - beginning of year	<u>4,208,893</u>	<u>2,686,297</u>
Cash and cash equivalents - end of year	<u>\$ 6,132,833</u>	<u>4,208,893</u>
Supplemental disclosure of cash flow information:		
Cash paid to related parties for income taxes	<u>\$ 3,791,615</u>	<u>-</u>

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of CK Franchising, Inc. ("CKFI" or the "Company"), are set forth to facilitate the understanding of data presented in the combined financial statements:

Nature of operations and principles of combination

The financial statements include the accounts of CK Franchising, Inc. and the Oklahoma operations of Sodexo Homecare Operations, LLC.

CK Franchising, Inc. is a franchiser of non-medical in-home care service companies that operate under the brand of Comfort Keepers. The Company markets throughout the United States and internationally. All shares of the Company are owned by CK Holdco, Inc., a holding company established in 2007. On August 18, 2009, CK Holdco, Inc. was acquired by Sodexo Holdings, Inc. (the "Parent"), a wholly-owned subsidiary of Sodexo, Inc., which itself is a wholly-owned subsidiary of Sodexo S.A. For financial reporting purposes, Sodexo Holdings, Inc.'s basis of accounting in connection with its acquisition of CK Holdco, Inc. has not been "pushed down" to the Company's financial statements.

Sodexo Homecare Operations, LLC. is a wholly owned subsidiary of Sodexo Holdings, Inc. that operates Comfort Keepers franchises in Pennsylvania, New Jersey and Oklahoma. The franchises in Pennsylvania and New Jersey were established during 2011 and operate independently of CKFI. The franchises in Oklahoma are managed by CKFI personnel and began operating during 2012. Start up costs incurred for the Oklahoma operations were funded by CKFI. The Pennsylvania and New Jersey franchises and the Oklahoma franchises are treated as separate divisions of Sodexo Homecare Operations, LLC. The combined financial statements include only the Oklahoma operations of Sodexo Homecare Operations, LLC. ("OKC").

All significant intercompany accounts and transactions have been eliminated.

Cash and cash equivalents

Cash and cash equivalents include interest bearing deposits and short-term investments with original maturities of three months or less. Periodically during the year the Company has cash deposits in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk with its cash on deposit with financial institutions.

Accounts receivable

Accounts receivable primarily relates to royalties due from franchisees. The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on current information known about franchisees, historical collection information and existing economic conditions. When an account is considered uncollectible, it is charged to the allowance for doubtful accounts. At August 31, 2012 and 2011, accounts receivable was presented net of an allowance for doubtful accounts of \$-0- and \$15,000, respectively.

Notes receivable

Notes receivable consists of amounts due from franchisees for the financing of the franchisees' initial franchise fees. See Note 6.

Equipment and other depreciable assets

Purchases of equipment and other depreciable assets are recorded at cost. Costs related to website development and internal-use software, incurred after the preliminary project stage, are capitalized at cost. Costs incurred during the preliminary project stage are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Intangible assets

Intangible assets include royalty contracts, goodwill, trademarks, and license rights. Goodwill, trademarks and license rights are considered to have an indefinite life and therefore are not being amortized. Royalty contracts are being amortized on a straight-line basis over eight years, which represents management's best estimate of the benefits provided by the assets.

In accordance with accounting standards generally accepted in the United States of America, indefinite lived intangible assets are tested for impairment, at least on an annual basis, and written down in the periods in which the recorded amount is greater than fair value. The Company performed the required impairment tests for goodwill, trademarks, and license rights and determined that no impairment loss was deemed necessary during the years ended August 31, 2012 and 2011. The carrying values of the finite lived intangible assets and other long-lived assets are reviewed if facts and circumstances indicate potential impairment of their carrying values. If the review indicates that the intangible assets and other long-lived assets are impaired, as determined by the undiscounted cash flow method, they will be reduced to their estimated recoverable value.

Royalty contracts include \$7,493,093 resulting from a 2003 recapitalization, that were fully amortized at August 31, 2012 and 2011. The amortization previously recognized was not deductible for tax purposes. The remaining royalty contracts with an original fair value of \$4,587,742 and accumulated amortization of \$3,440,807 and \$2,867,339 at August 31, 2012 and 2011, respectively, were acquired through a separate purchase in 2006 and are deductible for tax purposes over 15 years.

Amortization expense for the years ended August 31, 2012 and 2011 was \$573,468 and \$963,731 respectively. Amortization expense for the next two fiscal years is expected to be as follows:

2013	\$ 573,468
2014	<u>573,467</u>
	<u>\$ 1,146,935</u>

Federal income tax

CKFI and OKC are included in the consolidated tax return of Sodexo, Inc. Income taxes are provided for on a separate-return basis. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus or minus the net change in deferred tax assets and liabilities. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax assets to the amount that will more likely than not be realized.

Uncertain tax positions

The Company evaluates its income tax positions taken or expected to be taken in Sodexo, Inc.'s income tax returns. Sodexo, Inc.'s income tax filings are subject to audit by various taxing authorities. For federal tax purposes the Company's open audit periods are for the periods from August 19, 2009 through August 31, 2012. The Company was previously audited through August 18, 2009. The Company is also subject to audit in various states. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Revenue recognition

Franchise fees are recognized upon the completion of substantially all initial commitments. These commitments include substantial completion of initial training for U.S. based franchises. Revenue related to territory expansions and transfers is recognized when the agreement is executed, as the Company has no commitment related to these transactions. Master franchise agreements sold internationally typically do not include training commitments to be completed prior to revenue recognition. Franchise fees that have been received by the Company for which initial commitments have not been fulfilled are recorded as deferred revenue. Royalties are recognized when earned by the Company based on monthly revenues reported by franchises. Initial franchise fees are expected to become a decreasing portion of the Company's total future revenue as fewer franchise territories are available for purchase.

In home care revenue is recognized as services are provided to clients.

Advertising

The Company expenses ongoing advertising cost as incurred. Certain marketing materials that have utility beyond one year are capitalized and amortized over their estimated lives. Total advertising costs capitalized during the years ended August 31, 2012 and 2011 were \$23,172 and \$32,500, respectively, and advertising costs charged to expense were \$514,814 and \$545,708, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The estimated value of the royalty contracts and the related amortization expense are considered to be significant estimates.

Subsequent events

Management evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 10, 2012, the date on which the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

2. OPERATING LEASES:

CKFI and OKC lease their operating facilities and certain office equipment under operating leases that extend through August 31, 2015. Total lease expense for the years ended August 31, 2012 and 2011 was \$290,258 and \$202,862, respectively. Future minimum lease payments under these lease agreements are as follows:

2013	\$ 244,052
2014	234,886
2015	234,888
	<u>\$ 713,826</u>

3. INCOME TAXES

The Company files its federal tax return as a member of a consolidated group and records its share of the consolidated federal tax liability on a separate return basis. The components of income tax expense (benefit) for the years ended August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Federal, state and local:		
Current	\$ 1,224,264	2,592,408
Deferred	819,883	(1,014,151)
	<u>\$ 2,044,147</u>	<u>1,578,257</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major temporary differences that result in deferred tax assets are various accrued liabilities, differences between book and tax depreciation expense and differences between the book and tax basis for intangible assets. After considering all the evidence, management has concluded that a valuation allowance is not needed for the deferred tax assets created by these differences.

4. RETIREMENT PLAN:

The Company sponsors a 401(k) profit sharing plan that covers substantially all employees who have completed one year of service. Pursuant to the provisions of the Plan, the Company may make matching contributions equal to a discretionary percentage determined by the Company. The Company made matching contributions of \$71,173 and \$1,795 for the years ended August 31, 2012 and 2011, respectively.

5. LITIGATION:

The Company is involved in various legal actions arising in the normal course of business. These matters include being named as co-defendants in franchisee-level legal matters and disputes over proposed terms for renewals of franchise agreements. It is not possible to determine the ultimate outcome of these matters; however, management believes such matters will not have a material effect upon the financial position or results of the Company. It is the Company's policy to accrue legal fees when it is probable that the Company will have to defend itself against known claims or allegations and it can reasonably estimate the amount of the anticipated expense. The legal fee accrual is considered to be a significant estimate.

6. NOTES RECEIVABLE:

During 2012 and 2011, certain franchise owners were permitted to finance the initial franchise fee for new territories. Notes receivable includes 55 separate notes (21 at August 31, 2011) that have maturity dates through February 2015 and bear interest at 6%.

Scheduled principle and interest payments are deducted from franchisee accounts monthly. There were no past-due notes or notes on a non-accrual status at August 31, 2012 or 2011. Notes receivable are presented net of an allowance for doubtful accounts of \$-0- at August 31, 2012 and 2011.

Future scheduled principal payments are as follows at August 31, 2012:

2013		\$	417,066
2014			283,410
2015			105,607
			806,083
		\$	806,083

7. RELATED PARTY TRANSACTIONS:

As described, in Note 1, through a series of holding companies, CKFI and OKC are wholly owned by Sodexo, Inc, which is a wholly owned subsidiary of Sodexo S.A. During the normal course of business, the Company enters into certain transactions with its parent companies and their affiliates. Outstanding balances between the Company and related parties at August 31, 2012 and 2011 were as follows:

		<u>2012</u>	<u>2011</u>
Note receivable - Sodexo Holdings, Inc.	\$	8,105,580	8,105,580
Note receivable - Sodexo Rose Holding Company, Inc.		579,066	1,095,207
Due from Sodexo Home Care Operations, LLC		37,378	1,816
Accrued income taxes due to Sodexo, Inc.		2,815,218	5,337,331
Due to Sodexo related entities		273,489	179,327
Due to CK Holdco, Inc.		-	1,380,757

Income earned from and expenses paid to related parties for the years ended August 31, 2012 and 2011 were as follows:

		<u>2012</u>	<u>2011</u>
Interest income earned from Sodexo Rose Holding Company, Inc.	\$	46,164	68,023
Interest income earned from Sodexo Holdings, Inc.		-	47,860
Franchise fees - paid by Sodexo owned territories		-	246,400
Royalty revenue - paid by Sodexo owned territories		35,396	1,400
Sodexo trademark royalties expense		233,042	200,964
Sodexo technical assistance expense		307,197	264,319
Sodexo brand liaison expense		35,000	94,000

Subsequent to year end, the Company received \$1,500,000 as payment for its Note receivable from Sodexo Holdings, Inc. Payment terms for the remaining balance due from Sodexo Holdings, Inc. have not been finalized. Management does not expect repayment in the near term, and as such, the remaining balance of \$6,605,580 has been classified as non-current.

The note receivable from Sodexo Rose Holding Company, Inc. ("Sodexo Rose") is pursuant to a loan agreement that permits Sodexo Rose to borrow up to \$2,500,000 from the Company. The note was due August 31, 2011 and each draw bears interest at the one year LIBOR rate plus 75 basis points.

Subsequent to year end, the Company paid \$1,500,000 towards the accrued income tax balance due to Sodexo, Inc.

Due to CK Holdco, Inc. consisted of federal income tax refunds that were claimed on the final CK Holdco, Inc. federal income tax return for the period from January 1, 2009 through August 18, 2009, which were advanced to the Company during 2010. This balance was repaid in full during fiscal year 2012.

Other amounts due to or from related parties are the result of transactions occurring during the normal course of business.

SUPPLEMENTAL SCHEDULES

CK Franchising, Inc.
 Combined Schedules of Operating Expenses
 Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating expenses:		
Commissions	\$ 144,729	233,983
Professional fees	661,262	459,058
Advertising/marketing	514,814	545,708
Consultant fees	93,088	294,059
Office supplies	57,259	39,286
Telephone	96,812	80,984
Travel and entertainment	847,317	665,474
Internet	135,754	121,102
Employee compensation	7,840,406	6,823,869
Rent	229,142	153,000
Training	78,968	152,158
Postage	32,352	39,410
Franchisee support	657,731	669,558
Equipment expense	77,014	75,521
Insurance	86,587	88,064
Safety Choice	712,223	579,151
Performance group	22,548	-
Bad debt expense	-	-
Membership fees	24,338	47,069
Recruiting	213,844	109,164
Dues and subscriptions	3,964	8,899
Related party trademark royalties	233,042	200,964
Related party technical assistance	307,197	264,319
Related party brand liason	35,000	94,000
Franchise tax and state registration fees	48,685	105,776
Miscellaneous	35,589	14,388
	<u>\$ 13,189,665</u>	<u>11,864,964</u>

See accompanying notes to financial statements.

CK Franchising, Inc.
Combining Balance Sheet
August 31, 2012

	<u>CKFI</u>	<u>OKC</u>	<u>Eliminations</u>	<u>Combined</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 6,131,833	1,000	-	6,132,833
Accounts receivable:				
Royalties	1,513,551	-	-	1,513,551
Related party	1,537,378	-	-	1,537,378
Other and in home care	149,449	19,846	-	169,295
Notes receivable - franchisees	417,066	-	-	417,066
Prepaid expenses and other assets	67,820	5,848	-	73,668
Deferred income taxes	356,220	-	-	356,220
	<u>10,173,317</u>	<u>26,694</u>	<u>-</u>	<u>10,200,011</u>
Equipment and other depreciable assets:				
Furniture and fixtures	217,234	16,304	-	233,538
Office equipment	248,497	-	-	248,497
Computer software	716,013	-	-	716,013
Marketing materials	368,832	-	-	368,832
	<u>1,550,576</u>	<u>16,304</u>	<u>-</u>	<u>1,566,880</u>
Less accumulated depreciation	<u>842,951</u>	<u>-</u>	<u>-</u>	<u>842,951</u>
	<u>707,625</u>	<u>16,304</u>	<u>-</u>	<u>723,929</u>
Other assets:				
Deferred income taxes	274,048	-	-	274,048
Deposits	-	4,836	-	4,836
Notes receivable - franchisees	389,017	-	-	389,017
Due from related parties	7,550,681	-	(366,035)	7,184,646
Goodwill	2,844,340	-	-	2,844,340
Trademarks and other intangible assets	379,021	-	-	379,021
Royalty contracts, net of accumulated amortization of \$10,933,900 at August 31, 2012 and \$10,360,432 at August 31, 2011	<u>1,146,935</u>	<u>-</u>	<u>-</u>	<u>1,146,935</u>
	<u>12,584,042</u>	<u>4,836</u>	<u>(366,035)</u>	<u>12,222,843</u>
	<u>\$23,464,984</u>	<u>47,834</u>	<u>(366,035)</u>	<u>23,146,783</u>

See notes to accompanying financial statements.

CK Franchising, Inc.
Combining Balance Sheet (Continued)
August 31, 2012

	<u>CKFI</u>	<u>OKC</u>	<u>Eliminations</u>	<u>Combined</u>
Liabilities and Shareholder's Equity:				
Current liabilities:				
Accounts payable	\$ 1,016,824	8,613	-	1,025,437
Accrued liabilities:				
Wages and bonus	4,531,363	71,189	-	4,602,552
Income taxes - due to Sodexo, Inc.	2,968,851	(153,633)	-	2,815,218
Due to related parties	273,489	-	-	273,489
Deferred revenue	-	13,111	-	13,111
	<u>8,790,527</u>	<u>(60,720)</u>	<u>-</u>	<u>8,729,807</u>
Other liabilities:				
Due to related parties	-	366,035	(366,035)	-
	<u>-</u>	<u>366,035</u>	<u>(366,035)</u>	<u>-</u>
Shareholder's equity:				
Common stock, no par, 300,000 authorized, 300,000 issued and outstanding	300,000	-	-	300,000
Additional paid in capital	8,643,643	-	-	8,643,643
Retained earnings (deficit)	5,730,814	(257,481)	-	5,473,333
	<u>14,674,457</u>	<u>(257,481)</u>	<u>-</u>	<u>14,416,976</u>
	<u>\$23,464,984</u>	<u>47,834</u>	<u>(366,035)</u>	<u>23,146,783</u>

See notes to accompanying financial statements.

CK Franchising, Inc.
Combining Statement of Income and Retained Earnings
Year Ended August 31, 2012

	<u>CKFI</u>	<u>OKC</u>	<u>Eliminations</u>	<u>Combined</u>
Revenue:				
Franchise fees	\$ 1,486,810	-	-	1,486,810
Royalties	16,593,278	-	-	16,593,278
Safety Choice	985,685	452	-	986,137
In home care	-	43,067	-	43,067
Other	<u>130,626</u>	<u>37</u>	-	<u>130,663</u>
	19,196,399	43,556	-	19,239,955
Operating expenses	<u>12,734,995</u>	<u>454,670</u>	-	<u>13,189,665</u>
Income (loss) from operations	<u>6,461,404</u>	<u>(411,114)</u>	-	<u>6,050,290</u>
Other income (expenses):				
Interest income	100,683	-	-	100,683
Depreciation	(330,278)	-	-	(330,278)
Amortization of royalty contracts	(573,468)	-	-	(573,468)
Other expense	<u>31,025</u>	-	-	<u>31,025</u>
	<u>(772,038)</u>	-	-	<u>(772,038)</u>
Income (loss) before income tax expense (benefit)	5,689,366	(411,114)	-	5,278,252
Income tax expense (benefit)	<u>2,197,780</u>	<u>(153,633)</u>	-	<u>2,044,147</u>
Net income (loss)	3,491,586	(257,481)	-	3,234,105
Retained earnings beginning of year	2,239,228	-	-	2,239,228
Dividends	-	-	-	-
Retained earnings (deficit) end of year	<u>\$ 5,730,814</u>	<u>(257,481)</u>	-	<u>5,473,333</u>

See accompanying notes to financial statements.

CK Franchising, Inc.
Combining Schedule of Operating Expenses
Year Ended August 31, 2012

	<u>CKFI</u>	<u>OKC</u>	<u>Eliminations</u>	<u>Combined</u>
Operating expenses:				
Commissions	\$ 144,729	-	-	144,729
Professional fees	619,054	42,208	-	661,262
Advertising/marketing	452,640	62,174	-	514,814
Consultant fees	93,088	-	-	93,088
Office supplies	55,632	1,627	-	57,259
Telephone	91,375	5,437	-	96,812
Travel and entertainment	823,077	24,240	-	847,317
Internet	135,754	-	-	135,754
Employee compensation	7,551,833	288,573	-	7,840,406
Rent	220,176	8,966	-	229,142
Training	75,474	3,494	-	78,968
Postage	32,352	-	-	32,352
Franchisee support	657,731	-	-	657,731
Equipment expense	77,014	-	-	77,014
Insurance	81,949	4,638	-	86,587
Safety Choice	711,602	621	-	712,223
Performance group	22,548	-	-	22,548
Membership fees	24,338	-	-	24,338
Recruiting	213,844	-	-	213,844
Dues and subscriptions	3,964	-	-	3,964
Related party trademark royalties	233,042	-	-	233,042
Related party technical assistance	307,197	-	-	307,197
Related party brand liaison	35,000	-	-	35,000
Franchise tax and state registration fees	48,685	-	-	48,685
Miscellaneous	22,897	12,692	-	35,589
	<u>\$ 12,734,995</u>	<u>454,670</u>	<u>-</u>	<u>13,189,665</u>

See accompanying notes to financial statements.

EXHIBIT D-1

DEPOSIT AGREEMENT

EXHIBIT D-1

**FRANCHISE DEPOSIT AGREEMENT
FOR TERRITORY RESERVATION**

THIS FRANCHISE DEPOSIT AGREEMENT FOR TERRITORY RESERVATION (“Agreement”) is entered into between CK Franchising, Inc., an Ohio corporation (“CKFI”), and _____ (“you”) as of the date signed by CKFI and written on the last page of this Agreement.

A. CKFI grants franchises for the operation of a Comfort Keepers® business (“Franchised Business”) and provides its franchisees with ongoing support.

B. You are deciding whether to enter into a franchise to operate a Franchised Business. The purpose of this Agreement is to compensate CKFI for setting aside a territory in which you would operate the Franchised Business.

NOW, THEREFORE, in reliance on and in consideration of the above facts and the terms and conditions stated below, the parties agree as follows:

1. Deposit

When you sign this Agreement, you will deliver to CKFI the sum of \$5,000 in immediately available funds (“Deposit”) to be used in any manner in which CKFI decides to use it. The entire Deposit will be applied toward your initial franchise fee for a Comfort Keepers® franchise if you sign a franchise agreement with CKFI within 180 days of signing this Agreement, as provided in Section 2 of this Agreement. The Deposit is not refundable under any circumstances.

2. Reservation of Territory

For 180 days after it signs this Agreement, CKFI will set aside, and will not grant a franchise to any other person or entity for, the following zip codes: _____

_____. If you sign and deliver to CKFI a franchise agreement for a Comfort Keepers® franchise by 5:00 p.m., Dayton, Ohio, of the 180th day, the zip codes will comprise your protected territory under the franchise agreement. If you do not sign a franchise agreement within the time period specified, this Agreement will terminate automatically and CKFI will have full right to assign those zip codes as, or as part of, a territory granted to another Comfort Keepers® franchisee.

3. Termination

In addition to automatic termination of this Agreement under its Section 2, CKFI may, at its option, elect to terminate your rights under this Agreement if you have misstated or omitted any information required by the franchise application submitted to CKFI or otherwise given to CKFI in connection with your purchase of a Comfort Keepers® franchise.

4. Arbitration

Any dispute arising out of or in connection with this Agreement, if not resolved by negotiation or mediation procedures described above, must be determined by binding arbitration. Such arbitration must be conducted in Dayton, Ohio, by the AAA, and in accordance with the then-current arbitration rules of the

AAA. The parties will jointly select one arbitrator from the panel of arbitrators maintained by the AAA. The arbitrator will be an attorney having substantial experience with the arbitration of franchise disputes and licensed to practice under the laws of the State of Ohio. If the parties are not able to agree on the sole arbitrator within 30 days after notice of arbitration has been provided by either party, unless such time is extended by the parties, then the parties must apply to the AAA to designate and appoint the sole arbitrator. The arbitrator will limit discovery to the greatest extent possible consistent with basic fairness. Judgment on any award, which may include an award of damages, may be entered by any court having jurisdiction. All expenses of the arbitration, including compensation of the arbitrator, must be paid by the party against whom the arbitrator renders a decision. If due notice of any hearing has been given to the parties, the arbitrator will have full power to proceed to take evidence or to perform any other acts required by this Agreement in the absence of any party who fails to appear at the time and place specified in the notice for the hearing. The arbitrator will have no power to assess punitive, speculative, or exemplary damages or make any award that extends, modifies, or suspends any lawful term of this Agreement.

5. Miscellaneous Provisions

(a) Construction of Contract

Captions or paragraph headings included in this Agreement are for reference purposes only and will not in any way modify or limit the statements contained in any section or provision of this Agreement. All words in this Agreement will be considered to include any number or gender as the context or sense of this Agreement requires. If there is any conflict between this Agreement and any other document, this Agreement will control.

(b) Governing Law

This Agreement is made in the State of Ohio and its provisions will be governed by and enforced and interpreted under the laws of that State, except that a) conflicts of law rules will be excluded; b) the arbitration provisions of this Agreement are expressly and exclusively governed by and should be construed in accordance with the Federal Arbitration Act; and c) the provisions of the Ohio Business Opportunity Purchasers Protection Act will not apply, unless they would be otherwise applicable without this Agreement's designation of governing law.

(c) Payments, Notices and Communications

All payments are to be paid and any notices or communications should be directed to the parties to this Agreement at the addresses specified on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), courier, or first class mail. Notice by facsimile will be considered delivered upon transmission; by courier, within one day after delivery to the courier; and by first class mail, three days after posting.

(d) Amendments

This Agreement may be amended, modified, or discharged, in whole or in part, only by a document in writing signed by all of the parties to this Agreement or by their authorized agents.

(e) Successors and Assigns

This Agreement will benefit and bind the parties to this Agreement and their heirs, successors, representatives, and transferees.

(f) Waiver

Waiver of any default or breach of this Agreement will not be interpreted as a waiver of any subsequent breach.

(g) Integration

This Agreement and the attachments hereto constitute the complete agreement between the parties concerning the subject matter of this Agreement and supersede all prior or contemporaneous agreements between the parties regarding its subject matter.

(h) Attorney Fees and Costs

If legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to recover reasonable compensation for preparation, investigation, and court or arbitration costs or both and reasonable attorney fees, as fixed by a court of competent jurisdiction or by the arbitrator.

(i) Severability

Each section or provision of this Agreement will be considered severable. If, for any reason, any section or provision of this Agreement is determined to be invalid or in conflict with any existing or future law or regulation, the section or provision will not impair the operation of the remaining sections or provisions of this Agreement. The latter will continue to be given full force and effect and will bind the parties to this Agreement. The invalid sections or provisions will be considered not to be a part of this Agreement.

(j) Disclaimer of Representations

NO REPRESENTATIONS, PROMISES, GUARANTIES OR WARRANTIES OF ANY KIND ARE MADE BY CKFI TO INDUCE YOU TO SIGN THIS AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT. YOU ACKNOWLEDGE THAT CKFI HAS MADE NO PROMISES OR WARRANTIES TO YOU CONCERNING THE APPROPRIATENESS OF THE GENERAL TERRITORY OR THE APPROVED LOCATION FOR A Comfort Keepers OFFICE OR CONCERNING THE PROFITABILITY OR LIKELIHOOD OF SUCCESS OF THE FRANCHISE.

The parties have signed this Agreement as of the date written below.

Dated: _____

FRANCHISOR

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

6640 Poe Avenue, Suite 200
Dayton, OH 45414

SIGNATURES CONTINUE ON NEXT PAGE

DEPOSITOR

[Depositor's full legal name]

By: _____

Name: _____

Title: _____

ADDRESS

EXHIBIT D-2

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE

This page summarizes certain provisions of the Franchise Agreement to which it is attached. The Franchise Agreement's provisions will control in the event of any conflict.

Effective Date: _____

Territory: _____

Franchisee: _____

Address: _____

phone: _____

FAX: _____

email: _____

Franchise Fee: _____

Late Fee: \$225 (interest at up to 18%
begins accruing after 30 days)

Renewal Fee: \$2,000

Royalty Fee: 5% of Gross Revenue. The Minimum Royalty Fee is \$300. (See Section 6.2 for further description)

Transfer Fee: See Section 10.4

Start Date: _____

Addresses for Notices:

CKFI:

CK Franchising, Inc.

6640 Poe Avenue, Suite 200

Dayton, Ohio 45414

Facsimile: (937) 264-3103

Franchisee: _____

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COMFORT KEEPERS®
FRANCHISE AGREEMENT

1. PARTIES

THIS FRANCHISE AGREEMENT is made on the Effective Date by and between CK Franchising, Inc. (“CKFI”), an Ohio corporation with its principal office in Dayton, Ohio, and the individuals and/or Entity identified on the Summary Page as Franchisee (jointly and severally, “You”).

2. RECITALS

2.1 Ownership of System and Marks

(a) Through the expenditure of time, skill, effort, and money, CKFI has developed and owns a distinctive and proprietary System relating to the establishment and operation of a business that, under the Marks, provides in-home care for seniors and other adults who need assistance in daily living, including companionship care, personal care, and personal technology services and equipment. The distinguishing characteristics of the System include, without limitation, uniform and distinctive methods for selling and advertising the services and equipment, uniform and distinctive operating procedures, methods, and techniques for operations, accounting, record-keeping and reporting, personnel management, promotion, marketing, advertising, training, and customer service, all of which CKFI may change, improve, and further develop over time.

(b) CKFI is the owner of certain intellectual property rights, including the Comfort Keepers trade name, “COMFORT KEEPERS®,” and the other Marks, including the words COMFORT KEEPERS® and design and the words SAFETYCHOICE®. CKFI owns all of the goodwill associated with the Marks, which are used to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality and service.

2.2 Objectives of Parties

CKFI would like to grant to You and You would like to accept from CKFI a Franchise to operate a Franchised Business, using the Marks and the System, upon the terms and conditions in this Agreement. You understand and acknowledge the importance of CKFI’s high and uniform standards of quality and service and the necessity of operating the Franchised Business in conformity with CKFI’s standards and specifications.

3. DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, its meaning is defined in this Article 3:

3.1 AAA

“AAA” means the American Arbitration Association.

3.2 Additional Services

“Additional Services” means those services other than Core Services that CKFI authorizes Franchisees to offer and provide. The Additional Services that CKFI authorizes You

to perform in accordance with this Agreement, if any, are set forth in Attachment 8, as it may be amended from time to time, or otherwise in the Manual. As CKFI continues to develop the System, CKFI may, by written notice to You or by amendment to the Manual, designate as Core Services services that were originally Additional Services under this Agreement,

3.3 ADR Process

“ADR Process” means the process set forth in Section 12.7 for resolution of Disputes between the parties.

3.4 Advertising Cooperative

“Advertising Cooperative” means a group of two or more Franchised Businesses, as determined by CKFI, for the purpose of funding, administering and developing regional advertising and promotion under the Cooperative Advertising Program.

3.5 Affiliate

"Affiliate" means a Person that controls, is controlled by, or is under common control with another Person.

3.6 Agreement

“Agreement” means this Franchise Agreement, including any amendments, exhibits and other attachments.

3.7 Allowances

“Allowances” means marketing allowances, rebates, credits, monies, payments or benefits offered by suppliers. “Allowances” excludes payments for services rendered, license fees, and the like, and reimbursement by a vendor of CKFI’s direct, out-of-pocket costs associated with items or services sold to You, for example, the cost CKFI incurs for an advertising agency to develop advertising materials sold to You by a vendor.

3.8 Authorized Representatives

“Authorized Representatives” means people authorized by the Complainant or the Respondent to act on behalf of such party to settle a dispute between the parties arising out of or in connection with this Agreement.

3.9 Beneficial Ownership

"Beneficial Ownership" means, as applicable, (a) direct or indirect ownership of all or any portion of an Entity’s voting stock if it is a corporation; (b) direct or indirect ownership of all or any portion of the rights to capital and/or profits if the Entity is a limited liability company, a partnership of any kind (regardless of whether the partnership has been formalized or exists as a matter of law), or any Entity other than a corporation, or (c) direct ownership of the Franchised Business by any one or more individuals.

3.10 Brand Fund

“Brand Fund” means the vehicle that CKFI may in its sole discretion establish and develop in accordance with Section 8.1 to enhance the goodwill and image of the System, Network, and Marks and to develop brand enhancement programs and materials.

3.11 Business Day

“Business Day” means any day other than Saturday, Sunday or a holiday on which the U.S. Postal Service does not deliver mail.

3.12 Care Recipient

“Care Recipient” means a person to whom You or another Franchisee provides Services.

3.13 CK Intranet

“CK Intranet” means a private, Internet-based network that CKFI maintains to, among other things, post advertising materials, guidelines, resource materials, and other items (including all or part of the Manual) for Your review and/or use, and to facilitate electronic communication among itself, Franchisees and others authorized by CKFI.

3.14 CK Website

“CK Website” means the Internet Website that CKFI maintains at www.comfortkeepers.com and/ or any additional or substitute Website that CKFI develops to advertise and promote the System, Franchised Businesses, the Network, and/or the Services and Products offered under the Marks.

3.15 Client Agreement

“Client Agreement” means a written agreement between You and a Client for the provision of Services (other than Technology Services).

3.16 Client Information

“Client Information” means any and all of, or any combination of, the name, contact information, care needs, Services provided, Equipment leased or purchased, payment history, and relationship history of any Client, Care Recipient and/or Subscriber, without regard to how the Client Information is compiled or designated, who has compiled the Client Information, or the medium in which it is maintained. All Client Information belongs to CKFI and it may use or transfer the Client Information in its sole judgment, subject to applicable law.

3.17 Clients

“Clients” means Persons (including hospitals and other residential or medical facilities) that engage Your Franchised Business, or any other Franchised Business, to provide Services to Care Recipients and/or Subscribers. A Client may or may not be the intended Care Recipient or Subscriber.

3.18 CKFI

“CKFI” means CK Franchising, Inc. or any Person to which CK Franchising, Inc. delegates, transfers or assigns all or part of its rights and obligations under this Agreement.

3.19 Commencement Date

“Commencement Date” means: for You, the date of Termination of this Agreement (regardless of the reason for Termination), or the date that You Transfer all of Your interest in this Agreement; and for a Related Party, the earlier of the date the Related Party ceases to satisfy the definition of a Related Party, or the date of Termination (regardless of the reason for Termination) of this Agreement.

3.20 Company-owned Unit

"Company-owned Unit" means a business owned or operated by CKFI that provides Services under the Marks.

3.21 Competitive Business

"Competitive Business" means (a) a business that derives any revenues from providing any of the services encompassed within the definition of Services, from providing any services that CKFI may now or in the future authorize You or other Franchisees to offer in connection with the operation of Franchised Businesses, or from selling or leasing Products similar to those that CKFI may authorize Franchisees to sell or lease, and/or (b) a business that offers franchises or provides support services for any business of the type described in clause (a) of this sentence. For purposes of Section 7.11(a) of this Agreement, "Competitive Business" also means (a) a business that directly or indirectly derives any revenues from providing any service that CKFI has under a pilot or test program; and (b) any business that offers franchises or provides support services for any business described in clause (a) of this sentence.

3.22 Complainant

"Complainant" means the party that initiates the ADR Process described in Section 12.7.

3.23 Confidential Information

"Confidential Information" means any know-how and trade secrets (whether or not judicially recognized as a trade secret) and all other information not generally known, that have been developed and/or are owned by CKFI or any of its Related Parties or their officers, directors, employees, agents, representatives, licensees and franchisees, including, but not limited to, all Client Information, all oral or written training, advice, Standards, guidelines and directives furnished by CKFI in connection with this Agreement or Your Franchised Business, all Manuals and other documentation, including those on the subjects of employee relations, finance and administration, field operation, purchasing and marketing; all information relating to operations of Franchisees and/or the Network, all other non-public aspects of the System; any password and/or electronic key or other device necessary to access other Confidential Information and/or the CK Intranet; and all other information CKFI and/or any of its Related Parties provides to or makes available to You and/or Your Related Parties, in any form or by any method, for use in the operation of Your Franchised Business under this Agreement.

3.24 Cooperative Advertising Program

"Cooperative Advertising Program" means the advertising program described in Section 8.3.

3.25 Core Services

"Core Services" means the following: (a) Homemaker/Companionship Services; (b) Personal Care Services; and (c) Technology Services. "Core Services" also includes every other Service that CKFI requires Franchisees to offer. As CKFI continues to develop the System, CKFI may, by written notice to You or through changes to the Manual, designate as required Core Services services that were originally "Additional Services" under this Agreement.

3.26 Covered Individual

"Covered Individual" means any individual who is at the time, or has been within the preceding six months, employed in a managerial position by CKFI, by any Franchisee, or by any

of their respective Related Parties. For purposes of this definition, “managerial position” means any position at the level of manager or above, whether employed in a Franchised Business, in a multi-unit supervisory position, or in a headquarters staff position (e.g., officer or director level personnel, management information systems personnel, or human resources personnel).

3.27 CPI

“CPI” means the Consumer Price Index, All Urban Consumers/U.S. City Average, All Items, as determined by the U.S. Bureau of Labor Statistics (or a successor agency).

3.28 Customers

“Customers” means Persons who purchase Products other than in connection with Services.

3.29 Designated Manager

“Designated Manager” means the person, regardless of title, whom You have appointed to fulfill the functions of a general manager (as that term is generally understood) of Your Franchised Business.

3.30 Dispute

“Dispute” means any claim or controversy arising out of or related to (i) this Agreement (including any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), (ii) the relationship between You and CKFI, and/or (iii) Your operation of the Franchised Business.

3.31 EFT

“EFT” means electronic funds transfer.

3.32 Effective Date

"Effective Date" means the date identified as such and set forth on the Summary Page.

3.33 Entity

“Entity” means any legal entity, including but not limited to, a trust, a corporation, a general or limited partnership (regardless of whether the partnership has been formalized or exists as a matter of law), or a limited liability company.

3.34 Equipment

“Equipment” means personal care technology equipment that You will offer under the Marks, as further described in the Manual.

3.35 Expansion Agreement

"Expansion Agreement" means a Franchise Agreement signed by You (or an Entity in which You hold more than fifty percent of the Beneficial Ownership) for an additional Franchised Business when You (or an Entity in which You hold more than fifty percent of the Beneficial Ownership) are then a party to another Franchise Agreement.

3.36 Financial Statements

“Financial Statements” means and includes a balance sheet, an income statement and a statement of owners’ equity as of a particular date and for the fiscal period then ended, prepared in accordance with U.S. generally accepted accounting principles, consistently applied, and in

accordance with the chart of accounts that CKFI specifies. If You are an Entity, the Financial Statements will relate to Your assets, liabilities and operations; if You are an individual, the Financial Statements will relate to the proprietorship through which You conduct the Franchise.

3.37 Fiscal Quarter

“Fiscal Quarter” means an accounting period consisting of three calendar months.

3.38 Franchise

“Franchise” means the rights to operate a Franchised Business.

3.39 Franchise Agreement

“Franchise Agreement” means an agreement that sets forth the terms of the Franchise and governs the operation of the Franchised Business.

3.40 Franchise Fee

“Franchise Fee” means the fee, in the amount set forth in the Summary Page, You must pay to CKFI upon Your execution of this Agreement, as described in Section 6.1.

3.41 Franchised Business

“Franchised Business” means a business providing Services and Products in accordance with the System and in association with the Marks under a Franchise Agreement. The Franchised Business that You will operate under this Agreement is referred to in this Agreement as “Your Franchised Business.”

3.42 Franchisee

“Franchisee” means the Person (or Persons) who signs a Franchise Agreement as a primary obligor under the Franchise Agreement.

3.43 Good Standing

“Good Standing” means full and timely compliance, as determined by CKFI in its sole judgment, by You and Your Related Parties with all provisions of this Agreement, the Manual, and any other agreement between You and/or Your Related Parties and CKFI and/or its Related Parties, during the term(s) of those agreements, specifically including provisions for timely payment of amounts owed by You to CKFI or its Related Parties. If You have repeatedly been in default of this Agreement, CKFI may, in its sole judgment, determine that You are not in Good Standing, even if You have cured all defaults. For purposes of this Section 3.43, “repeatedly” means You have been in default under any provision of this Agreement (whether the same or a different provision) twice or more in a 12-month period or three times or more in any 24-month period, regardless of whether the prior defaults were cured.

3.44 Gross Revenue

“Gross Revenue” means the total amount of money received by You and Your Related Parties, in a given accounting period, for all Products sold or leased and Services rendered in connection with the Marks, and all other income of any kind (including income from the provision of any ancillary service CKFI approves in the Manual or otherwise and the cash equivalent of goods and services received in a barter exchange) derived directly or indirectly in connection with Your operation of Your Franchised Business and/or Your operation under the Marks and/or any aspect of the System, including Client and Subscriber deposits and payments for mileage charges but excluding (a) sales taxes, value added taxes, or consumption taxes

actually paid to a governmental authority, (b) mileage reimbursement actually paid for mileage billed to Clients, and (c) refunds actually made to Clients and Subscribers, during that accounting period.

3.45 HIPAA

“HIPAA” means the Health Insurance Portability and Accountability Act.

3.46 Homemaker/Companionship Services

“Homemaker/Companionship Services” means services and care for the elderly and other adults who need assistance in daily living, including companionship, meal preparation, light housekeeping, grocery and clothes shopping, grooming and dressing guidance, and assistance with recreational activities, all as further described in the Manual.

3.47 Immediate Family

"Immediate Family" means the spouse, parents, children, step-children, brothers, sisters and in-laws of an individual having Beneficial Ownership in You.

3.48 Improvements

“Improvements” means any addition, modification, adaptation, improvement, refinement, invention, or innovation (including advertising slogans, logos, advertising concepts, and the like) that any Person makes or suggests related to the System, the Network, the Manual, or other confidential information relating to any Franchised Business.

3.49 Indemnified Parties

“Indemnified Parties” means, jointly and severally, CKFI and its Affiliates, parents, ultimate parents, and their respective directors, officers, employees, shareholders, agents, consultants, attorneys, independent contractors, designees, successors, and assignees.

3.50 Late Fee

“Late Fee” means the fee, in the amount set forth in the Summary Page, You must pay to CKFI as described in Section 6.7.

3.51 Losses and Expenses

“Losses and Expenses” means compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; as applicable, compensation for damages to CKFI's and/or the System's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses.

3.52 MPS or Minimum Performance Standards

"MPS" or "Minimum Performance Standards" means the minimum hours of MPS Services Your Franchised Business must provide to Clients and/or Care Recipients during a week to comply with this Agreement. In calculating the average weekly hours in a given month to determine whether You have met the MPS requirement, CKFI will attribute four weeks to each of the first two months in a calendar quarter and five weeks to the last month in a calendar quarter. The Minimum Performance Standards are set out in Section 7.3 of this Agreement.

3.53 MPS Gross Revenue

"MPS Gross Revenue" means the sum of (i) a gross revenue figure calculated by multiplying the then-current weekly requirement for hours of MPS Services as provided in Section 7.3 times 4.3 (the average number of weeks in a month) times Your mean average hourly billing rate and (ii) any Client deposits, payments received for mileage charges, and any revenues (including the cash equivalent of any goods and services received in a barter exchange) You received in connection with Your Franchised Business or operations under the Marks other than for MPS Services, but excluding (a) sales taxes, value added taxes, or consumption taxes actually paid to a governmental authority, (b) mileage reimbursement actually paid for mileage billed to Clients, and (c) refunds actually made to Clients and Subscribers, during that accounting period. Your mean average hourly billing rate is calculated by taking the sum of Your Gross Revenue for the current month (that is, the just-completed month on which You will be paying a Royalty Fee) and Your Gross Revenue for the preceding two months and dividing that figure by the total number of hours of MPS Services You provided during that three-month period.

3.54 MPS Services

"MPS Services" means Homemaker/Companionship Services and Personal Care Services.

3.55 Manual

"Manual" means all manuals, bulletins, directives, memoranda, Marketing Specifications Guides, video or audio tapes, computer media (e.g., computer software, CD-ROM), electronic communications (e.g., via the Internet or CK Intranet) and other written and electronic communications prepared by CKFI or under its direction from time to time, that contain the Standards and other requirements and/or recommendations for the operation of a Franchised Business and the use of the System, regardless of whether CKFI has formally designated them to be part of a "manual." CKFI currently makes the Manual available online through CK Intranet. The Manual will remain CKFI's exclusive property at all times.

3.56 Marks

"Marks" means the trademarks, trade names, logos, emblems, domain names, trade dress, and other indicia of origin, including the trade name "COMFORT KEEPERS®", licensed by CKFI to You under this Agreement and used by CKFI to identify the System and the Franchised Businesses and to promote Services and Products in various media, including the Internet.

3.57 Minimum Royalty Fee

"Minimum Royalty Fee" means the minimum Royalty Fee payment due during the first 24 months after the Start Date, as provided in Section 6.2(a)(i). The Minimum Fee is set forth on the Summary Page.

3.58 Network

"Network" means, collectively, all Franchised Businesses and all Company-owned Units.

3.59 NKA Agreement

"NKA Agreement" means an agreement with a Network Key Account Referral Source under which Franchisees may provide Services and/or Products to NKA Clients; the NKA Agreement may, but need not, involve a prescribed discount or other special terms. The NKA Agreement may be between CKFI and a Network Key Account Referral Source or between a

group of Franchisees and a Network Key Account Referral Source. In addition, the NKA Agreement may provide for individual sub-agreements with Franchisees providing Services and/or Products under the terms of the NKA Agreement.

3.60 NKA Client

“NKA Client” means any person who seeks to have a Franchisee provide any Services or Products under the terms of an NKA Agreement and who is also a member or affiliate of, or similarly associated with, a Network Key Account Referral Source.

3.61 Network Key Account Referral Source

“Network Key Account Referral Source” means any referral source that offers, on a local, statewide, national or regional basis, the opportunity for Franchisees in the applicable geographic area to provide any Services and/or Products to the referral source’s members, affiliates, or, however designated, other persons who have a similar relationship with that referral source.

3.62 Office

“Office” means a permanent physical facility, with hours of operation Monday through Friday from no later than 9:00 a.m. to no earlier than 5:00 p.m., with its own telephone numbers, from which a Franchisee operates a Franchised Business.

3.63 Open Area

“Open Area” means zip codes that are not assigned as part of any Territory, in which any Franchisee may provide Services and/or sell or lease Products.

3.64 Permanently Disabled

“Permanently Disabled” means being subject to any physical, emotional or mental injury, illness or incapacity that prevents an individual from performing his or her obligations under this Agreement or under any guaranty of Franchisee’s obligations under this Agreement for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such person is determined to be Permanently Disabled.

3.65 Person

“Person” means an individual or an Entity.

3.66 Personal Care Services

“Personal Care Services” means basic personal care services for the elderly and other adults who need assistance with the basic activities of daily living, including eating, bathing, and dressing, all as further described in the Manual.

3.67 Plan of Care

“Plan of Care” means a plan setting out the Services that Your Franchised Business will provide to a Care Recipient.

3.68 Products

“Products” means those items, other than Services, that CKFI authorizes You to offer and sell or lease to Clients, Care Recipients, Subscribers, and/or others, including Equipment.

3.69 Related Party

“Related Party” or “Related Parties” means Persons affiliated with either CKFI or You, as the context indicates in this Agreement, including Persons owning or otherwise having a Substantial Interest in CKFI or in You, Persons in which CKFI or You have a Substantial Interest, and Persons in which any Person owning a Substantial Interest in You also has a Substantial Interest, and each of Your officers and directors. If any of You is an individual, the spouse of each such individual is a Related Party; the spouse of an individual who has a direct or indirect Substantial Interest in You is a Related Party. As used in this paragraph, the phrase “Substantial Interest” means the right to 10% or more of the capital or earnings of a Person. A Person may become a Related Party after the execution of this Agreement or may cease to be a Related Party during the Term.

3.70 Renewal Agreement

“Renewal Agreement” means CKFI’s then-current form of Franchise Agreement, modified to reflect the fact that the Franchised Business is already operating, that a Franchisee signs for an additional term at the end of the then-current term of an expiring Franchise Agreement or at such earlier time as CKFI may permit.

3.71 Respondent

“Respondent” means the party receiving the notice of initiation of the ADR Process.

3.72 Royalty Due Date

"Royalty Due Date" means the 15th day of a calendar month or, if that is not a Business Day, the next Business Day.

3.73 Royalty Fee

“Royalty Fee” means the continuing monthly fee that You will pay, as set forth in Section 6.2.

3.74 Satellite Unit

“Satellite Unit” means a second or additional physical facility from which You operate some functions of the Franchised Business within Your Territory. The Satellite Unit may be staffed full-time or part-time and need not have its own telephone number.

3.75 Services

“Services” means all Core Services and those Additional Services and ancillary services that CKFI has authorized You to perform.

3.76 Standards

“Standards” means the standards, specifications, policies, procedures, guidelines and processes required by CKFI in connection with the operation of a Franchised Business under the Marks and the System as set forth in the Manual or otherwise in writing and as modified from time to time as CKFI may deem advisable.

3.77 Start Date

“Start Date” means the date by which You must begin offering Homemaker/Companionship Services and Technology Services. The “Start Date” for this Agreement is specified on the Summary Page. The Start Date under a Start-up Agreement

means the final day of the month following the month in which You finish the initial training program as specified in Section 7.2.1. The “Start Date” under an Expansion Agreement not acquired through a Transfer means the date 60 days after the Effective Date. The “Start Date” for a Franchised Business acquired through a Transfer is the Effective Date. The Start Date may be extended only with CKFI’s written consent. The Start Date for Your Franchised Business is specified on the Summary Page.

3.78 Start-up Agreement

“Start-up Agreement” means a Franchise Agreement signed by a Franchisee for that Franchisee’s first Franchised Business but it excludes an Expansion Agreement, a Renewal Agreement, and a Franchise Agreement signed in connection with a Transfer.

3.79 Subscriber

“Subscriber” means an individual who signs an agreement with a Franchisee for that Franchisee to provide Technology Services and Equipment. A Subscriber may, but need not be, a Client or Care Recipient.

3.80 Subscriber Agreement

“Subscriber Agreement” means an agreement between a Franchisee and a Subscriber for Technology Services.

3.81 Summary Page

“Summary Page” means the page of this Agreement entitled “Summary Page” that directly precedes the Table of Contents of this Agreement.

3.82 System

“System” means the distinctive business system developed and owned by CKFI, as such may be developed, changed, and modified from time to time, including all of the Confidential Information, Services, vendor arrangements, business methods, methods of operation, Standards, technical knowledge, trade secrets, purchasing arrangements, advertising materials, marketing concepts and strategies, information on sources of supply, administrative procedures, business forms, and employee training techniques.

3.83 TS Supplier

“TS Supplier” means a supplier to CKFI of any of the Equipment and/or monitoring or related services that You will sell or lease to Subscribers and others.

3.84 Technology Services

“Technology Services” means monitoring and/or related services provided under one or more of the Marks in connection with the sale and/or lease of Equipment. The Technology Services may not involve monitoring and may not require or involve electronic Equipment; for example, Technology Services might include the provision by mail of packets of medications to be used in connection with a medication management system. The Equipment and monitoring or related services may also be co-branded with the mark of a third party.

3.85 Term

“Term” means the term of the Franchise Agreement as set forth in Section 4.4.1.

3.86 Termination

“Termination” means expiration of this Agreement; non-renewal of this Agreement; or termination, under the circumstances described in Article 11 of this Agreement, of the then-current Term before its normal expiration date.

3.87 Territory

“Territory” means a fixed geographical area within which CKFI authorizes a Franchisee to provide Services to Care Recipients, Technology Services to Subscribers, and/or to sell or lease Products to Clients, Care Recipients, Subscribers, and/or others. The geographical area is defined by the boundary of specified zip codes as they exist on the effective date of a Franchise Agreement. The Territory assigned to You is set forth in Attachment 1 to this Agreement and is referred to in this Agreement as “Your Territory.” If You provide Services or sell Products in an Open Area under the terms set forth in Section 4.2.5, the Open Area does not become part of Your Territory.

3.88 Transfer

“Transfer” means any sale, gift, assignment, conveyance, pledge, encumbrance, or other direct or indirect lien or change in ownership, whether voluntary or by operation of law, of all or any part of: 1) the rights and/or obligations under this Agreement, 2) any Beneficial Ownership in the Franchised Business, and/or 3) any Beneficial Ownership interest in You.

3.89 Transfer Fee

“Transfer Fee” means the fee, calculated as set forth in Section 10.4(e) of this Agreement, to be paid to CKFI in the event of a Transfer.

3.90 Website

“Website” means an interactive electronic document contained in a network of computers linked by communications software, including the Internet and World Wide Web home pages.

4. GRANT OF FRANCHISE

4.1 Granting Clause

CKFI grants to You, and You accept from CKFI, a Franchise to operate a Franchised Business within Your Territory under the Marks and System and in accordance with the terms of this Agreement.

4.2 Territory

4.2.1 Geographic Restrictions on Your Activities

You may sign an agreement to provide, or provide, Services, and You may sign an agreement to lease, or lease and/or sell, Products, only within Your Territory unless one of the following exceptions applies:

- (a) The conditions set forth in Section 4.2.4 are met;
- (b) You have received the prior express written permission of the Franchisee in whose Territory You intend to provide Services and/or lease and/or sell Products, and have provided a copy of that written permission to CKFI; or
- (c) You have CKFI’s prior written permission to do so.

You may solicit referral sources without regard to their geographic location. You may

not otherwise directly or indirectly market to or solicit to or for, or direct advertising to, Clients, Care Recipients, Subscribers, and/or Customers outside Your Territory by any means (including other channels of distribution such as the Internet, telemarketing or other means) except as otherwise provided in Section 4.2.5 or unless CKFI gives its written consent in the Manual or otherwise. CKFI may withhold or withdraw its consent in its sole judgment.

4.2.2 Territorial Protection for Technology Services and Products

So long as You and Your Related Parties are in Good Standing, and subject to the rights reserved by CKFI as specified in Section 4.3, CKFI will not provide Technology Services under the Marks in Your Territory without Your written permission. So long as You and Your Related Parties are in Good Standing, CKFI will not authorize another Franchisee to provide Technology Services and/or sell or lease Products under the Marks in Your Territory without Your written permission, except under one of the following circumstances:

- (a) If all or part of an Open Area served by other Franchisees has been assigned to You as part of Your Territory, and a Franchisee providing Homemaker/Companionship Services and/or Personal Care Services to a Care Recipient in the Open Area when the Open Area is assigned to Your Territory continues to provide Homemaker/Companionship Services and/or Personal Care Services to that Client or Care Recipient as permitted by Section 4.2.3, that Franchisee may market and provide Technology Services and/or Products to that Client or Care Recipient.
- (b) If for any reason (other than an unsafe or unhealthy environment for the installer, non-payment by the potential Client or Subscriber of a requested deposit, or direct or indirect request by a potential Client, Subscriber, or Customer that You violate the law) You decline to provide Technology Services to a potential Client, Subscriber, or Customer in Your Territory, CKFI may permit another Franchisee or Company-owned Unit to provide Technology Services/Equipment and/or Products or CKFI may itself provide Technology Services/Equipment and/or Products to the potential Client, Subscriber, and/or Customer. If You decline to provide Technology Services/Equipment and/or Products, You must, in accordance with the procedure provided in the Manual, notify CKFI and provide all necessary contact information. This Section 4.2.2(b) does not apply if You are providing personal technology services and/or equipment under other marks as permitted by Section 7.2.5.
- (c) If You acquired the Franchised Business by transfer and the transferring franchisee had given another Franchisee or Company-owned Unit written permission to provide Services to specific Care Recipients in Your Territory, that Franchisee or Company-owned Unit may continue thereafter to provide Technology Services and/or Products, regardless of whether the Care Recipient is then a Subscriber, to Care Recipients under signed Client Agreements at the time You meet the requirements of Section 7.2.2.

The territorial protection described in this Section 4.2.2 begins on the third Business Day after You meet the conditions set forth in Section 7.2.2.

4.2.3 Territorial Protection for Services Other than Technology Services

So long as You and Your Related Parties are in Good Standing and subject to the rights reserved by CKFI as specified in Section 4.3, CKFI will not authorize any other Franchisee or licensee to provide Services (other than Technology Services, for which territorial protection is specified in Section 4.2.2) under the Marks to Clients or Care Recipients within Your Territory

nor itself provide Services (other than Technology Services) under the Marks to Clients or Care Recipients within Your Territory, except in any of the following circumstances:

- (a) If, before You executed this Agreement, other Franchisees and/or Company-owned Units had been serving Care Recipients in an Open Area that now is within Your Territory, CKFI will, in the best interests of continuity of client care, permit those Franchisees and/or Company-owned Units to continue to provide Services (including, to the extent provided in Section 4.2.2, Technology Services and Products) to those Care Recipients.
- (b) To protect the goodwill associated with the Marks and the reputation of the System, CKFI may, in its sole judgment, permit another Franchisee or Company-owned Unit to provide Services (other than Technology Services) under the Marks to new or existing Care Recipients in Your Territory (including NKA Clients) if You have failed to respond to requests for Services (other than Technology Services) from existing or potential Clients or Care Recipients in Your Territory in violation of customer service Standards in the Manual regardless of whether CKFI has given You formal notice of default under this Agreement, and (ii) CKFI calls Your Franchised Business to advise of CKFI's intent to give such service permission and You do not, within three hours after the call, provide evidence to CKFI's reasonable satisfaction, in accordance with the procedure outlined in the Manual, that You have satisfactorily resolved the issue of contacting the prospective or existing Client.
- (c) If for any reason (other than an unsafe or unhealthy environment for the caregiver, non-payment by the potential Client or Care Recipient of a requested deposit, or direct or indirect request by a potential Client or Care Recipient that You violate the law) You decline to serve a potential Client or Care Recipient in Your Territory, CKFI may permit another Franchisee or Company-owned Unit to provide Services. If You decline to provide Services, You must immediately refer the potential Client or Care Recipient to another Franchisee in accordance with the requirements of the Operations Manual and notify CKFI that You have done so.
- (d) If You opt not to provide Services under an NKA Agreement where participation is non-mandatory, CKFI may assign all NKA Clients in Your Territory to another Franchisee, Franchisees, and/or Company-owned Unit(s), as it deems advisable.
- (e) If You acquired the Franchised Business by transfer and the transferring franchisee had given another Franchisee or Company-owned Unit written permission to provide Services to specific Care Recipients in Your Territory, that Franchisee or Company-owned Unit may continue thereafter to provide Services (including Technology Services and/or Products, regardless of whether the Care Recipient is a Subscriber when You acquire the Franchised Business) to Care Recipients under signed Client Agreements at the time You meet the requirements of Section 7.2.2.

The territorial protection described in this Section 4.2.3 begins on the third Business Day after You have met the conditions set forth in Section 7.2.2.

4.2.4 Open Areas

You may provide Services to Clients, Care Recipients, and/or Subscribers, and You may lease and/or sell Products in an Open Area only with CKFI's prior written consent and only if You and Your Related Parties are, and remain, in Good Standing. CKFI's written consent, which it may withdraw in its sole judgment, will be deemed given if the following conditions are

met:

- (a) You direct solicitations, marketing, and/or advertising to prospective clients outside of Your Territory only within the Open Area and You can completely discontinue that directed solicitation, marketing, and/or advertising on 14 days' notice or less.
- (b) You agree that, when any portion of the Open Area is granted to another Franchisee as part of its Territory or CKFI opens a Company-owned Unit that serves any portion of the Open Area:
 - (i) You will cease accepting new Clients, Care Recipients, and Subscribers (except as otherwise permitted in writing by CKFI, in the Manual or otherwise) for any Services in any portion of the Open Area that is assigned as the Territory of that Franchisee or the Company-owned Unit; and
 - (ii) You will immediately take all steps necessary to completely discontinue any advertising You have directed to prospective Clients, Care Recipients, Subscribers, and/or Customers in the Open Area.

If You begin to provide Services and/or market, sell, or lease Products in an Open Area, You will be deemed to have agreed to the foregoing terms.

You must immediately stop providing Services to Clients and Care Recipients in an Open Area if CKFI withdraws its consent to Your operating there. CKFI may withdraw its consent for any reason or for no reason at all immediately upon written notice to You.

4.2.5 Modification of Territory

CKFI may not modify Your Territory without Your consent.

4.3 Rights Reserved

CKFI reserves all rights not expressly granted in this Agreement, including, but not limited to, the right to offer Franchises to others for any area that is not included within Your Territory and the right to use, license and otherwise exploit (including exploitation through any Website or other Internet-based technologies), and to transfer all or any part of, the Marks and System in any manner not specifically prohibited by the terms of this Agreement.

This Agreement does not limit the right of CKFI, its Related Parties, or Affiliates to use or license the Marks and System or any part of them or to engage in or license any business activity at any other location and/or via any other means, except as provided in Section 4.2 above. You acknowledge that CKFI, its Related Parties, and its Affiliates may in the future engage in other business activities, including activities that may be competitive with the System. You acknowledge that You are not acquiring any rights under this Agreement other than the right to use the System as specifically defined in this Agreement and in accordance with its terms. In particular, but without limiting the foregoing, You expressly acknowledge and agree that, except as provided in Section 4.2, CKFI, for itself and any Affiliates and/or Related Parties, retains the following rights, among others, which CKFI, the Affiliate and/or Related Party may exercise in any manner and on any terms and conditions that it or they deem advisable and without granting You any rights or interests in them:

- (a) To own, acquire, establish and/or operate, and license others to establish and operate, Franchised Businesses outside Your Territory;
- (b) To own, acquire, establish, and/or operate systems (franchised and/or company-owned)

under other proprietary marks, whether any such system is similar to or different from the System, at any location(s) within or outside Your Territory, and to use other channels of distribution (for example, the Internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);

- (c) To own, acquire, establish, and/or operate, and license others to establish and operate, businesses different from a Franchised Business but operated under the Marks within or outside Your Territory, and to use other channels of distribution (for example, the Internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);
- (d) To be acquired (whether through acquisition of assets, or equity interests or otherwise, regardless of the form of transaction) by a business or entity providing products and services similar to those provided by Franchised Businesses, even if that business or entity operates, franchises or licenses Competitive Businesses in Your Territory; and
- (e) To sell or distribute, at retail or wholesale, directly or indirectly, or via the Internet or any other means, or license others to sell or distribute, via any means (including the Internet and other channels of distribution) any products (including Products) that bear any proprietary marks, including the Marks, whether within or outside Your Territory.

4.4 Term and Renewal

4.4.1 Term

This Agreement takes effect on the date it has been signed by CKFI. If that date is after the Effective Date, this Agreement will relate back to, and the Term will begin, on the Effective Date. The Term will continue for a period of ten years from the Start Date, unless this Agreement is terminated earlier as otherwise provided in it.

4.4.2 Renewal

Upon expiration of the Term, You will have the right to renew the Franchise for consecutive additional ten-year terms if at the time of each renewal all of the following conditions are, in CKFI's sole judgment, fulfilled:

- (a) You and Your Related Parties have substantially complied with all of the material provisions of this Agreement (including Standards set forth in the Manual) throughout the Term and You and Your Related Parties are then in full compliance with all of the material provisions of this Agreement (including Standards set forth in the Manual).
- (b) You have notified CKFI in writing at least 120 days before the expiration date of this Agreement of Your desire to renew.
- (c) Within 12 months before renewal, You and all of Your Related Parties who are, in CKFI's determination, actively involved in the Franchised Business have complied with CKFI's then-current training requirements for renewing Franchisees.
- (d) You and any Person with a Substantial Interest in You have executed the Renewal Agreement (including an Agreement and Guaranty and a Confidentiality and Non-Compete Agreement in such forms as CKFI may then require, and any ancillary agreements CKFI may require) within the later of 30 days before the expiration of this Agreement or three days after expiration of any applicable disclosure period designated by CKFI.

- (e) You and all Persons that have any Beneficial Ownership interest in You or in the Franchise and/or have signed a guaranty of Your obligations have executed a general release of claims in favor of CKFI and its Related Parties and Affiliates.
- (f) When You sign the Renewal Agreement, You pay CKFI a renewal fee in the amount specified on the Summary Page.

The Renewal Agreement will be in the form of CKFI's then-current form of Franchise Agreement for new franchisees, modified to reflect the fact that the Franchised Business is already operating. The terms of the Renewal Agreement, and any other agreements CKFI may require, may differ materially from those contained in this Agreement, including increased Royalty Fees and Brand Fund contributions. Your right to renew will be contingent upon Your acceptance of the new terms.

5. SERVICES TO FRANCHISEE

CKFI will perform the following obligations at locations selected by it, if You are in Good Standing when CKFI is to perform the service.

5.1 Training

5.1.1 Initial Training

Before You commence offering Services or selling or leasing Products, CKFI will conduct an initial training program in the operation of a Franchised Business for two persons; at least one of these persons must have Beneficial Ownership in You. Additional persons may attend that initial training program or subsequent initial training programs if there are open training spaces.

5.1.2 Additional Training

CKFI will also provide such additional seminars, conferences, courses, and other training as it deems advisable and it may require You, Your Designated Manager, and/or other employees to attend. CKFI may use such means of training, including online training, training via teleconferencing or video conferencing, as it deems advisable. All additional training is subject to the terms set forth in Section 7.2.1 of this Agreement.

5.2 Operational Assistance

CKFI will provide such periodic and continuing advisory assistance to You in the operation of Your Franchised Business as CKFI deems advisable. CKFI may provide this assistance by telephone, e-mail, Office visits, additional training, and such other means as it deems appropriate.

5.3 Marketing and Branding Assistance

CKFI will make available from time to time, at Your expense, marketing and other materials for Your use in advertising. In addition, as described in Article 8, CKFI will provide such other marketing and branding assistance and develop such marketing, branding, public relations, and advertising programs as it deems advisable.

5.4 Service Development

CKFI will, to the extent it deems advisable, research new types of Services that You may offer to Your Clients.

5.5 Manual

CKFI will provide You, during the Term of this Agreement, with access to a Manual or set of Manuals and training guides containing instructions for use of the Marks, the Standards for operation of Your Franchised Business, including specifications for printed materials and computer equipment and software that You will use, sample business forms, information on marketing, management, operating techniques, and administration methods developed by CKFI for use in a Franchised Business, and other information that CKFI believes may be necessary or helpful to You in Your operation of Your Franchised Business. CKFI may revise the Manual periodically to conform to the changing needs of the System, including modifications to the System, and will provide You with these revisions. CKFI may deliver the Manual and any updates in hard copy, via audio or video tape, CD, DVD, in electronic form via the CK Intranet, or in such other format or medium as it deems advisable.

At CKFI's option, CKFI may post some or all of the Manual on a restricted Website, intranet, or extranet to which You will have access. You agree that, if CKFI does so, You will monitor and access the Website, intranet, or extranet for any updates to the Manual. Any password or other digital identification necessary to access the Manual on a Website, intranet, or extranet will be deemed to be Confidential Information belonging to CKFI, subject to Section 7.9 of this Agreement.

5.6 Equipment and Technology Services

CKFI will make available to You, for lease or purchase, Equipment and monitoring and related services for Your use in providing Technology Services and/or selling or leasing Products, as further described in the Manual. CKFI may modify, cancel, withdraw and/or substitute the models or types of Equipment and/or monitoring or related services at any time upon 60 days notice to You, and CKFI may change, substitute, and/or add TS Suppliers at any time without notice to You. CKFI may provide by e-mail any notice required under this Section 5.6. CKFI's obligation to make available Equipment and monitoring and related services as described in this Section 5.6 is not absolute and may be delayed or excused, without liability to You, upon the occurrence of any circumstance beyond CKFI's control, including acts of God, war, government regulations, disaster, failure of the TS Supplier to meet its obligations to CKFI, acts of terrorism, strikes (except those involving CKFI's employees), civil disorder, or curtailment of transportation facilities.

5.7 Pricing

CKFI may recommend to You suggested pricing for the Equipment and Core and Additional Services and may set minimum and/or maximum prices that You may charge to Clients, Care Recipients, and Subscribers for Equipment, Core Services, and Additional Services. In setting minimum pricing, CKFI will take into account, as it deems appropriate, valid franchisee-level marketing programs, Medicaid waiver programs, pricing variations in a given market, and similar considerations.

5.8 Suppliers and Warranty

- (a) CKFI will give You, in the Manual or otherwise in writing, a list of names and addresses of approved or designated (sole) suppliers of goods and services. CKFI may update the list of approved or designated suppliers from time to time. You agree that CKFI and/or Affiliates of CKFI may be approved or designated suppliers of goods and services and

that CKFI and/or its Affiliates may take a mark-up on goods and services it or they sell or lease to You.

- (b) To the extent possible, CKFI will pass on to You the benefit of any warranty it receives from the manufacturer of the Equipment. You acknowledge that CKFI is not the manufacturer of the Equipment and that CKFI does not itself provide monitoring and related services that You will provide as part of Technology Services. CKFI ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTY OF THE EQUIPMENT AND SERVICES THAT ARE PART OF TECHNOLOGY SERVICES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE. YOU AGREE TO RELY SOLELY ON THE EQUIPMENT WARRANTY GIVEN BY THE TS SUPPLIER AND TO LOOK SOLELY TO THE TS SUPPLIER FOR FULFILLMENT OF ANY EQUIPMENT AND/OR SERVICES WARRANTY. YOU AGREE THAT CKFI HAS NO LIABILITY FOR ANY FAILURE OF THE EQUIPMENT AND/OR MONITORING OR RELATED SERVICES THAT CONSTITUTE TECHNOLOGY SERVICES.

5.9 Subscriptions and Other Items

This Section 5.9 applies only if this Agreement is a Start-up Agreement. CKFI will pay for the following program-related expenses, provided, in each case, You begin using the program within 6 months of the Start Date:

- (a) The start-up fee and a one-year subscription to a scheduling program of a third party licensor designated by CKFI and for initial training on that software program. You must execute the licensor's license agreement for the program.
- (b) The start-up fee and a one-year subscription to a telephonic time clock program of a third party licensor designated by CKFI. You must execute the licensor's license agreement for the program and pay the "per call" fee the licensor charges.
- (c) The start-up fee and a one-year subscription related to the online learning system of a specific vendor approved by CKFI.
- (d) The first year's fee for participation in CKFI's aggregated data collection tool.

The applications described above are accessible only from a computer with a high-speed Internet connection.

In addition, CKFI will pay for, at Your option, either a one-year membership in the Home Care Association of America, or a one-year membership with a specific Human Resources compliance vendor. The membership You choose will begin about the time of the Start Date if you timely complete the forms necessary to enable CKFI to start the membership.

5.10 Franchisee Meetings

CKFI will, as it deems advisable, coordinate periodic meetings of Franchisees on a local, regional, and/or national basis; the meetings may, at CKFI's option, be in person, online, electronic, via teleconference, videoconference, or such other means as CKFI deems advisable. CKFI may charge a fee for attendance at the national meeting for Franchisees; CKFI will announce the amount of the fee in advance of that meeting. Other than for the national meeting for Franchisees, CKFI will charge a meeting fee (calculated on a per-attendee basis) only if it incurs out-of-pocket costs associated with a speaker or other program.

5.11 Withholding of Performance

CKFI will perform its obligations under this Agreement if You and Your Related Parties are in Good Standing. Should You and/or Your Related Parties fail to be in Good Standing, CKFI may, in its sole judgment, do any or all of the following until You and/or Your Related Parties fully cure the default or CKFI terminates this Agreement: deny You access to the CK Intranet; refuse to sell Technology Services and/or Equipment to You; remove Your Franchised Business from the Franchised Business locator page, and/or Your interior pages, on the CK Website; remove Your Franchised Business from the list of Franchised Businesses to which telephone inquiries for Services are referred; remove Your Franchised Business from the list of Franchised Businesses to which caregiver employment inquiries are referred; remove Your Franchised Business from the list of Franchised Businesses that are entitled to "Comfort Keepers" discounts from approved vendors; and/or remove Your Franchised Business from the list of Franchised Businesses that are approved to participate in national or other alliance programs. CKFI may take any or all of these actions in addition to or instead of giving You notice of default and/or termination under this Agreement. You acknowledge and agree that CKFI's withholding of performance services in accordance with this Section 5.11 will not constitute a breach of this Agreement and/or a defense to the enforcement by CKFI of any provision of this Agreement, including the right to receive payment of Royalty Fees as provided in Section 6.2. You also acknowledge and agree that, should CKFI choose to withhold performance rather than terminate this Agreement, CKFI's failure to exercise its right to terminate this Agreement will in no way constitute a waiver of CKFI's subsequent right to terminate this Agreement for the specified default or for any other default or to exercise any other remedies available to CKFI under this Agreement, at law, or in equity.

5.12 No Third Party Rights

All of CKFI's obligations arising under this Agreement are to You, and no Person, including any other Franchisee, is entitled to rely on, enforce, or obtain relief for any breach of those obligations, either directly or by subrogation. Similarly, no Franchisee or other Person (other than a successor or assign of CKFI or a subrogee whose right is granted explicitly by contract (such as an insurer)) is entitled to rely on, enforce, or obtain relief for any waiver by CKFI of any of its rights under this Agreement, either directly or by subrogation. In fulfilling its obligations to You and in conducting any activities or exercising any rights under this Agreement, CKFI has the right to take into account, as it sees fit, the effect on, and the interests of, other Franchised Businesses and Company-owned Units and on the overall benefits to the System and the Network. You understand and agree that all of CKFI's obligations under this Agreement are subject to this Section 5.12 and that nothing in this Section 5.12 in any way affects Your obligations under this Agreement. You further agree that You have no rights, as a third party beneficiary or otherwise, to enforce any provision of any Franchise Agreement between CKFI and any other Franchisee.

5.13 Delegation

You agree that any duty or obligation imposed on CKFI by this Agreement may be performed by any designee, employee, or agent as CKFI may direct.

5.14 Non-Uniform Agreements

You acknowledge and agree that CKFI has previously entered into franchise agreements with other Franchisees, that CKFI may in the future enter into franchise agreements with other Franchisees, and that some or all of those franchise agreements may have terms substantially

different from those in this Agreement. You also acknowledge and agree that CKFI may, in its business judgment, waive or modify comparable provisions of any of those franchise agreements in a non-uniform manner, so long as CKFI does so on a reasonably nondiscriminatory basis.

6. PAYMENTS BY FRANCHISEE

6.1 Initial Franchise Fee

When You execute this Agreement, You will pay CKFI the Franchise Fee in cash or another form of payment that will make the funds immediately accessible to CKFI, such as cashier's check or wire transfer. If You have signed a promissory note in favor of CKFI for a portion of the Franchise Fee, then You will pay to CKFI in immediately accessible funds the portion that has not been financed. The Franchise Fee is not refundable for any reason.

6.2 Royalty Fee and Gross Revenue Reports

- (a) On the Royalty Due Date of each calendar month beginning the month following the Start Date and continuing throughout the Term, except as provided in Sections 6.2(a)(ii) and 6.2(a)(iii), You will pay to CKFI a monthly Royalty Fee, as follows:
 - (i) You will pay a Royalty Fee equal to the greater of the Minimum Royalty Fee or 5% of Gross Revenue for the immediately preceding calendar month.
 - (ii) If this Agreement is a Start-up Agreement, Your obligation to pay Royalty Fees under Section 6.2(a)(i) will commence in the fifth full calendar month after the Start Date with respect to operations for the fourth month.
 - (iii) To the extent provided in Section 7.3 relating to failure to meet Minimum Performance Standards, You will pay a monthly Royalty Fee calculated as set forth in Section 6.2(a)(i) on the greater of Your actual Gross Revenue or Your MPS Gross Revenue.
- (b) No later than the fifth day of each month following the Start Date (or on the next Business Day, if the fifth day is not a Business Day) and continuing throughout the Term, You will transmit to CKFI a Gross Revenue report, in the form specified by CKFI in the Manual, itemizing Gross Revenue for the preceding month even if You owe no Royalty Fee or only the Minimum Royalty Fee. The Gross Revenue report may require certain other information that CKFI deems advisable, such as breakdown of revenue by the type of Services provided. You will transmit Gross Revenue reports via e-mail, fax or such other method of delivery that CKFI designates in the Manual or otherwise in writing. If You fail to timely transmit the Gross Revenue report to CKFI, CKFI may debit from Your designated bank account (by EFT as provided in Section 6.8) estimated Royalty Fees in an amount equal to 120% of the Royalty Fee collected for the preceding month (together with service charges, interest and Late Fees, as applicable). When You file the Gross Revenue report for the applicable period, CKFI will, if applicable, debit Your designated bank account for any underpayment or credit any overpayment against the next Royalty Fee due. CKFI will retain any interest on any overage that CKFI has debited due to Your failure to timely file a Gross Revenue report. CKFI's debiting of an estimated Royalty Fee will not constitute a waiver of CKFI's right to collect the full amount of fees due nor of CKFI's right to declare a default for Your failure to file the Gross Revenue report and/or timely pay Royalty Fees and other amounts due.

6.3 Payment for Technology Services and Equipment

By the tenth day of each month during the Term (or the next Business Day, if the tenth day is not a Business Day), CKFI will provide You with an invoice for all service fees, Equipment costs, and related fees, as set forth in the Manual, You owe CKFI relating to the Technology Services You have provided and the Equipment You have leased or sold during the preceding month. On the 25th day (or the next Business Day if the 25th day is not a Business Day) of each month, CKFI will debit the amount invoiced by EFT, as described in Section 6.8. Payment is due regardless of whether Subscribers or Customers have paid You. CKFI may from time to time change its fees and Equipment costs upon at least 60 days written notice to You but may not increase them by more than the greater of 5% per year or the amount by which a TS Supplier has increased its fees to CKFI. CKFI may provide this notice by e-mail to the e-mail address CKFI has assigned to You.

6.4 Audit

CKFI will have the right at all reasonable times to review, inspect, audit and copy Your books and records, including Your tax returns, with respect to Your Franchised Business. If the inspection or audit discloses an underpayment of Royalty Fees or other fees or amounts payable under this Agreement, You will immediately pay these amounts to CKFI together with accrued interest on the amount underpaid, in accordance with Section 6.6 of this Agreement. In addition, if the underpayment exceeds 3% of the total Royalty Fees payable for any period covered under the audit, You will reimburse CKFI or its agents for all expenses actually incurred by CKFI or its agents in connection with the audit. If You are an Entity for which separate books, records, and/or tax returns are not prepared (that is, You are a subsidiary of an Entity for which only consolidated Financial Statements are required to be prepared), You must make available for audit those books, records, schedules, tax returns, and/or work papers relating to Your assets, liabilities, and operations that CKFI deems necessary.

6.5 Additional Fees

In addition to the fees included in this Section 6, You must pay such other fees and costs as are described elsewhere in this Agreement.

6.6 Interest on Late Payments

Any payment not received by CKFI within 30 days after payment is due will bear interest at 18% per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less, commencing the date the payment was due. Interest charges on late payments are intended to partially compensate CKFI for loss of use of the funds, a cost which would otherwise be difficult to measure precisely. The fact that interest charges are imposed should not be construed as a waiver of CKFI's right to timely payment or an agreement or commitment by CKFI to extend credit to or otherwise finance Your operation of Your Franchised Business.

6.7 Late Fees

In addition to the interest charges described in Section 6.6, You will pay the Late Fee if any payment-related report and/or any payment You must make to CKFI is not reported or made to CKFI within two days after the date the report and/or payment was due. CKFI may change this fee each year by the amount of the change in the CPI. Late Fees are intended to partially compensate CKFI for administrative costs caused by late reporting and/or payment, which would

otherwise be difficult to measure precisely. The fact that such charges are imposed should not be construed as a waiver of CKFI's right to timely payment.

6.8 EFT Payments

- (a) All fees or other amounts You owe to CKFI under or in connection with this Agreement will be paid by EFT. CKFI may withdraw funds from Your designated bank account by EFT in the amount of the Royalty Fee and/or any other amounts due to CKFI in accordance with this Agreement. CKFI will make each EFT withdrawal of the Royalty Fee on the Royalty Due Date as described in Section 6.2. CKFI will make each EFT withdrawal of the amount invoiced to You for Technology Services and/or Equipment on the date the payment is due. For any other monetary obligation that You do not pay when due, CKFI may withdraw the amount due and the Late Fee two Business Days after the amount became due in accordance with the terms of this Agreement. CKFI may withdraw interest on any unpaid amount on a monthly basis or as otherwise provided in this Section 6.8(a).
- (b) Upon execution of this Agreement, You will execute a document in the form of Attachment 2 granting to CKFI the authority to process EFTs from Your designated bank account. From time to time at CKFI's request, You will execute any additional documents necessary to confirm or update this authority. You will be responsible for any EFT transfer fee or similar charge imposed by Your bank and for any service charges incurred by CKFI and/or imposed by Your bank should any EFT not be honored by Your bank for any reason.

6.9 Application of Payments; No Right of Set-off

CKFI has the right to apply any payment it receives from You to any past due amount You owe to CKFI or any of CKFI's Related Parties or Affiliates, regardless of how You indicate the payment is to be applied. You may not, on grounds of alleged non-performance by CKFI of its obligations under this Agreement, withhold payment of royalty fees and/or any other amounts due to CKFI and/or its Affiliates.

7. YOUR OBLIGATIONS

7.1 Marks

7.1.1 Ownership and Use of Marks

You acknowledge the validity of the Marks and that they are the sole property of CKFI. Your right to use the Marks derives solely from this Agreement.

You may use the Marks only in the operation of Your Franchised Business and only in the manner and for the purposes permitted or specified by CKFI in the Manual or otherwise. You may not use any other trade name or marks in connection with Your Franchised Business.

In order to protect the goodwill associated with the Marks, neither You nor any of Your Related Parties or Affiliates may use any portion of the Marks or the letters "CK" or any other confusingly similar mark, logo, trade name or reference in connection with the operation of a business that is not a Franchised Business.

7.1.2 Changes in Marks

CKFI has invested substantial time, energy, and money in the promotion and protection of its Marks as they exist on the Effective Date. However, CKFI recognizes that rights in

intangible property such as the Marks are often difficult to establish and defend. In addition, other circumstances, such as changes in the cultural and economic environment within which the System operates, changes in marketing or other strategies, or third-party challenges to CKFI's rights in the Marks, may make changes in the Marks desirable or necessary. CKFI therefore reserves the right to change its Marks and the specifications for each when CKFI believes that such changes will benefit the System. You will promptly conform, at Your own expense, to any such changes. CKFI need not reimburse You for any loss of revenue due to any modified or discontinued Mark or for Your expenses in changing to, or promoting, a modified or substitute trademark or service mark.

7.1.3 Notice of Claims Relating to Marks

You must notify CKFI in writing within five (5) days of any apparent infringement of any Mark, any challenge to Your use of any Mark, and of any claim by any Person to any rights in any Mark. Except as CKFI otherwise permits in writing, You must not directly or indirectly communicate with any person other than Your attorney (if a claim is brought against You) and CKFI and its counsel in connection with any such infringement, challenge or claim. CKFI has the sole right to determine whether any action should be taken. If any action is taken, CKFI has the right to direct and control that action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Marks, as well as any settlement of any such proceeding or litigation. You have no right, independent of CKFI, to make any demand against any user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Marks. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of CKFI's counsel, be necessary or advisable to protect and maintain the interests of CKFI and/or its Affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of CKFI and/or its Affiliates in the Marks.

7.1.4 Goodwill; Notice of Negative Publicity

Any and all goodwill, including Client Information, arising from or in connection with Your use of the Marks under this Agreement and the System belongs to and inures solely to the benefit of CKFI. To permit CKFI to take steps to protect the goodwill associated with its Marks, You will promptly notify CKFI in writing of any publicity (in any medium) relating to You, Your Franchised Business, any of Your Related Parties, or any other Person, that is negative or reasonably likely to damage the goodwill associated with the Marks, including the occurrence of "sentinel events" involving death or serious injury to a Care Recipient, as provided in the Manual. You, Your Related Parties, and Your employees will cooperate with CKFI in its handling of the publicity related to the matter.

7.2 Quality Control

7.2.1 Training

If this Agreement is a Start-up Agreement, an individual with Beneficial Ownership in You, as well as Your Designated Manager, if any, must complete CKFI's initial training, to CKFI's satisfaction, within 60 days after execution of this Agreement. If this Agreement is an Expansion Agreement, Your Designated Manager for the Franchised Business under this Agreement, if You have one, must attend and complete initial training, to CKFI's satisfaction, within 60 days after execution of this Agreement. In all cases, any successor Designated Manager must attend and complete initial training to CKFI's satisfaction within 6 months after being hired. CKFI does not charge a training fee for You or Your employees to attend initial

training. But, unless this is a Start-up Agreement, You must pay any costs (not to exceed \$750 per person) paid by CKFI to third party certification or similar entities for each individual You send to the full initial training program or to the portions of that program that include certification courses. If you are signing a Start-up Agreement, you may send two persons to the initial training program without reimbursing CKFI for the certification costs.

At Your expense, You and/or, as CKFI requires, Your Designated Manager and/or other employees shall also attend such courses, seminars, and other training programs as CKFI may require from time to time. CKFI will not charge a training fee for required training.

For all training that CKFI does not require (other than training associated with the national meeting), You will pay the training fee, if any, charged by CKFI. CKFI will charge a training fee only if it incurs out-of-pocket costs associated with a speaker or other program; training fees will be calculated on a per-attendee basis.

You will be responsible for all expenses incurred by You and/or any other person who attends any training in connection with Your Franchised Business, including the costs of transportation, lodging, meals, and any wages.

7.2.2 Beginning Operations

You must be ready to, and begin offering to, provide Homemaker/Companionship Services and Technology Services by the Start Date. You must be ready to, and begin offering to, provide Personal Care Services as soon as You receive any required licensure but no later than 90 days after the Start Date. You must, before You begin offering to provide any services that require a license, provide to CKFI a copy of any license required for Your Franchised Business to provide those services. You may not offer or provide Services or sell or lease Equipment until all of the following conditions are met:

- (a) You and/or Your Designated Manager have completed initial training, as required by CKFI in accordance with Section 7.2.1.
- (b) You have at least two full-time employees or equivalent.
- (c) You have obtained insurance and provided a certificate of insurance to CKFI, all as required by Section 7.6.
- (d) You have complied with all licensure requirements for Your Franchised Business to begin offering Homemaker/Companionship Services and Personal Care Services and provided a copy of any required license to CKFI.
- (e) CKFI has advised You in writing that You have met all of the foregoing requirements and You may begin accepting Clients.

7.2.3 Office

Your Office must be in Your Territory. Unless CKFI permits otherwise, You may not establish a Satellite Unit or an additional Office in Your Territory. You may commence operations with Your Office in Your home if Your home is in Your Territory; however, no later than six months from the Start Date, Your Office must be in commercial office or retail space within Your Territory. You must ensure that CKFI at all times has the current address and telephone number of Your Office and, if applicable, Satellite Unit; if You relocate Your Office and/or Satellite Unit or if You close Your Satellite Unit, You must advise CKFI of the planned relocation/closure and, for a relocation, the new address and telephone number, at least five days before You relocate/close. If Your Office is not in Your home, You may not use the premises of

Your Office for any purpose other than the operation of Your Franchised Business. The furniture, fixtures, and décor of Your Office must at all times be professional, clean, and in good condition. If CKFI notifies You that, in its reasonable judgment, the condition or site of Your Office or Satellite Unit materially damages the goodwill associated with the Marks, You must relocate Your Office or Satellite Unit within 60 days and provide CKFI with the new address of Your Office. You may not at any time use a post office box or similar mail address service as Your Franchised Business's address to meet the requirement that Your Office be in Your Territory. If You have more than one Franchise Agreement with us, You need not have an Office in Your Territory if You have an Office in one of the Territories (other than a Territory in a New York City Borough) in which You operate under another Franchise Agreement with us.

7.2.4 Compliance with Manual

You acknowledge and agree that the requirements imposed by this Agreement and by the Manual are necessary to promote high and uniform standards of quality of Services and Products provided by Franchisees and to promote and maintain the goodwill associated with the Marks, the System, and the Network. You must operate Your Franchised Business in complete compliance with the Standards. CKFI may make changes in the Standards when, in CKFI's sole judgment, change is needed for the continued success and development of the System, including new products, services, and/or new or modified techniques. Those changes may necessitate the purchase of software, equipment, supplies, furnishings, or other goods, completion of additional training by You or Your employees, or other cost to You. CKFI may advise You of changes to the Manual via any medium, including e-mail, posting on the CK Intranet, or notice in an electronic newsletter. You must promptly conform to the modified Standards at Your own expense. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by CKFI (regardless of format or medium) will control. CKFI may determine Your compliance with Standards as provided in Sections 7.2.7 and/or 7.2.9 or by any other means.

7.2.5 Services and Products Offered

You may offer and provide to Your Clients, Care Recipients, and Subscribers only the Services that CKFI has authorized You to provide and only under the Marks. You must obtain any required licenses. You must offer and provide all Core Services as defined by CKFI except in the following circumstances: If, when You executed this Agreement, You were a Franchisee under another Franchise Agreement that did not require You to offer Technology Services and You were then under contract to a different provider of personal technology equipment and services, You need not offer Technology Services and Equipment during the term of that contract but You may not renew that contract and You must begin to offer Technology Services and Equipment under the SafetyChoice® marks when that contract expires or, if applicable, at the end of any post-termination non-competition period in that contract. You will, at CKFI's request, provide CKFI with a copy of Your contract with the provider of personal technology equipment and services.

Upon CKFI's express written authorization and consent, which it may withhold in its sole judgment, and Your execution of an Additional Services Addendum substantially in the form of Attachment 8 to this Agreement and any related documents required by CKFI, You may also provide those Additional Services described in the Additional Services Addendum. In addition, You may also provide such ancillary services as CKFI may approve in the Manual. As CKFI develops and modifies the System, CKFI may designate in the Manual as Core Services new Services related to the System and/or certain Services that were formerly Additional Services,

and You agree that You will offer and provide those Core Services within 90 days following CKFI's notice of designation of new Core Services, or such longer time period as CKFI may permit. Except as set forth in this Section 7.2.5, You may offer and/or provide absolutely no other services in connection with Your Franchised Business. Except as CKFI may permit in writing (in the Manual or otherwise) with respect to the use of licensed medical professionals in the supervision or training of employees providing Personal Care Services, You may not provide Services through an independent contractor or any Person other than an employee.

You may offer, sell, and/or lease under the Marks only the Products and Equipment that CKFI has approved for You to offer, sell, and/or lease. If this Agreement is an Expansion Agreement or a Renewal Agreement, if You offer, sell, and/or lease Technology Services or Equipment, You must do so only under the Marks and only in accordance with the Manual unless CKFI otherwise permits in writing.

CKFI may require You to offer Services, Equipment, and/or Products under the terms of an NKA Agreement. With respect to any NKA Agreement that CKFI does not designate as mandatory, You will be deemed to have agreed to participate, and must provide the required Services, Equipment, and/or Products, unless You notify CKFI in writing that You do not wish to participate. You acknowledge and agree that if You choose not to participate, CKFI may authorize other Franchisees to serve Alliance Clients in Your Territory, as provided in Section 4.2.3(d). CKFI may change the designation of participation under an NKA Agreement from optional to mandatory upon fifteen (15) days written notice to You. Participation in these programs and activities may require You to incur program-related expenses and/or to accept a uniform fee schedule (which may set fees at a discount to the fees You normally charge).

7.2.6 Sourcing

- (a) You acknowledge that CKFI is, at the time of execution of this Agreement, the designated supplier of Technology Services and Equipment. You will purchase all Equipment and all Technology Services from CKFI, but CKFI can designate any third party to provide the Equipment and Technology Services to You. Throughout the Term, CKFI will have the right to revise its terms and conditions of sale and price of Equipment and Technology Services to You upon 60 days written notice.
- (b) CKFI may limit the number of approved suppliers, designate sole sources that You must use for some or all items or services, and/or refuse to give You permission to use other suppliers if CKFI believes that this action is in the best interests of the Network. CKFI has the unlimited right to approve or disapprove the suppliers that may be permitted to sell products or services to You and may at any time withdraw its designation or approval of a supplier. CKFI and/or its Affiliates may be approved or designated suppliers to You and they may, and have the right to, realize a profit on any items or services they supply to You. If CKFI designates any approved or sole suppliers, You must use those suppliers.
- (c) Aside from Equipment and Technology Services (which must be purchased from CKFI or, if it permits, its designated supplier), if You would like to use in Your Franchised Business any item (regardless of whether it would bear the Marks) or any service that You desire to purchase from a supplier not previously approved by CKFI, You must obtain CKFI's prior written consent and, upon CKFI's request, give CKFI the supplier's contact information. Within a reasonable time (not to exceed 30 days), CKFI will communicate to You and, as it deems appropriate, the supplier, either CKFI's approval or

its reasons for withholding its approval. CKFI's silence may not be construed as consent. As a condition of approving a supplier of any product that bears the Marks, CKFI may require that the supplier execute CKFI's license agreement for those purposes.

- (d) CKFI has the right to appoint a single manufacturer, distributor, reseller, and/or other vendor for any particular item or service, including CKFI and its Affiliates. In particular, and without limiting the foregoing, CKFI may, at its sole option, establish one or more strategic alliances or preferred vendor programs with one or more national or regional suppliers for some or all of the items and/or services that CKFI requires or recommends for use by, or in connection with operations of, Franchised Businesses. CKFI makes no representation or warranty that these alliances or programs will provide any specific Franchised Business with the lowest cost items or services available to that Franchised Business or that any individual Franchised Business will benefit proportionately from any such alliance or arrangements.
- (e) If CKFI identifies specifications for items or services in connection with Your Franchised Business, You must purchase only items or services that meet those specifications.
- (f) CKFI has the right to collect Allowances offered by suppliers to CKFI based on Your purchases of products and other goods and services but CKFI must either, at its option, apply the Allowances to reducing costs of goods and services to all Franchisees as a group or contribute the Allowances to the Brand Fund. The following types of Allowances are not subject to the requirement of the preceding sentence and may be retained or used by CKFI in its sole judgment: (i) meals or other events sponsored by suppliers at meetings of Franchisees; and (ii) complimentary or upgraded rooms and similar concessions provided by a meeting facility for CKFI staff at meetings of Franchisees.
- (g) CKFI EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF THE GOODS OR SERVICES SOLD BY THE SUPPLIERS, INCLUDING, WITHOUT LIMITATION, EXPRESSED OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. YOU AGREE TO LOOK SOLELY TO THE MANUFACTURER OF GOODS OR THE SUPPLIER OF SERVICES FOR THE REMEDY FOR ANY DEFECT IN THE GOODS OR SERVICES.

7.2.7 Client Satisfaction Program

All of Your Franchised Business's dealings with Clients and Care Recipients should adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Your Franchised Business must at all times give prompt and courteous service to Clients, Care Recipients, Subscribers, and Customers and shall respond timely to inquiries and requests for service from prospective Clients and Subscribers as required by the Standards. CKFI may at any time contact and/or survey Your past and present Clients, Care Recipients, Subscribers, and Customers to assess Your Franchised Business's performance. If Your Franchised Business's scores from the surveys or contacts do not meet the then-effective Standards, as described in the Manual, CKFI may suggest ways in which You can improve the scores. You must take immediate, effective steps to bring Your Franchised Business's operation up to the Standards.

7.2.8 Required Computer and Technology Systems

- (a) You must purchase or lease and maintain computer and technology hardware and

software systems (including data collection software and other online data collection tools, web-based programs, and software technology platforms, including the hardware necessary for their proper functioning) according to specifications and/or from approved or designated suppliers (including CKFI and/or its Affiliates), as provided in the Manual or otherwise in writing.. The required systems may include, among other things, the use of remote servers and/or web-based programs, off-site electronic information storage, and DSL or other high-speed internet connections, and may include the capability for remote access and information retrieval by CKFI. CKFI may also require You to maintain a dedicated high speed internet service or connection or other communication means for remote access and information retrieval by CKFI, as CKFI may specify from time to time in the Manual or otherwise in writing. You must acquire, install, and use the computer and technology hardware and software systems prescribed by CKFI, including any required upgrades of software and/or hardware, and must execute any licensing agreements with developers or manufacturers of computer and technology hardware and/or software required by CKFI. You must maintain the hardware and software at Your own expense.

- (b) There is benefit to You and to CKFI to be able to aggregate and report data on a number of different business metrics. Upon 60 days prior written notice from CKFI of the implementation of an aggregated data tool, You must begin and thereafter continue participating in a defined collection process (as it may be modified and amended from time to time) and pay an annual fee not to exceed \$400.00. CKFI will have the right, but not the obligation, to change this fee annually by the amount of the change, if any, in the CPI. If You own more than one Franchised Business, You will pay only an annual fee for each Franchised Business for which there is an accounting software installation.
- (c) Although CKFI cannot effectively estimate the costs of any additional computer and/or technology systems or required service or support, You agree, within a four-month period following CKFI's announcement of an additional technology requirement, to acquire and install all hardware, software, and peripherals (including all subsequent upgrades), install all communication facilities, contract for all required support and maintenance, and meet all other requirements CKFI may specify. CKFI will act in good faith when requiring technology improvements. However, should the anticipated cost to install and implement an improvement exceed \$2,500 per Franchised Business, then the installation and implementation deadline will be extended by an additional eight months to a total of 12 months. If the anticipated cost to install and implement the additional technology improvement exceeds \$5,000 per Franchised Business, then the installation and implementation deadline will be extended to a total of 18 months from the original date of CKFI's announcement of the technology requirement.
- (d) CKFI, its Affiliates and/or Related Parties may condition any license of proprietary software to You, or Your use of technology that CKFI, its Affiliates and/or Related Parties develop or maintain, on Your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging Your consent to, and accepting, the terms of a click-through or a shrink-wrapped license agreement) that CKFI, its Affiliates and/or Related Parties prescribe to regulate Your use of, and CKFI's, its Affiliates', and/or Related Parties' and Your respective rights and responsibilities with respect to, the software or technology. If CKFI implements one or more proprietary software technology platforms that CKFI supports, You must also pay

CKFI an annual fee (not to exceed \$400) per platform for the cost of providing technical support and of developing, maintaining, and supporting the technology platforms. CKFI may, but has no obligation to, change those fees each year based on the change in the CPI.

- (e) Despite Your agreement to buy, use, and maintain required software, hardware, and/or technology platforms according to CKFI's direction You will have sole and complete responsibility for, at Your expense: (1) acquiring, operating, maintaining, and upgrading the hardware/software/technology platform; (2) assuring that the specified software, hardware, and/or technology platform interfaces at CKFI's required levels of connection speed with CKFI's and/or any designated third party's computer or technology system; and (3) any and all consequences to Your Franchised Business if You do not properly operate, maintain, upgrade, and/or replace any specified software, hardware, and/or technology platform.
- (f) CKFI may have access to information about Your Franchised Business and its operations (including Client Information) through software (including technology platforms and/or web-based programs) and hardware CKFI may require You to use. CKFI may access and download this information as often as it deems appropriate (including daily).
- (g) If any equipment, software, or computer system You use provides for electronic, online or similar remote monitoring capability, You shall, at CKFI's request, permit CKFI to monitor and download all information/data the equipment provides and to use the information for any lawful purposes CKFI deems advisable. CKFI may access information on any web-based programs it specifies that You use (including those relating to Technology Services and Equipment) and CKFI may use that information for any lawful purpose. CKFI may compile and share with other Franchisees and/or prospective franchisees information You provide or CKFI accesses. CKFI will not share with them any information in violation of HIPAA and CKFI will not, without Your prior consent or unless otherwise required by law, share with them any information in a form that identifies You or Your Franchised Business; You acknowledge that federal law requires that CKFI provide substantiating data for any financial performance representation it may make in connection with sales of franchises and that identifying information about Your Franchised Business may be provided to prospective franchisees. Nothing in this Section 7.2.8(g) prevents CKFI from using or transferring Client Information (which belongs to CKFI) in any way it deems advisable, subject to applicable law.

7.2.9 Inspections and Quality Assurance

CKFI will conduct periodic quality control inspections of Your Franchised Business during normal business hours. Quality control inspections may be made with or without prior notice and may be made by third parties, such as a "mystery shopper" service, that may record telephone calls placed to Your Franchised Business. You consent to the recording of such calls. You will also cooperate fully with CKFI if it wishes to determine whether Your performance of Services meets the Standards. In addition, CKFI may use such other means as it deems advisable to assure itself that You are operating Your Franchised Business in accordance with the Standards. You must promptly correct any deficiencies in Your operation of which CKFI advises You. You must take immediate, effective steps to bring Your operation up to the Standards.

7.3 Minimum Performance Standards

- (a) Beginning with the 23rd calendar month after the Start Date and continuing each week throughout the Term, Your Franchised Business must perform at least a mean average of 350 hours of MPS Services per week each month to meet the Minimum Performance Standards. If You have more than one Franchised Business, the mean average for all of Your Franchised Businesses must be at least 350 hours of MPS Services per week. Each month, beginning with the 25th calendar month after the Start Date, CKFI will assess Your compliance with the MPS requirement by reviewing the number of hours of MPS Services You provide during a rolling three-month period consisting of the most recent month and the preceding two months. For example, at the end of month 25 CKFI would review months 23, 24, and 25.
- (b) CKFI may declare a default if You do not, on average, meet the Minimum Performance Standards over any period of three consecutive calendar months. To cure this default, You must (i) provide CKFI, within 14 calendar days after the notice of default is given to You, with a detailed business plan for meeting the MPS within the following three calendar months.
- (c) If You fail to provide a business plan within 14 calendar days or if You provide a business plan but fail to meet the MPS, on average, over the following three calendar months, You must begin to pay, and thereafter continue to pay, the monthly Royalty Fee calculated as set forth in Section 6.2(a)(i) on the greater of Your actual Gross Revenue or Your MPS Gross Revenue until You meet the Minimum Performance Standards for at least three consecutive calendar months.
- (d) Payment of a Royalty Fee based on MPS Gross Revenue is not a cure of a default under this Section 7.3. So long as You do not meet MPS (regardless of whether CKFI has sent You a notice of default), You will not be in Good Standing.
- (e) CKFI may, at its option, increase the MPS by up to 5% per year upon written notice to You.

7.4 Personnel

7.4.1 Management

You or Your Designated Manager, if You have one, must devote all of Your or his or her productive time and effort required and necessary for the productive and successful management and operation of Your Franchised Business and to the promotion of Services within Your Territory. Your Franchised Business must be supervised by an individual who has completed the initial training program to CKFI's reasonable satisfaction. For each Office that You operate, You must employ a separate Designated Manager; however, overall supervision of each Franchised Business must be provided by You (if You are an individual) or a Related Party who holds more than a 10% Beneficial Ownership interest in You

You must keep CKFI informed as to the identity of Your Designated Manager. Any successor Designated Manager must successfully complete the initial training program conducted by CKFI no later than six months after being hired.

7.4.2 Employees

You must maintain at all times a staff of trained employees sufficient to operate Your Franchised Business in compliance with the Standards, as provided in the Manual. You are

solely responsible for, and You shall make clear to Your employees that You (and not CKFI) are responsible for, all decisions relating to Your employees, including hiring, firing, retention, promotion, wages, and benefits. You must conduct background checks, as specified in the Manual, on each person working for Your Franchised Business.

7.5 Financial, Operational, and Other Information

7.5.1 Financial Records

You must maintain the financial books and records of Your Franchised Business in the manner CKFI directs and retain these records, and all Client Agreements, for at least seven years. You must retain Client records as required by applicable law, including HIPAA, and You must maintain other records, including caregiver and employment records, as required by applicable law.

7.5.2 Financial Reports

- (a) You must prepare and submit all reports and Financial Statements in the form and at the times specified in this Agreement or in the Manual.
- (b) You must submit to CKFI, within 30 days after filing, copies of each of Your federal and state income tax returns or, if You are an individual Franchisee, the business portion of Your federal income tax returns. CKFI will use this data to, among other things, confirm that You are complying with Your obligations under this Agreement and to formulate earnings, revenue and expense information to disclose to current and prospective Franchisees.
- (c) Within 120 days after the end of each fiscal year during the Term, You will provide CKFI a complete set of Your Financial Statements as of the end of the fiscal year and for the year then ended. These Financial Statements need not be audited, although any Financial Statements must be prepared in accordance with generally accepted accounting principles, consistently applied, and certified as true, complete and correct by You or Your Chief Financial Officer.
- (d) You will submit to CKFI, within 20 days after the end of each Fiscal Quarter during the Term, Your profit and loss statement for the preceding Fiscal Quarter. Each such statement must be in the form prescribed by CKFI and may be unaudited, but must be certified as true, complete and correct by You or Your Chief Financial Officer.
- (e) You will submit to CKFI the Gross Revenue report as required by Section 6.2(b) of this Agreement.
- (f) If You are an Entity for which separate Financial Statements and/or tax returns are not required to be prepared (for example, You are a subsidiary of an Entity for which only consolidated Financial Statements must be prepared or tax returns must be filed), You shall provide to CKFI those books, records, separate tax schedules and/or work papers relating to Your assets, liabilities, and operations as CKFI may reasonably request.

7.5.3 Operational Reports and Information

You must send CKFI duplicate copies of all new or amended Client Agreements, Plans of Care, and Subscriber Agreements, including voided Client and Subscriber Agreements and voided or amended Plans of Care, every two weeks. You must send updated Plans of Care (regardless of whether they have been amended) according to the schedule specified in the Manual. Upon reasonable notice from CKFI, You will submit to, or make available for

inspection by, CKFI such other information and reports relating to operations of Your Franchised Business as CKFI may require in order to assure Your compliance with Standards and the terms of this Agreement, including information related to referral sources, marketing and advertising, and Client Information. Within five days after You receive them, You will provide CKFI with a copy of any survey of Your operations conducted by any governmental licensing or oversight agency and/or industry group.

7.5.4 Other Reports and Information

Upon reasonable notice from CKFI, You will submit to, or make available for inspection by, CKFI such other information and reports as CKFI may reasonably request. You will inform CKFI in writing of any changes to Beneficial Ownership in You or in the Franchised Business as they occur. In addition, You will provide current, updated information about Your Beneficial Ownership and Your Related Parties, as well as related business and personal contact information, upon CKFI's request. You will provide all reports, data, and other information required or requested by CKFI under this Agreement in the format that CKFI requires.

7.6 Insurance

Before beginning operations, You must purchase, and maintain throughout the Term, a policy or policies providing all of the following coverages:

- (a) Comprehensive general liability insurance, including product liability coverage and business interruption coverage, covering all Your Franchised Business's assets, personnel, and activities, including coverage for use of non-owned automobiles, on an occurrence basis with a combined single limit for bodily injury, death or property damage of at least \$1,000,000.
- (b) Employment practices liability insurance with policy limits of at least \$500,000, with defense coverage provided for CKFI as the franchisor.
- (c) Casualty insurance in a minimum amount equal to the replacement value of Your interest in Your Office premises.
- (d) A \$25,000 surety bond, or equivalent employee theft insurance coverage, covering all employees.
- (e) Worker's compensation insurance, with Part Two (employer's liability) policy limits at no less than state minimum.
- (f) Any types of insurance required by applicable state law.

All insurance (except for the worker's compensation insurance) must name CKFI as an additional insured and must be obtained from an "A" or better rated insurance company registered in the jurisdiction or jurisdictions that include any part of Your Territory and any Open Area in which You provide Services or sell or lease Products. CKFI may increase the amounts of coverage required under those insurance policies and require different or additional kinds of insurance at any time, to reflect inflation, additional types of risks identified, or other changes in circumstance, by including the new requirements in the Manual. Each insurance policy required under this Agreement must contain a provision that the policy cannot be canceled without at least ten days written notice to CKFI. You must deliver a certificate of the issuing

insurance company evidencing each policy to CKFI within ten days after the policy is issued or renewed. If You fail to provide the required insurance coverages upon written notice to You by CKFI, CKFI may, but need not, obtain insurance policies sufficient to meet the minimum requirements set forth in the Manual and You must promptly reimburse CKFI for the cost of the insurance premiums and any administrative costs or expenses related to CKFI's obtaining the insurance.

The insurance CKFI requires is for its own protection. You should consult with Your own insurance agents, brokers, and attorneys to determine what types of coverages and what level of insurance protection You may need or desire, in addition to the coverages and minimum limits specified by CKFI.

7.7 Financial and Legal Responsibility and Notice

7.7.1 Compliance with Law

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to Your Franchised Business. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of Your Franchised Business. Upon request by CKFI, You must certify in writing to CKFI or, as applicable, provide evidence that You have complied with the requirements of this Section 7.7.1.

7.7.2 Payment of Indebtedness

You must pay promptly when due all taxes and debts that You incur in the conduct of Your Franchised Business.

7.7.3 Notice of Litigation

You must notify CKFI in writing within five days if You are served with a complaint in any legal proceeding that is in any way related to Your Franchised Business (including any claim by a third party of trademark or copyright infringement) or if You become aware that You are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

You must notify CKFI in writing within 5 days after the commencement of any legal action that may adversely affect the operation or financial condition of You or of the Franchised Business.

7.8 Anti-Terrorism and Anti-Corruption Laws

You represent and warrant to CKFI that neither You nor any of Your Related Parties or employees: (i) are identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/); or (ii) have violated any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons or entities who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, as amended (text available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text at <http://www.treasury.gov/resource-center/sanctions/programs/documents/terror.pdf>), or similar law. You agree that neither You nor any of Your Related Parties will violate any such laws. The

foregoing constitute continuing representations and warranties, and You must notify CKFI immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading. Your indemnification obligations under Section 9.5 of this Agreement pertain to Your warranties, representations, and obligations under this Section 7.8. It is Your responsibility to ascertain what actions You must take to comply with the referenced laws.

7.9 Confidential Information

- (a) You and Your Related Parties acknowledge that CKFI has developed the Confidential Information over time and at great expense, that the Confidential Information provides a competitive advantage to You, and that having access to the Confidential Information is one of the primary reasons why You have entered into this Agreement. You and Your Related Parties acknowledge and agree that the covenants in this Section 9 are reasonable and necessary to protect the legitimate business interests of CKFI with respect to the Confidential Information.
- (b) Neither You nor any of Your Related Parties will, during the Term or afterward, communicate or divulge to, or use for the benefit of, any Person nor, following the Termination of this Agreement, use for Your and/or their own benefit, any Confidential Information that may be communicated to You or any of Your Related Parties or of which You may be apprised under this Agreement. You and Your Related Parties will disclose such Confidential Information only to such of Your employees as have a need to know such information to perform their assigned duties properly. You and Your Related Parties will take reasonable steps to prevent misuse or disclosure of Confidential Information, including protection of any password and/or electronic key or other device necessary to access Confidential Information and/or the CK Intranet. Neither You nor any of Your Related Parties will at any time copy, duplicate, record, or otherwise reproduce any Confidential Information or make it available to any unauthorized Person.
- (c) The covenants in this Section 7.9 will survive the Termination or Transfer of this Agreement or an interest in You or any Related Party and will be perpetually binding upon You and each of the Related Parties.
- (d) Each of Your Related Parties must execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete that forms Attachment 6 to this Agreement or such other form of agreement that CKFI may use when the Person becomes a Related Party. If You are an Entity or any Related Party is an Entity, all of Your and their officers, directors, members, and partners, as applicable, must sign a Confidentiality Agreement and Ancillary Covenants not to Compete in the form that CKFI uses when the Person assumes that office or relationship. You will also require that all of Your employees who will receive or have access to Confidential Information execute and bind themselves to confidentiality in the form CKFI specifies, and You will make those agreements available to CKFI upon its request.
- (e) You must notify CKFI in writing within five (5) days of any unauthorized use or disclosure of Confidential Information and/or other intellectual property belonging to CKFI and of any claim by any Person to any rights in any Confidential Information, copyright, or other intellectual property belonging to CKFI. Except as CKFI otherwise permits in writing, You must not directly or indirectly communicate with any person

other than Your attorney (if a claim is brought against You) and CKFI and its counsel in connection with any claim of such rights. CKFI has the sole right to determine whether any legal action should be taken, and, if any action is taken, CKFI has the right to direct and control any such action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Confidential Information, copyright, or other intellectual property, as well as any settlement of any such proceeding or litigation. You have no right, independent of CKFI, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Confidential Information, copyright, and/or intellectual property. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of CKFI's counsel, be necessary or advisable to protect and maintain the interests of CKFI and its Affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of CKFI and/or its Affiliates in the Confidential Information, copyright, and/or other intellectual property. Nothing in this Section 7.9(d) prohibits You from taking disciplinary or other action against any Related Party or employee of Yours who makes unauthorized use or disclosure of Confidential Information.

7.10 Attendance at Meetings

Each year You (if You are an individual) and/or Your Designated Manager must attend no fewer than two (2) of the following meetings of Franchisees convened by CKFI: national, state, regional, and local meetings, meetings of Performance Management Groups or successor groups designated by CKFI (provided You are a member of that group), and local or regional advertising co-op meetings. The meetings may, at CKFI's option, be in person, online, electronic, via teleconference, videoconference, or such other means as CKFI deems advisable. You are responsible for travel and living expenses for the attendees from Your Franchised Business at any meeting.

7.11 Covenants Against Competition

You and Your Related Parties specifically acknowledge that You and Your Related Parties will receive valuable training and Confidential Information that are beyond the present skills and experience of You and Your Related Parties and Your managers and employees. You and Your Related Parties acknowledge that this training and Confidential Information provide a competitive advantage and will be valuable in operating and developing Your Franchised Business. In consideration for the training and access to Confidential Information, You and Your Related Parties covenant as follows:

- (a) Except as otherwise approved in writing by CKFI, You will not (during the Term), and each of the Related Parties will not (during the portion of the Term that each satisfies the definition of a Related Party), either directly or indirectly, for Yourself and/or any of the Related Parties, or through, on behalf of, or in conjunction with any Person:
 - (i) Divert, or attempt to divert, any business, Client, Care Recipient and/or Subscriber to any competitor of any Franchised Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
 - (ii) Employ, or seek to employ, any Covered Individual; or
 - (iii) Own, maintain, operate, engage in, or have any financial or beneficial interest in

any Competitive Business that is located, or that offers and/or provides services, in any country, province, state, or geographic area in which CKFI has used, sought registration of, or registered the Marks, and/or CKFI operates or licenses others to operate a business under the Marks (including the state where Your Franchised Business is located).

- (b) For a continuous uninterrupted period of two years beginning with the Commencement Date, neither You nor any of Your Related Parties will, either directly or indirectly, for Yourself and/or for any of the Related Parties, or through, on behalf of or in conjunction with any Person:
 - (i) Divert, or attempt to divert, any business, Client, Care Recipient, and/or Subscriber to any competitor of any Franchised Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
 - (ii) Employ, or seek to employ, any Covered Individual; or
 - (iii) Own, maintain, operate, engage in, advertise, advise, assist, or make loans to, or have any financial or beneficial interest in any Competitive Business that is, or is intended to be, located in, or that offers and/or provides services in, or is intended to offer and/or provide services in any of the following geographic areas:
 - a. Your Territory;
 - b. Within 10 miles from the border of Your Territory;
 - c. Within, or within 10 miles of, the Territory under any other Franchise Agreement in effect on the Commencement Date; and/or
 - d. Within, or within 10 miles of, the territory agreed upon in connection with a deposit agreement for a Franchised Business that has been signed as of the Commencement Date.
- (c) You and Your Related Parties acknowledge that, during the Term, You will have operated under the Marks and that Clients will have sought Services and Products from Your Franchised Business as a result of their recognition of, and the goodwill associated with, the Marks. You also acknowledge that any and all Client Information and other customer-related information belong to CKFI as a result of their having been developed under the Marks and as part of the goodwill associated with the Marks. Accordingly, for a continuous uninterrupted period of two years beginning with the Commencement Date, neither You nor any of Your Related Parties will, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any Person, contact or solicit (i) any former Client, Care Recipient, and/or Subscriber for the purpose of providing or offering to provide any service identical or similar to any Core Services or Additional Services provided by any Franchised Business and/or to sell or lease any personal care technology equipment, and/or (ii) any referral source with which You and/or a Related Party had contact during the Term, for the purpose of obtaining a referral for the provision of any service identical or similar to any Core Services or Additional Services provided by Your Franchised Business and/or to sell or lease any Equipment.
- (d) Sections 7.11(a)(iii) and (b) do not apply to ownership of five percent (5%) or less of stock in a publicly-held corporation, as that term is defined by the U.S. Securities and

Exchange Commission, or to ownership by You and/or Your Related Parties of another Franchised Business.

- (e) The lengths of time in Sections 7.11(b) and Sections 7.11(c) will be tolled for any period during which You, or the applicable Person against whom enforcement of those provisions is sought, are in breach of the covenants or any other period during which CKFI seeks to enforce this Agreement.
- (f) You and Your Related Parties acknowledge and agree that each of the covenants contained in this Section 7.11 is a reasonable limitation as to time, geographical area, and scope of activity to be restrained and does not impose a greater restraint than is necessary to protect the goodwill or other business interests of CKFI. You and Your Related Parties also agree that each possesses skills and abilities of a general nature and has other opportunities to exploit those skills, and that enforcement of the covenants in this Section 7.11 will not deprive him or her of the ability to earn a living. Each of the above covenants will be construed as independent of any other covenant or provision of this Agreement. If any portion of a covenant in this Section 7.11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a non-appealable decision to which CKFI is a party, You and Your Related Parties expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 7.11.
- (g) You and Your Related Parties acknowledge that CKFI will have the right, at its sole option, to reduce the scope of any covenant set forth in this Section 7.11, without Your or their consent, effective immediately upon notice to You. You and Your Related Parties agree that You and they will immediately comply with any covenant as so modified, which will be fully enforceable notwithstanding any other provisions of this Agreement.
- (h) You and Your Related Parties expressly agree that the existence of any claims You and/or they may have against CKFI, whether or not arising from this Agreement, will not constitute a defense to the enforcement by CKFI of the covenants in this Section 7.11. You and Your Related Parties agree to pay all costs and expenses (including reasonable attorneys' fees and costs) incurred by CKFI in connection with the enforcement of this Section 7.11.
- (i) You and Your Related Parties acknowledge that a violation of this Section 7.11 would result in irreparable injury to CKFI for which no adequate remedy at law may be available, and You and Your Related Parties accordingly consent to the issuance of an injunction prohibiting any conduct by You and/or Your Related Parties in violation of the terms of this Section 7.11. You and Your Related Parties agree to pay all court costs and reasonable legal fees incurred by CKFI in obtaining specific performance, injunctive relief, or any other remedy available to CKFI for any violation of the requirements of this Section 7.11.

7.12 Other Obligations

You agree to fulfill all other obligations required under this Agreement and the other documents and agreements referred to in it.

8. ADVERTISING, BRANDING, AND INTERNET

8.1 Brand Fund

- (a) You agree to sign the National Brand Fund Addendum (Attachment 9), which is made part of this Agreement, and to comply with its terms. So long as the National Brand Fund implemented under the attached National Brand Fund Addendum (the “NBF”) is in existence, then the provisions of subsections (b) through (k) of this Section 8.1 are suspended. If the NBF is terminated, then, along with any provisions of the attached National Brand Fund Addendum that survive termination of the NBF, the provisions of subsections (b) through (k) of this Section 8.1 shall automatically be reinstated and any new Brand Fund will operate under the terms of subsections (b) through (k) of this Section 8.1.
- (b) CKFI has the right to establish the Brand Fund at a time determined by CKFI, to promote the goodwill and public image of the System, Network, and Marks and to develop brand enhancement programs and materials as CKFI deems appropriate. "Brand enhancement" includes advertising, marketing, promotions, public relations, and other brand development activities and materials designed to promote the goodwill and public image of the System, Network, and Marks.
- (c) Once CKFI establishes the Brand Fund, You must make monthly contributions to it, based on Your monthly Gross Revenue. Although CKFI will solicit input from its advisory body of franchisees, if any (the “National Advisory Council”), in setting the contribution percentage, CKFI will, in its sole judgment, establish the amount of the monthly contribution for all Franchisees. CKFI may change the percentage contribution every two years. In any case, Your contribution will be no less than 1/2% of Your monthly Gross Revenue and no more than 2% of Your monthly Gross Revenue. You will make the monthly contribution to the Brand Fund by EFT, together with Your Royalty Fee. CKFI will establish the contribution percentage in advance for each two-calendar-year period. For any Company-owned Units, CKFI will contribute to the Brand Fund on the same basis as Franchised Businesses, including any reduction in the contribution percentage for Franchised Businesses. In addition, CKFI will match contributions by Franchisees, up to a maximum of one percent (1%) of the total Brand Fund contributions paid to the Brand Fund during the applicable period.
- (d) CKFI will work closely with the National Advisory Council, if any, but CKFI will have sole control over all activities and expenditures of the Brand Fund. Among other matters, CKFI will determine the content and the format of all brand enhancement activities by the Brand Fund, the creative concepts, materials, content, and endorsements used in these activities, and the geographic, market, and media placement and allocation of all brand enhancement activities of the Brand Fund. CKFI may use any form of media for any brand enhancement activities it authorizes. CKFI will not use any part of the Brand Fund to pay for anything whose sole purpose is the marketing of franchises, but You acknowledge that Brand Fund may pay for media, materials and programs, including one or more consumer-oriented System Websites, that may contain information about and/or support franchising opportunities and sales. CKFI may use the Brand Fund (including any interest that may accrue on Brand Fund contributions) to fund or pay:
 - (i) The cost of any purchased media time (paid advertising, also known as “media weight”) in any medium (broadcast or cable television, print, radio, outdoor

- displays, online/digital advertising, and so forth);
- (ii) The costs incurred for advertising agencies, public relations agencies, and/or other advisors;
 - (iii) The costs of designing, conducting, and administering national public relations projects and events (including projects and events that are intended for roll-out to the Network if successful, and nationwide roll-outs of projects and events on a region by region basis) intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with CKFI affiliates and/or others;
 - (iv) The costs of market research, including branding studies, consumer research, competitive research, and similar programs;
 - (v) The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail, Internet, mobile, and social media advertising;
 - (vi) The costs associated with running a call center or providing another electronic mechanism for capturing leads generated by the Brand Fund's brand enhancement activities;
 - (vii) The costs of purchasing promotional items;
 - (viii) The costs of designing and administering national brand enhancement programs and activities (including activities such as local and regional trials and/or pilots that are intended for roll-out to the Network if successful, and nationwide roll-outs of programs and activities on a region by region basis) of all types, including social media programs, search engine optimization, pay per click programs, and purchasing media advertising;
 - (ix) The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, customer loyalty programs, and similar brand enhancement activities and programs;
 - (x) The costs of establishing, designing, maintaining, updating, and upgrading one or more consumer-oriented Internet, on-line, mobile, and other electronic applications, including hosting, maintenance, web-optimization, search engine marketing, and similar costs (provided, however, that CKFI will be responsible for development, hosting, maintenance, and optimization costs associated with maintaining, at its current or similar functionality, the website at www.comfortkeepers.com);
 - (xi) All administrative costs associated with the Brand Fund; and
 - (xii) To preserve flexibility in meeting competition and taking advantage of new brand enhancement vehicles and media that may develop and/or change over time, the costs of such other national brand enhancement activities as CKFI may deem advisable.

You agree that the Brand Fund may pay Affiliates of CKFI for their provision of any services or products in connection with the activities and operations listed above.

- (e) CKFI may use collection agents and bring legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. CKFI may forgive, waive, settle, and compromise all claims by or against the Brand Fund, including, in its sole judgment, claims involving individual Franchised Businesses. CKFI assumes no other direct or indirect liability or obligation to You for collecting amounts due to, maintaining, directing, or administering the Brand Fund. You agree to reimburse the Brand Fund for any costs (including reasonable legal fees and costs) incurred in collecting Brand Fund contributions You have not paid. If You or CKFI has both a claim (or counter-claim) related to the Brand Fund and a claim (or counter-claim) unrelated to the Brand Fund, the claim (or counterclaim) unrelated to the Brand Fund must be brought separately under the dispute resolution provisions of the Franchise Agreement.
- (f) Administrative costs of the Brand Fund include, and CKFI may reimburse itself for, such reasonable salary costs of CKFI's employees, and such administrative and overhead costs and expenses, as CKFI may incur in activities reasonably related to the administration of the Brand Fund and its brand enhancement programs and activities. Those costs and expenses include agency fees, legal fees, travel expenses, preparing or procuring market studies, preparing or procuring reports related to the Brand Fund, repayment of funds advanced or loaned by CKFI to the Brand Fund, judgments and settlements, preparing brand enhancement materials, regulatory, tax, and other compliance activities, expenses related to governance, collecting and accounting for contributions to and expenditures by the Brand Fund, costs of collection of delinquent Brand Fund contributions (including the cost of collection agencies and attorney fees), and preparing for and assisting in any independent audit that may be done of the Brand Fund;
- (g) CKFI may administer the Brand Fund as a segregated fund or it may cause the Brand Fund to be incorporated or operated through an entity separate from CKFI when CKFI deems it appropriate. Any such successor entity will have all of CKFI's rights and duties. You agree that, regardless of the legal form the Brand Fund takes, the Brand Fund will not be deemed a trust and that CKFI has no fiduciary obligation to You with respect to the Brand Fund. You hereby release and hold harmless each Brand Fund Indemnified Party with respect to any action or decision taken with respect to the Brand Fund except in the case of malfeasance. Except in the case of malfeasance, the Brand Fund shall indemnify and hold harmless CKFI with respect to any action or decision taken with respect to the Brand Fund, including any claims brought by third parties.
- (h) Within ninety (90) days after the close of CKFI's fiscal year, CKFI will prepare an unaudited statement of contributions to and expenditures by the Brand Fund during that fiscal year. CKFI will furnish that annual statement to You upon Your written request; CKFI will not prepare interim reports.
- (i) CKFI will attempt to spend Brand Fund contributions so as to provide benefits to all participating Franchised Businesses, but CKFI has no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchised Businesses operating in that area or that any Franchised Business, including Yours, will benefit in any manner directly or in proportion to its contribution to the Brand Fund. You acknowledge that Your failure to derive any proportionate, direct, or quantifiable benefit from Brand Fund activities and expenditures will not serve as a basis for a claim against CKFI or the Brand Fund or a reduction or elimination of Your obligation to contribute to the Brand Fund.

- (j) CKFI may spend in any fiscal year an amount greater or less than the aggregate contribution of all Franchised Businesses to the Brand Fund in that year. CKFI may borrow money on behalf of the Brand Fund from any source offering competitive rates and terms. In addition, CKFI may advance monies to the Brand Fund, charge the Brand Fund interest on those advances at one percent above the prime rate then designated by any major bank CKFI selects, and authorize repayment of the advances from the Brand Fund. CKFI will retain in the Brand Fund for future use any amounts that are not disbursed in a given fiscal year.
- (k) CKFI may terminate the Brand Fund at any time. If CKFI does so, You and CKFI must continue to make Your and its respective Brand Fund contributions until all loans and other outstanding financial obligations of the Brand Fund (whether to CKFI or others) have been paid in full. If there are any funds remaining in the Brand Fund after the Brand Fund has paid all of its outstanding loans and financial obligations, CKFI will return contributions to then-current franchisees (that is, not to a prior franchise owner if a transfer has taken place or a franchise agreement has expired), to then-existing Company-owned Units, and to itself on a pro-rata basis based on their and its contributions during the twelve (12) calendar months preceding the return of contributions.
- (l) You consent to the recording of any calls that may be made or forwarded to Your Franchised Business by any call center or call forwarding operation that captures leads generated by the NBF or by the Brand Fund. You represent and warrant that You will obtain the written consent to record of all persons who may answer the Franchised Business's telephone lines and that CKFI and any authorized third party recording such calls may rely on this representation and warranty.

8.2 Other Marketing Programs

CKFI may initiate, establish, and/or coordinate marketing and sales programs, client loyalty programs, and other similar programs or activities as CKFI deems appropriate. These programs or activities may be on a local, regional or national basis or based on the market orientation of the Franchised Businesses, and they may include participation by facilities other than CKFI. CKFI believes that participation in such programs can be critical to Your Franchised Business's success and CKFI may require You to participate in these programs and activities. Participation in these programs and activities may require You to incur program-related expenses and/or to accept a uniform fee schedule (which may set fees at a discount to the fees You normally charge).

8.3 Cooperative Advertising Program

- (a) So long as the NBF is in effect, then the provisions of subsection (b) of this Section 8.3 are suspended. If the NBF is terminated, then the provisions of subsection (b) of this Section 8.3 shall automatically be reinstated.
- (b) Although not obligated to do so, CKFI may create a Cooperative Advertising Program for the benefit of the System. Under the Cooperative Advertising Program, the Franchised Businesses located within a particular geographic area or region, as determined by CKFI, will be part of an Advertising Cooperative. CKFI has the right, in its sole judgment, to (i) determine the area covered by any Advertising Cooperative; (ii) designate which Franchisees will be members of a particular Advertising Cooperative; (iii) instruct

members of an Advertising Cooperative to allocate all or any portion of their local advertising budgets to the Advertising Cooperative; and (iv) make a contribution to any Advertising Cooperative without any obligation to make an equal, or any, contribution to all Advertising Cooperatives. CKFI has the right to determine the composition of all geographic territories and market areas for the implementation of each Advertising Cooperative and to require that You participate in an Advertising Cooperative when established within an area including Your Territory. If an Advertising Cooperative is implemented on behalf of a particular area or region, CKFI reserves the right to delegate to the Advertising Cooperative the power to self-administer the advertising used by that Advertising Cooperative. You agree to participate in any Advertising Cooperative according to the then-current rules and procedures under the Cooperative Advertising Program and to abide by the decisions made by CKFI under the Cooperative Advertising Program and, if applicable, the decisions made by an Advertising Cooperative of which You are a member. Any amounts You pay in connection with Your participation in an Advertising Cooperative will count toward the amount You must spend on local advertising each month under Section 8.4.

8.4 Local Advertising

Each month during the Term You must spend the greater of \$1,000 or 2% of Gross Revenue on local advertising that CKFI has approved in the Manual or otherwise in writing and that conforms to Standards. “Local advertising” includes advertising, marketing, promotional events, public relations, and other brand development activities and materials that enhance the brand but are targeted primarily to promoting Your Franchised Business. CKFI may, but has no obligation to, change this minimum requirement each year by the amount of the change in the CPI-U. Upon CKFI’s request, You must submit copies of invoices for local advertising expenditures showing compliance with this Section 8.4. Advertising expenditures in excess of the required minimum in any month may be used to offset shortfalls in any later month if the total advertising expenditures at the end of each calendar quarter, on a cumulative basis, equal or exceed the required minimum for that calendar quarter.

All advertising and promotions by You in any medium will be conducted in a dignified manner and will conform to the Standards and requirements, as set forth in the Manual. As provided in Section 8.5, You will obtain CKFI’s approval of all advertising campaigns, promotions and related materials before their use. CKFI will endeavor to approve or disapprove of the campaigns, promotions and materials within 10 days after CKFI receives them. You will not use unapproved campaigns, promotions or materials and will promptly discontinue use of any advertising campaigns, promotions or materials, whether or not previously approved, upon notice from CKFI.

You may not direct advertising outside of Your Territory unless CKFI gives its written consent in the Manual or otherwise.

8.5 Advertising Materials

- (a) You will submit to CKFI copies of all advertising materials not provided by CKFI that You propose to use at least three weeks before the first time they are broadcast or published. CKFI will review the materials and will notify You within 14 days whether it approves or rejects them. CKFI may not withhold its approval unreasonably. For purposes of this paragraph, advertising materials that differ in text from previously approved materials only in such variables as date or price will be considered to be

previously approved but they must continue to meet Standards for quality. Even if CKFI has approved specified materials, it may later withdraw its approval if it reasonably believes it necessary to make the advertising conform to changes in the System (including changes to brand and advertising Standards) or to correct unacceptable features of the advertising, including any misuse of the Marks or misrepresentation in the advertising material, and You must immediately cease to use the disapproved materials. CKFI may require You to submit to it a tear sheet of any advertisement You run.

- (b) Copyrights to all advertising and promotional materials that contain any of the Marks will belong solely to CKFI, regardless of the party that created the materials. Further, CKFI's Website and all material on CKFI's Website, including all text, photographs, graphics, artwork, sound, video and other materials, as well as all derivative works, will be considered advertising and promotional materials and will therefore be owned solely by CKFI. You will execute all documents required by CKFI to confirm this ownership.
- (c) CKFI may require that any third party You choose to assist You with advertising efforts sign a license agreement governing the third party's use of the Marks on Your behalf.

8.6 CK Intranet

CKFI has established, and at its option may maintain, the CK Intranet, through which CKFI, its Franchisees, and other authorized Persons may communicate with each other and through which CKFI may disseminate updates to the Manual and other Confidential Information. CKFI will have no obligation to maintain the CK Intranet indefinitely but may discontinue it at any time without liability to You.

CKFI will establish Standards for the Intranet's use. These Standards and other terms of use will address issues such as (i) restrictions on the use of abusive, slanderous, or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among Franchisees that endorse or encourage breach of any Franchise Agreement; (iii) confidential treatment of materials that CKFI transmits via the CK Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for suspension or revocation of a Franchisee's access to the CK Intranet by CKFI; and (vi) a privacy policy governing access by CKFI to and use of electronic communications that Franchisees and others post on the CK Intranet. You agree to comply with these Standards. You acknowledge that, as administrator of the CK Intranet, CKFI can and may access and view any communication that any Person posts on the CK Intranet. You further acknowledge that the CK Intranet facility and all communications that are posted to it will become CKFI's property, free of any claims of privacy or privilege that You or any other Person may assert. If You are not in Good Standing or if You fail to comply with any Standards governing the CK Intranet, CKFI may suspend Your access to all or any aspect of the CK Intranet until You fully cure the breach. You acknowledge that information on the Intranet is Confidential Information and subject to Your obligations of confidentiality under this Agreement.

8.7 Websites and Electronic Media

- (a) CKFI has established, and at its option may maintain, the CK Website, through which CKFI advertises and promotes Franchised Businesses, Core Services, Additional Services, and Equipment. CKFI will have sole control over the CK Website's design and contents, except that CKFI will configure the site to accommodate the pages that Sections 8.7(b) and (c) describe. CKFI will have no obligation to maintain the CK Website indefinitely, but may discontinue it at any time without liability to You.

- (b) CKFI will establish a Franchised Business locator page on the CK Website and will post the address, telephone number and e-mail address of each Franchised Business on the locator page.
- (c) At Your request, CKFI will include at the CK Website one or a series of interior pages devoted to information about You and Your Franchised Business. You must develop the page(s), at Your expense, in accordance with specifications that CKFI provides in the Manual or otherwise in writing and subject to CKFI's approval prior to posting as to form, content and programming quality. CKFI may also require you to use a designated or approved supplier of website services to design your interior page(s). You will not have the capability to modify Your page(s) except in coordination with CKFI's Webmaster (unless CKFI permits otherwise in the Manual) and in compliance with the Standards. CKFI may assign a sub-domain name to the interior page for Your Franchised Business; CKFI will own and control the sub-domain name and any other URLs incorporating any of the Marks (or the letters "CK") that it may permit You to use and may change the sub-domain name and/or those URLs at any time.
- (d) You have no authority to and may not establish any Websites, blogs, social networking sites, or social media sites, or register any domain names (including any that have the letters "CK"), that use or create any association with the Marks and System without express written consent of CKFI or except as otherwise provided in the Manual. You may not post any advertisements, material, or content of any kind on the Internet or Worldwide Web that depict or display the Marks or create an association with the System and/or Network without the express written consent of CKFI or except as otherwise provided in the Manual. CKFI may, in its sole judgment and on such terms as it may establish in the Manual or otherwise in writing, permit You to own domain names or URLs for Websites or social media sites that have content related to, or creating an association with, the System and/or the Network, but CKFI need not do so.
- (e) If You are not in Good Standing or You fail to comply with the Terms of Use governing the CK Website, CKFI may remove Your interior pages from the CK Website and/or remove Your Franchised Business from the Franchised Business locator page until You fully cure the breach.

8.8 Electronic Communication

- (a) You agree to establish and continually maintain electronic connection with the CK Intranet via a computer system, a technology platform as described in Section 7.2.8, and/or by such other means as CKFI may specify in the Manual or otherwise in writing. Your obligation to maintain connection with the CK Intranet will continue until this Agreement's Termination (or, if earlier, until CKFI dismantles the CK Intranet).
- (b) You acknowledge that electronic communication is a rapidly developing field and that, to maintain the competitive position of the System, CKFI may modify the way Franchisees throughout the world use the Internet and may communicate these modifications through amendments to the Manual. These modifications will be legally binding on You and You will comply with them.
- (c) You may not use any of the Marks on or in connection with the Internet, except as permitted by Section 8.7(c). You may not use any part of the Marks (including the initials "CK") in an e-mail address.

- (d) You must identify Your CKFI business by the e-mail address which CKFI may designate from time to time. You must not use directly or indirectly any other e-mail address, any Website or any similar electronic address or location to identify or communicate on behalf of Your Franchised Business without CKFI's prior written consent. CKFI may at any time change the e-mail address it has assigned to Your Franchised Business. You and CKFI will use that e-mail address, and no other, to communicate via e-mail. CKFI owns all e-mail addresses it assigns to Franchisees.

9. RELATIONSHIP OF PARTIES

9.1 Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing CKFI's interest in its Marks and/or System. You acquire no rights in any part of the System or in any of the Marks except for Your right to use them in accordance with the express terms of this Agreement. CKFI retains the right to grant other Franchises or licenses to use the Marks and System upon any terms that CKFI wishes.

9.2 Improvements

All Improvements that You, any of Your Related Parties, and/or any of Your employees or agents makes or suggests will become the sole and exclusive property of CKFI, regardless of Your or their participation in developing the Improvement. All Improvements will be deemed works-made-for-hire for CKFI, will be deemed assigned to CKFI, and will, at CKFI's option, become part of the System. You will, and You will cause Your employees and Related Parties to, execute any instruments and documents CKFI requests and give CKFI assistance to perfect or protect all of its intellectual property rights in any Improvement, without compensation for the use or licensing of any Improvement.

9.3 Independent Status

You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, clients and others. You acknowledge and agree that You will rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not use the Marks, or any portions thereof (including the letters "CK"), as part of Your corporate, partnership or limited liability company name.

You represent, warrant and covenant (i) that You will not expressly or implicitly hold Yourself out as an employee, partner, shareholder, joint venturer or representative of CKFI, (ii) that You will not expressly or implicitly state or suggest that You have the right or power to bind CKFI or to incur any liability on CKFI's behalf, (iii) that You will at all times provide the highest quality service to each of Your Clients and Care Recipients in connection with this Agreement, (iv) that You are solely responsible for the provision and implementation of Services and Products to all Clients and Care Recipients and that CKFI will not, and has no ability to, oversee or supervise any aspect of Your provision of Services and/or Products to Clients, Care Recipients, Subscribers, and/or Customers.

9.4 Display of Disclaimers

You shall identify Yourself as the Franchisee for the Franchised Business in conjunction with any use of the Marks, including on business cards, payroll records, bank accounts, invoices, order forms, stationery, receipts, contracts, and other business forms, as well as at such

conspicuous locations in Your Office as CKFI designates in writing. The identification shall be in the form that specifies Your name, followed by the phrase “DBA Comfort Keepers®” or such other identification that CKFI approves.

9.5 Indemnification

- (a) You agree to defend, indemnify, and hold the Indemnified Parties harmless from and against, and to reimburse the Indemnified Parties for, any and all Losses and Expenses that the Indemnified Parties may sustain or incur in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement of any of the foregoing that arises directly or indirectly from, as a result of, or in connection with (a) any act or failure to act of You, any of Your Related Parties, or any of Your employees, or any person controlled by You or under contract with You; (b) the operation of Your Franchised Business; (c) any breach of this Agreement or any agreement, document or instrument executed pursuant to this Agreement, in connection with this Agreement, or concurrently with it; (d) any breach of any of Your representations and warranties or those of any of Your Related Parties; (e) any death or personal injury or property damage occurring at or related to the operation of Your Franchised Business; and/or (f) any violation of any law, rule, regulation or ordinance relating to the Franchised Business by You, any of Your Related Parties, and/or any of Your employees. Each of the foregoing is an “**Event.**” Your obligation to indemnify applies regardless of whether any claim resulted from any strict or vicarious liability imposed by law on any of the Indemnified Parties. You have no obligation to indemnify an Indemnified Party for any liability arising from that party’s gross negligence unless there is a finding of joint liability, in which case the indemnification provided in this Section 9.5 will extend to any finding of comparative negligence or contributory negligence attributable to You or any of Your Related Parties, employees, and/or agents. You must give CKFI notice within five (5) business days of any Event of which You are aware for which indemnification is required.
- (b) You must immediately undertake the defense of any legal action against or involving any of the Indemnified Parties and must retain reputable, competent and experienced counsel to represent the interests of the Indemnified Parties. You must notify CKFI of the identity of counsel not less than forty-eight (48) hours before retaining counsel and CKFI will have the right within the specified time period to approve or disapprove counsel. You may not settle any legal action without the specific prior written consent of each Indemnified Party named in the action and of CKFI. At Your expense and risk, CKFI may elect to assume (but under no circumstance is CKFI obligated to undertake) the defense and/or settlement of the Event, provided that CKFI will seek Your advice and counsel. Any such assumption by CKFI will not modify Your indemnification obligation. CKFI may, in its sole judgment, take such actions as CKFI deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect to the Event as may be, in CKFI’s sole judgment, necessary for the protection of the Indemnified Parties, the System, and/or the Network. In addition, any of the Indemnified Parties will have the right to retain independent counsel and to participate in the defense, compromise, or settlement of the action. Neither CKFI nor any other Indemnified Party will be required to seek recovery from third parties or otherwise mitigate their Losses and Expenses to recover the full amount

of their respective indemnified Losses and Expenses from You.

- (c) If You have timely notified CKFI of a claim involving the Marks as required by Section 7.1.3 of this Agreement and if You comply with the other requirements of Section 7.1.3, CKFI will indemnify and hold You harmless from all expenses and liabilities arising from or connected to a claim that Your operation of Your Franchised Business in strict accordance with this Agreement infringed or infringes the trademark or service mark rights of any third party claimant. If You are made a party to a legal proceeding in connection with any such alleged infringement, CKFI will defend You at its expense, provided You have complied with the requirements of Section 7.1.3 and subject to CKFI's right to settle or pursue any such action upon such terms as it, in its sole judgment, believes prudent.

10. TRANSFER

10.1 Conditions for Approval of Transfer

CKFI's grant of this Franchise is made in reliance upon Your integrity, ability, experience and financial resources, if You are an Individual, and/or those of Your Related Parties, if You are an Entity. No Transfer may be made unless You have first obtained CKFI's written consent. To ensure that no Transfer jeopardizes the Marks, the Network, or CKFI's interest in the successful operation of Your Franchised Business, CKFI will consent to a Transfer only if CKFI has met with the prospective transferee, received and accepted the terms and conditions of the proposed Transfer, and You and/or the transferor, as required by CKFI, have complied with the provisions of Sections 10.2, 10.3, 10.4, and 10.7 of this Agreement as determined by CKFI in its sole judgment.

10.2 Notice of Proposed Transfer

For any proposed Transfer, You must submit to CKFI: a) the form of prospective franchisee application then in use by CKFI, including any required attachments, completed by the prospective transferee; b) a written notice, describing all the terms and conditions of the proposed Transfer; and c) any other information CKFI may request in order to evaluate the proposed Transfer and the proposed transferee.

10.3 Consent by CKFI

CKFI's approval process for transferees involves the prospective transferee's travel to Dayton. Unless a prospective transferee's travel schedule requires a longer time, CKFI will respond in writing to Your written notice (a) within 30 days after receiving it, or, (b) if CKFI requests additional information, within 15 days after receipt of such additional information. CKFI may either consent to the Transfer, tell You its reason for refusing to consent, or exercise its right of first refusal as set forth in Section 10.7. Silence may not be construed as consent. If CKFI consents to the Transfer, then, upon payment of the Transfer Fee and execution of documents evidencing the Transfer as CKFI may require, You may transfer the interest described in the notice only to the named transferee and only upon the terms and conditions stated in the notice. Consent by CKFI to a particular Transfer will not constitute consent to any other or subsequent Transfer, and its consent shall not constitute a waiver of any claims it may have against the transferring party or a waiver of CKFI's right to demand full compliance by the transferee with any of the terms of this Agreement.

10.4 Conditions for Consent to Transfer

The consent of CKFI is subject to certain conditions, including but not limited to:

- (a) Satisfaction of CKFI that the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that CKFI customarily applies to new Franchisees at the time of Transfer and that the proposed transferee and its affiliates are not competitors of Franchisees and/or of CKFI;
- (b) Payment of all Your accrued and pending financial obligations to CKFI and to Your trade creditors;
- (c) Cure of all defaults under this Agreement and any other agreement(s) between CKFI or its Affiliates or Related Parties and You and/or Your Related Parties and, if CKFI deems it advisable. Your submission to a desk audit to assure that You have met all of Your financial and other obligations to CKFI;
- (d) At CKFI's option, signing by the transferee of (i) the then-current form of Franchise Agreement (which may include different terms, including higher fees and other amounts payable under the Franchise Agreement), appropriately amended in light of the fact that the business is already operational, and such other agreements as CKFI may require (including, for example, an Agreement and Guaranty and Confidentiality Agreement and Covenants Not to Compete in the forms then required by CKFI) or (ii) an agreement assuming all liabilities and benefits of the existing Franchise Agreement in a form prescribed by CKFI, together with an Agreement and Guaranty and Confidentiality Agreement and Covenants Not to Compete in the forms then required by CKFI, and such ancillary agreements as CKFI may require;
- (e) The transferor's payment of a Transfer Fee in connection with each Transfer, calculated as the sum of the applicable "transfer fee amount" indicated in subsections 10.4(e)(i)-(iii) and, if applicable, the amount indicated in subsection 10.4(e)(iv):
 - (i) Except as provided in subsections (ii) and (iii) of this Section 10.4(e), the transfer fee amount is the greater of \$5,000 or two percent (2%) of all consideration of any kind payable to the transferor, to You, and/or to any of Your or the transferor's relatives, Affiliates, and/or Related Parties in connection with the Transfer of 10% or more of Beneficial Ownership in You, in the Franchised Business, and/or in this Agreement, or if the Transfer is to a Person who does not already have Beneficial Ownership Interest in You and that Transfer, together with all simultaneous, contemporaneous, or previous Transfers (regardless of whether the Transfers are related or are to the same Person), results in a cumulative change in Beneficial Ownership of 10% or more in You, in the Franchised Business, and/or in this Agreement. The transfer fee amount due under this Section 10.4.(e)(i) will not exceed a cap (the "Cap") of \$25,000. For the simultaneous or concurrent Transfer of all or the majority of the Beneficial Ownership in You and/or in this Agreement and in one or more other Franchisees and/or Franchised Businesses, the sum of the transfer fee amounts due will not exceed the Cap. CKFI may, upon notice to You, increase the Cap by up to 5% per year beginning the second year following execution of this Agreement.
 - (ii) The transfer fee amount is zero (no dollars) if:
 - (a) The Transfer is of 10% or less of Beneficial Ownership in You, the

Franchised Business, and/or in the rights and obligations under this Agreement;

- (b) The Transfer is between or among one or more existing holders of Beneficial Ownership in You, the Franchised Business, and/or this Agreement, none of whom will cease to have, as a result of the Transfer, Beneficial Ownership in You, in this Agreement, and in the Franchised Business; and/or
 - (c) The Transfer is to a member of the Immediate Family of the transferor, is of less than a majority of Beneficial Ownership in You, the Franchised Business, and/or in the rights and obligations under this Agreement, and takes place at the time of renewal of this Agreement.
- (iii) The transfer fee amount is Five Hundred Dollars (\$500) if:
- (a) Except as otherwise provided in Section 10.4(e)(ii)(c), the Transfer is to a member of the Immediate Family of the transferor; and/or
 - (b) The Transfer involves only the Transfer of ownership interests in You, this Agreement, and/or the Franchised Business by one or more transferors who will cease to have, as a result of the Transfer, Beneficial Ownership in You, in this Agreement, and in the Franchised Business.
- (iv) In addition to the applicable transfer fee amount shown above, the transferor must pay, as part of the total Transfer Fee, the amount ("Broker Amount") of any broker, referral agent, or similar fee or commission that CKFI must pay in connection with the Transfer, regardless of whether CKFI or the broker/referral agent provided the name of the Person to whom the Transfer was made. The Broker Amount is not included in calculating, or subject to, the Cap. The transferor is responsible for confirming with CKFI whether a Broker Amount is payable in connection with a possible Transfer; failure to do so will not relieve the transferor of its obligation to pay the Broker Amount.
- (f) Completion by the transferee of the CKFI initial training program to CKFI's satisfaction; and
- (g) Your signing, and Your Related Parties' signing, of a general release of claims in favor of CKFI and its Related Parties and Affiliates

10.5 Changes of Ownership Considered Not To Be Transfers

As used in this Agreement, an assignment to an Entity will not be considered a Transfer if (a) the Beneficial Ownership of the Entity immediately following the assignment is the same and in the same proportions as the Beneficial Ownership in the Franchised Business immediately before the assignment; (b) at least ten business days before the assignment You submit to CKFI information it requires on the identity of the shareholders or other interest holders and officers of the Entity, the percentage of Beneficial Ownership, other organizational documents requested by CKFI, and the address where Entity records are maintained; and (c) You execute a document, in the form required by CKFI, evidencing the assignment and the Entity's assumption of this Agreement. No such assignment will relieve You or any other assigning Persons of any of their respective obligations under this Agreement or any related agreements.

10.6 Transfer Upon Death or Disability

If You or any of Your Related Parties that holds any Beneficial Ownership interest in You dies or becomes Permanently Disabled within the Term, the heirs, beneficiaries or other personal representatives, as applicable, of You or the Related Party, as applicable, will have 60 days within which to demonstrate to CKFI's satisfaction that he or she meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that CKFI requires of new Franchisees at that time. If CKFI approves such heirs, beneficiaries or other personal representatives as transferees of the Franchise, CKFI will waive any Transfer Fee in connection with the Transfer; however, all other requirements of Sections 10.2, 10.3, and 10.4 will apply to the Transfer. If CKFI advises such heirs, beneficiaries or other personal representatives in writing that CKFI will not approve them as transferees of the Franchise, or if CKFI fails to approve or disapprove the Transfer within 60 days following death or Permanent Disability of You or any Related Party, the heirs, beneficiaries or other personal representatives will have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find a qualified transferee and notify CKFI of a proposed Transfer to that transferee as required by Sections 10.2, 10.3, and 10.4 of this Agreement. If the heirs, beneficiaries or other personal representatives do not advise CKFI of a proposed Transfer to a qualified transferee within the specified period, this Agreement will automatically terminate at the end of the period unless CKFI grants a written extension of time. If the parties disagree as to whether a person is "Permanently Disabled," the determination will be made by a licensed practicing physician, selected by CKFI, upon examination of the person; or, if the person refuses to submit to an examination, then for purposes of this Section, the person automatically will be considered permanently disabled as of the date of refusal.

10.7 Right of First Refusal

If You or any of Your owners desires to Transfer a controlling interest in You, in this Agreement, and/or in the Franchised Business, You or that owner must first obtain a written bona fide offer from a legitimate purchaser and provide an exact copy of that written offer to CKFI. CKFI may request further information concerning the offer and/or the proposed transferee. CKFI has the right and option to acquire that interest on the same terms and conditions contained in the bona fide offer. Within 15 days after receipt of the original offer or, if CKFI has requested further information, within 15 days after receipt of the additional information, CKFI shall notify the proposed transferor whether CKFI intends to acquire that interest. If the consideration, terms, and/or conditions contained in the bona fide offer are such that CKFI may not reasonably be required to furnish the same consideration, terms, and/or conditions, then CKFI may purchase, for the reasonable equivalent in cash, the interest that is proposed to be transferred. If the parties cannot agree within a reasonable time on the reasonable equivalent in case of the consideration, terms, and/or conditions contained in the bona fide offer, the parties shall agree upon an independent appraiser and that appraiser's determination shall be binding. Closing shall take place within 60 days following the later of CKFI's notice to the seller of CKFI's exercise of this right of first refusal or 60 days following receipt of the appraiser's determination. If CKFI declines to exercise the option afforded by this Section 10.7, then the proposed transferor may Transfer its interest only if CKFI consents to the Transfer as set forth in this Section 10 and the transferor complies with all of the provisions of Sections 10.2, 10.3, and 10.4 of this Agreement as determined by CKFI in its sole judgment. If the proposed Transfer does not take place within 3 months of the date of the initial written offer, then CKFI will again have the right of first refusal described in this section 10.7. If there is any material

change in the terms of any offer prior to closing, CKFI may, at its sole option, treat the change in the terms as a new offer subject to the same right of first refusal by CKFI as in the case of the initial offer, or accept the initial offer communicated to CKFI by the proposed transferor. Failure by CKFI to exercise the option afforded by this Section 10.7 does not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 10 with respect to a proposed Transfer. Without limiting its rights under any other provision of this Agreement, CKFI may delegate or assign its rights under this Section 10.7 to a CKFI Affiliate or to any other Person.

10.8 Public and Private Offerings

You and/or anyone holding Beneficial Ownership interest in You may make a public or private offering of securities, partnership, or other ownership or financial interests in You only with CKFI's prior written consent. Before using them in an exempt offering or filing them with any federal or state authority, You shall submit to CKFI in writing for review and written approval all materials proposed for use in any registration statement, prospectus, or similar offering circular or memorandum. You shall not imply (by use of the Marks or otherwise) that CKFI or any of its Affiliates or Related Parties is participating in an underwriting, issuance, or offering of Your securities or of CKFI securities, and You shall include any disclaimer to that effect that CKFI may require. CKFI's review of the materials and/or any offering shall be limited solely to the subject of the relationship between You and CKFI, and its consent under this Section 10.8, if granted, does not imply or constitute its approval of the fact or method of financing, the offering literature submitted to CKFI, or any other aspect of the offering. You and the other participants in the offering must fully indemnify CKFI in connection with the offering. For each proposed offering, You must reimburse CKFI for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. You shall give CKFI written notice at least 30 days before the date of commencement of any offering or other transaction covered by this Section 10.8.

10.9 Assignment by CKFI

CKFI may assign its interest in this Agreement, any rights or obligations created by it, any or all ownership interests in CKFI, and/or all or substantially all of the assets of CKFI at any time without Your consent. CKFI will require the assignee of this Agreement to undertake to assume CKFI's obligations to You under this Agreement.

10.10 Security Interests

You shall grant no security interest in any of Your assets unless You have CKFI's prior written permission and unless the secured party agrees that, in the event of any default by You under any documents related to the security interest, CKFI will have the right to purchase the rights of the secured party upon payment of all sums then due to the secured party.

11. TERMINATION OF FRANCHISE

11.1 Termination by CKFI

11.1.1 Notice of Default

You will be in default under this Agreement and CKFI may, at its option and in addition to any other remedies it may have, terminate this Agreement upon the occurrence of any of the defaults set forth in Section 11.1.2. Termination of Your Franchise will be effective automatically, without further action or notice by CKFI, 30 days after written notice of default

and termination is given to You if any of the defaults described in subsections (a) through (f) below has not been cured; termination will be effective automatically, without further action or notice by CKFI, five days after written notice of default and termination is given to You if any of the defaults described in subsection (g) below has not been cured; termination will be effective automatically without further action or notice by CKFI, ten days after written notice of default and termination is given to You if any of the defaults described in subsection (h) below has not been cured; termination will be effective immediately upon written notice to You if any of the defaults described in subsections (i) through (r) below occurs.

11.1.2 Events of Default

- (a) If You fail to submit to CKFI in a timely manner any information or report You are required to submit under this Agreement; if You fail to give CKFI a signed copy of a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form specified by CKFI, for each of Your Related Parties, directors, officers, and Designated Managers, within 10 days after each assumes that status with You; or if You fail to obtain signed confidentiality agreements from Your employees who will have access to Confidential Information;
- (b) If You (and/or, as applicable, Your Designated Manager) do not successfully complete initial training, do not attend additional required training, or if You fail to operate Your Franchised Business in accordance with this Agreement and the Manual;
- (c) If You fail to offer all Core Services or if You offer or provide services or sell products that have not been authorized by CKFI;
- (d) If You fail to attend at least two Franchisee meetings per year as required by Section 7.10 of this Agreement;
- (e) If You fail to perform required background checks on Your employees, as specified in the Manual;
- (f) If You and/or any of Your Related Parties defaults in the performance of any other material obligation, or breach any material provision, under this Agreement or any other agreement (including any other Franchise Agreement) with CKFI or any of its Related Parties or Affiliates;
- (g) If You fail to make any payment when due under this Agreement or under any other agreement between You and CKFI or an Affiliate or Related Party of CKFI; if You fail to maintain the insurance required by Section 7.6 of this Agreement; and/or if You fail to obtain, or lose, licensure required to operate the Franchised Business;
- (h) If any Person who has signed the Agreement and Guaranty of Related Parties becomes insolvent, files for bankruptcy, or has filed against him/her/it a petition in bankruptcy or similar proceeding and, within ten (10) days thereafter, a substitute guarantor acceptable to CKFI has not signed the Agreement and Guaranty of Related Parties.
- (i) If You and/or any of Your Related Parties misuses the Marks or the System or engages in conduct that reflects negatively and unfavorably upon the goodwill associated with them; if You or any of Your Related Parties uses any of the Marks (or any part of them) in connection with a business that is not a Franchised Business; if You use in Your Franchised Business any names, marks, systems, logotypes or symbols that CKFI has not authorized You to use; or if You fail to relocate Your Office within 60 days after CKFI

notifies You that the location or condition of Your Office is such as to clearly damage the goodwill associated with the Marks;

- (j) If You and/or any of Your Related Parties, directors, or officers violates Section 7.11(a) of this Agreement; or if You or any of Your Related Parties effects, or makes any attempt to effect, a Transfer in any manner not authorized by this Agreement;
- (k) If You and/or any of Your Related Parties has made any material misrepresentation in connection with the acquisition of Your Franchised Business or to induce CKFI to enter into this Agreement, knowingly has submitted a false report or information of any kind to CKFI or any of its Related Parties, knowingly maintains false books or records relating to Your Franchised Business or to You, or breaches Section 7.8 of this Agreement;
- (l) If You act without CKFI's prior written approval or consent in regard to any matter for which CKFI's prior written approval or consent is expressly required by this Agreement;
- (m) If You abandon Your Franchised Business, disconnect the business telephone service for Your Franchised Business, or if You otherwise cease to actively operate Your Franchised Business for a period of three consecutive Business Days;
- (n) If You fail to correct a breach of this Agreement (including failure to satisfy the Standards set out in the Manual) after twice being requested in writing (regardless of whether the request is a formal notice of default) by CKFI to correct the same breach in any 12-month period;
- (o) If You fail to correct a breach of this Agreement (including failure to satisfy the Standards set out in the Manual) after CKFI has given You notice of default under this Agreement (regardless of whether the breaches are under the same or different provisions) twice in any 12-month period or three times in any 24-month period, even if the prior breaches were cured;
- (p) If CKFI determines that the operation of Your Franchised Business poses a threat to public health or safety;
- (q) If You and/or any of Your Related Parties are convicted of (i) a felony, (ii) a crime of moral turpitude, or (iii) of any criminal misconduct that may, in CKFI's sole opinion, negatively impact the operation of Your Franchised Business and/or damage the goodwill associated with the System and/or the Marks;
- (r) If You and/or or any of Your Related Parties is party to a Franchise Agreement that has been terminated for default;
- (s) If You, more than one time during the Term, breach this Agreement by agreeing to provide, or by providing, Services to a Client or Care Recipient or leasing or selling Equipment or Products in another Franchisee's Territory without that Franchisee's prior written permission or without CKFI's prior written permission.

This Agreement will automatically terminate if You become insolvent, are unable to pay Your debts as they become due, make any assignment for the benefit of creditors, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization or similar proceeding (that is not dismissed within 30 days).

11.2 Termination by You

If You are in full compliance with this Agreement, You may terminate this Agreement if CKFI fails to take reasonable steps to attempt to cure (regardless of whether such attempts have been successful) a material breach of this Agreement within 60 days' written notice of the default. Termination will be valid only if the conditions of Section 11.3, entitled "Rights and Obligations Upon Termination," are met in full within the specified time periods.

11.3 Rights and Obligations Upon Termination

Upon Termination of this Agreement for any reason, the parties will have the following rights and obligations:

- (a) In order to assure Client safety and continuity of care and Services for Clients, Care Recipients, Customers, and Subscribers, You must work with CKFI to arrange for the orderly transition of Your Clients, Subscribers, Customers, and Care Recipients to other Franchisees, or, if there are no other Franchisees in Your market area, to providers identified to and approved by CKFI. CKFI's approval will be based solely on its determination that the proposed transition of one or more Clients, Subscribers, Customers, and/or Care Recipients is not an attempt to circumvent the transfer and/or non-competition covenants of this Agreement.
- (b) You must immediately and permanently stop using the System, the Marks or any confusingly similar marks, and any advertising, signs, stationery or forms that bear identifying marks or colors that might give others the impression that You are operating a Franchised Business or that You have ever been affiliated with CKFI. By signing this Agreement, You irrevocably appoint CKFI Your attorney-in-fact to cancel any such advertising, in any format or medium, should You not do so within 7 days after Termination.
- (c) You must immediately and permanently stop using the Client Information and retain no copies, regardless of the format or medium, of the Client Information except as otherwise required by law or this Section 11.3, and You must destroy in accordance with HIPAA regulations all copies of Client Information that You are not required by law to retain. Notwithstanding the foregoing, You must immediately transmit to CKFI historical accounting information on Client and Customer billing and Client and Customer contact information. In connection with the transition of Clients, Customers, and Care Recipients in accordance with Section 11.3(f), CKFI will control transmission of Client Information to subsequent providers. After Termination, You may not use or transfer Client Information for any purpose except to meet government audit requirements, state licensing, or other state requirements.
- (d) You must promptly execute any documents and take any steps that in the judgment of CKFI are necessary to delete Your listings from classified telephone directories, disconnect or, at CKFI's option, assign to CKFI all telephone numbers that have been used in Your Franchised Business, assign to CKFI any URLs, domain names, and social media and social networking names that You have used in connection with Your Franchised Business, and terminate all other references that indicate You are or ever were affiliated with CKFI. By signing this Agreement, You irrevocably appoint CKFI Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within 2 days after Termination of this Agreement. If CKFI chooses not to have You assign the telephone numbers to it, You may not assign the telephone number to any

Competitive Business, use automatic forwarding to the telephone number of any Competitive Business, or otherwise make the telephone number directly or indirectly available to any Competitive Business.

- (e) You must promptly cancel any fictitious business registration, trade name, or similar registration. By signing this Agreement, You irrevocably appoint CKFI Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven days after Termination of this Agreement.
- (f) You and Your Related Parties must immediately comply with the covenants against competition set forth in Section 7.11.
- (g) During the 12 months following expiration or termination of this Agreement, You must refrain from selling, assigning, or otherwise transferring to a Competitive Business any of the assets used in connection with the Franchised Business, including the lease for the premises where Your Office was operated.
- (h) You must give CKFI a final accounting for Your Franchised Business, pay CKFI and its Affiliates and Related Parties within 30 days after Termination all payments due to them, and immediately return to CKFI the Manual, all Confidential Information, and any other property belonging to CKFI.

You must maintain all accounts and records for Your Franchised Business for a period of not less than seven years after final payment of any amounts You owe to CKFI, its Affiliates, and/or Related Parties when this Agreement is Terminated, but You may not sell, disclose, or otherwise transfer any of the information contained in those accounts and records to, or for use by, any Competitive Business.

If this Agreement is terminated because of Your default, the rights of CKFI described above or elsewhere in this Agreement may not necessarily be CKFI's exclusive remedies but will instead supplement any other equitable or legal remedies available to CKFI, including the right to withhold performance as provided in Section 5.10 of this Agreement. If this Agreement is terminated because of Your default, nothing in this Section 11.3 may be construed to deprive CKFI of the right to recover damages as compensation for lost profits. All obligations of the parties which by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

12. MISCELLANEOUS PROVISIONS

12.1 Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control. The word "include" (and its derivatives, such as "includes" and "including") is always used in its non-restrictive sense (i.e., as if followed by the words "but [is] not limited to"); "includes" is not used as a synonym for "means." Similarly, any time examples are given, the examples are always non-exclusive. The auxiliary verb "may" is intended to be permissive, and its negative ("may not") is intended to deny permission.

Whenever this Agreement gives CKFI discretion to take an action or make a decision, CKFI will be allowed to take or make (or refrain from taking or making) that action or decision

based on its business judgment. Even if CKFI has numerous motives for a particular action or decision and/or there are other reasonable and/or arguably preferable alternatives to a particular action or decision, so long as at least one motive is a reasonable business justification, the action or decision will not be subject to challenge for abuse of discretion. IF THE EXERCISE OF CKFI'S DISCRETION AS TO ANY MATTER IS CHALLENGED, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT CKFI'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF CKFI'S DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

12.2 Governing Law

This Agreement is made in the State of Ohio and its provisions shall be governed by and enforced and interpreted exclusively under the laws of that state, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice-of-law rules of that state); provided, however, that if any provision of this Agreement, including the covenants in Section 7.11 of this Agreement, would not be enforceable under the laws of the State of Ohio and Your Franchised Business is located outside of the State of Ohio, then that provision shall be interpreted and construed under the laws of the state in which Your Franchised Business is located. Nothing in this Section 12.2 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation (including the Ohio Business Opportunity Purchasers Protection Act) to which this Agreement would not otherwise be subject.

12.3 Notices

Except as otherwise permitted by this Agreement, the parties to this Agreement shall direct any notices to the other party at the address provided for such party on the Summary Page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by (i) facsimile (with simultaneous mailing of a copy by first class mail), (ii) nationally-recognized courier service, or (iii) first class mail. Notice by facsimile will be considered delivered upon transmission; by courier, within one day after delivery to the courier; and by first class mail, three days after posting. Where this Agreement permits notice by e-mail, CKFI may give written notice by sending an e-mail message to You at the e-mail address maintained by CKFI for You, and notice will be deemed delivered and received the same day as the e-mail message is sent by CKFI.

12.4 Amendments

Except for changes to the Manual, for changes specified in this Agreement relating to Equipment and Technology Services (which CKFI may make unilaterally and which will be binding on You), and except as otherwise specifically provided in this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless set forth in a writing signed by all of the parties to this Agreement or by their authorized officers or agents.

12.5 Waiver

Either of the parties to this Agreement may, by written instrument, unilaterally waive any obligations of or restriction upon the other under this Agreement. No acceptance by CKFI of any payment by You and no refusal, neglect, or failure of CKFI to exercise any right under this

Agreement or to insist upon full compliance by You with Your obligations under it or with any Standards will constitute a waiver of any provision of this Agreement or of any subsequent breach of this Agreement.

12.6 Integration

This Agreement, any other agreements (including any promissory note) executed pursuant to it or concurrently with it, the Attachments to this Agreement, and the Manual (as it may be revised from time to time), constitute the complete Agreement between You and CKFI concerning the subject matter of this Agreement and supersede all prior understandings and agreements, whether written or oral. Nothing in this Agreement is intended to disclaim the representations CKFI made solely in the franchise disclosure document it furnished to You.

12.7 Dispute Resolution

12.7.1 Dispute Resolution Process

- (a) Except as otherwise provided in this Agreement, in the case of any Dispute, the parties must attempt to resolve the Dispute by following the ADR Process in this Section 12.7 before, and as a condition to either party's, initiating a legal action. All aspects of the ADR Process must be treated as confidential, must not be disclosed to others, and may not be offered or admissible in any other proceeding or legal action whatsoever. The ADR Process under this Section 12.7 is not intended to alter or suspend the rights or obligations of the parties under this Agreement but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.
- (b) The Complainant will initiate the ADR Process by sending a certified or registered letter to the Respondent setting forth the particulars of the Dispute, the term(s) of the Agreement (if any) that are involved, a proposed resolution of the Dispute, and identifying one or more Authorized Representatives with authority to settle the Dispute for the Complainant. The Respondent has 14 days (beginning with the date notice is received) within which to designate by written notice to the Complainant one or more Authorized Representatives with authority to settle the Dispute on the Respondent's behalf.

12.7.2 Direct Negotiations

The Authorized Representatives of the Respondent may investigate the Dispute as they consider appropriate but agree to meet in person at a place determined by CKFI, by prearranged teleconference, or by videoconference, with the Authorized Representatives of the Complainant within 30 days from the date of the Complainant's written notice to discuss resolution of the Dispute. The Authorized Representatives may meet at any times and places and as often as they agree, subject to the time limits set forth in this Section 12.7.

12.7.3 Mediation

- (a) If the Dispute has not been resolved within 60 days after the initial meeting of the Authorized Representatives, the Dispute must be submitted to non-binding mediation by a third party mediator. The parties shall attempt to agree upon a mediator within one hundred and twenty (120) days of receipt of the initial letter or within sixty (60) days of any extended period as may be agreed upon by the

parties in writing. If the parties are unable to mutually agree upon a mediator within this time period, the Complainant may seek the appointment of a mediator through JAMS, Inc. (and if JAMS, Inc. is no longer operational, a comparable mediator service) and the procedures for selecting the mediator shall be those of JAMS, Inc. (or, if applicable, of the comparable mediation service) in effect at the time. The parties agree that in the event of the initiation of individual mediations involving the same or similar issues at or about the same time, CKFI has the option to determine that no Designated Mediator may be a mediator in more than one of those mediations. The mediation must take place in the city where CKFI's principal place of business is then located.

- (b) Non-binding mediation under the ADR Process must be concluded within 60 days of the date the Designated Mediator is agreed upon in writing (or selected through JAMS, Inc. or the comparable mediation service) or such longer period as may be agreed upon by the parties in writing. The Complainant and the Respondent shall each bear their own costs of mediation, and each shall bear one-half the cost of the mediator, including any mediation service fees.

12.7.4 Arbitration

If the Dispute is not resolved through mediation, then, except as otherwise provided in this Agreement, the Dispute (including the enforceability of this arbitration provision and the arbitrability of any Dispute) must be settled by binding arbitration through JAMS, Inc. (and if JAMS, Inc. is no longer operational, a comparable arbitration service) and the procedures for selecting the arbitrator shall be those of JAMS, Inc. (or, if applicable, of the comparable arbitration service) in effect at the time. The arbitration must be brought in the city where CKFI's principal place of business is then located. Only disputes brought by the parties to this Agreement may be resolved in the arbitration and no claims brought by a class or claims by Persons other than the parties to this Agreement will be heard. The parties will jointly select one arbitrator from the panel of arbitrators maintained by JAMS, Inc. (or, if applicable, the comparable arbitration service). The arbitrator must (a) be a lawyer or a retired judge, (b) have at least 5 years' experience in franchising or franchise law, and (c) have no prior social, business, or professional relationship with any party. If the parties are not able to agree on the sole arbitrator within 30 days after notice of arbitration has been provided by either party, unless such time is extended by the parties, then the parties must apply to JAMS, Inc. (or, if applicable, the comparable arbitration service) to designate and appoint the sole arbitrator. Discovery under the arbitration will be limited to the following for each side: a) six depositions totaling 12 hours; b) six interrogatories each consisting of no more than 12 questions (with no subparts); and c) six document requests. The discovery may also be limited in any other manner as specified by the arbitrator, who will limit discovery to the greatest extent possible consistent with basic fairness. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear and the arbitrator may render a decision. The arbitrator will have no power to 1) stay the effectiveness of any pending Termination of this Franchise Agreement; 2) assess punitive damages against either party; or 3) make any award that extends, modifies or suspends any lawful provision of this Agreement or any of the standards of business conduct, performance, or operations established by CKFI. All expenses of arbitration must be paid by the party against which the arbitrator renders a decision; if each party prevails on one or more claims, the arbitrator shall apportion the expenses of arbitration. The decision in writing of the

arbitrator will be (a) in the English language, (b) final and binding, and (c) reasonably detailed and will include the arbitrator's findings. Either party may apply to any court having jurisdiction for an order confirming, or to enforce, the award. A notice of arbitration will not operate to stay, postpone or rescind the effectiveness of any demand for performance or notice of termination under this Agreement.

12.8 Exceptions to ADR Process Requirement

- (a) The ADR Process provision in Section 12.7 does not bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that may cause loss or damage.
- (b) Neither You nor CKFI is required to follow the ADR Process with respect to (a) any claim or Dispute involving actual or threatened disclosure or misuse of Confidential Information or any other intellectual property of CKFI, (b) any claim or Dispute involving the ownership, validity, or use of the Marks, (c) any claim or Dispute related to monies You owe to CKFI or to the Brand Fund; (d) any claim or Dispute involving the insurance or indemnification provisions of this Agreement, (e) any action to enforce the covenants set forth in Section 7.11 of this Agreement, and/or (f) any claim or Dispute involving a proposed or actual transfer not complying with the requirements of Article 10.

12.9 Non-Exclusive Remedy

No right or remedy conferred upon or reserved to You or to CKFI by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided in this Agreement or permitted by law or by equity, but each shall be cumulative of every other right or remedy.

12.10 Exclusive Jurisdiction and Venue

Any action brought by either party under Section 12.8 must be instituted and maintained only in a federal or state court having subject matter jurisdiction that is located in the county where CKFI's headquarters is located when the action is instituted. The parties further agree to submit to the jurisdiction and venue of any such court. You and CKFI acknowledge that the provisions of this Agreement regarding applicable state law and forum provide each of them with a mutual benefit of uniform interpretation of this Agreement and any dispute arising out of it or the parties' relationship created by it. You and CKFI further acknowledge the receipt and sufficient of mutual consideration for this benefit.

12.11 Limitation of Actions

Neither party may bring an action or maintain an arbitration against the other party unless the party files the action or arbitration within one year after the event complained of occurs.

12.12 Attorney Fees and Costs

You must pay to CKFI all damages, costs and expenses (including reasonable attorneys' fees) that CKFI incurs subsequent to the termination or expiration of the franchise granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement; and/or (b) successfully defending a claim that CKFI defrauded You into signing this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement do not govern the parties' relationship.

12.13 Severability and Resulting Covenants

- (a) Each provision of this Agreement will be considered severable. If, for any reason, any provision of it is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if CKFI determines that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, CKFI may, at its option, terminate this Agreement.
- (b) You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is contained within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions that a court holds to be unreasonable and unenforceable in a final decision to which CKFI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.14 Individual Dispute Resolution

Any proceeding to resolve a Dispute (whether part of the ADR Process or a legal action) between the parties to this Agreement and/or any of their Related Parties will be conducted on an individual basis and not as part of a consolidated, common, representative, group, or class action.

12.15 Approval and Guaranties

All Persons, including all of Your Related Parties (without regard to the percentage of Beneficial Ownership interests noted in the definition of Related Parties), having at least a ten percent (10%) or greater interest in You must approve this Agreement, permit You to furnish the financial information required by CKFI, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the Franchised Business and in You and limitations on their rights to compete. Each of those Persons must execute separately the Agreement and Guaranty in the form of Attachment 4 to this Agreement or in the form required by CKFI at the time the Person acquires the 10% or greater interest. In addition, CKFI may require the spouse of any Person holding a Beneficial Ownership Interest in You and/or the Franchised Business to sign the Agreement and Guaranty, or the Spousal Consent (Attachment 5 to this Agreement), in the then-current form when the Franchise Agreement is executed or, if later, when the spouse assumes that role.

12.16 Acceptance by CKFI

This Agreement will not be binding on CKFI unless and until it has been signed by an authorized officer of CKFI.

12.17 DISCLAIMER OF REPRESENTATIONS

NO REPRESENTATIONS OR PROMISES OF ANY KIND HAVE BEEN MADE BY CKFI TO INDUCE YOU TO EXECUTE THIS AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THE FRANCHISE DISCLOSURE DOCUMENTS THAT HAVE BEEN DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER CKFI NOR ANY OTHER PERSON HAS GUARANTEED THAT YOU WILL SUCCEED IN THE OPERATION OF YOUR FRANCHISED BUSINESS OR HAS PROVIDED ANY SALES OR

INCOME PROJECTIONS OF ANY KIND TO YOU. YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF ALL IMPORTANT ASPECTS OF THE FRANCHISE. YOU UNDERSTAND THAT CKFI IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

The parties have executed this Franchise Agreement as of the Effective Date set forth in the Summary Page.

FRANCHISOR: CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

6640 Poe Avenue, Suite 200
Dayton, OH 45414

FRANCHISEE

If an entity:

[Franchisee's full legal name]

By: _____

Name: _____

Title: _____

If individuals:

Name: _____

Title: _____ An Individual

Name: _____

Title: _____ An Individual

ADDRESS

ATTACHMENT 1
TERRITORY

In the State of _____, a geographic area defined by the boundaries, as of the Effective Date, of the following zip code(s):

ATTACHMENT 2

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT
VIA EFT**

The undersigned depositor (“Depositor”) authorizes CK Franchising, Inc. (“CKFI”) to request debit entries and/or credit correction entries to the Depositor’s checking and/or savings account(s) indicated below and the depository (“Depository”) to debit the account according to CKFI’s instructions , including service, late, and other fees and amounts that become payable to CKFI.

Depository Name: _____

Depository Branch: _____

Depository Address: _____

City: _____ State ____ Zip: _____

Routing Number: _____

Account Name: _____

Account Number: _____

For good and valuable consideration, Depositor agrees that this authorization will remain in full force and effect until at least thirty (30) days after Depositor has given CKFI and Depository written notice of the Depositor’s termination of the authorization in a time and manner that will give CKFI and Depository a reasonable opportunity to act on it. If an erroneous debit entry is made to Depositor’s account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or forty five (45) days after posting, whichever occurs first, Depositor has sent Depository and CKFI a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount of it to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor: _____

By: _____

Title _____

Date _____

ATTACHMENT 3
CONDITIONAL ASSIGNMENT OF
TELEPHONE NUMBERS, FACSIMILE NUMBERS, E-MAIL
ADDRESSES AND, SOCIAL MEDIA, AND UNIVERSAL RESOURCE
LOCATOR (URL) ADDRESSES

In exchange for valuable consideration provided by CK Franchising, Inc. (“Assignee”), _____ (“Assignor”) [Franchisee’s legal name], doing business at _____ [location of Franchisee’s business] assigns to Assignee all telephone numbers and listings, facsimile numbers, email addresses, social media and social networking addresses, and URLs used by Assignor now or in the future in the operation of Assignee’s COMFORT KEEPERS® franchise.

This assignment will become automatically effective upon termination or non-renewal of Assignor’s COMFORT KEEPERS® Franchise Agreement. Upon expiration or termination of the Franchise Agreement, Assignor promises to do whatever is necessary: (i) to cause the telephone company providing local service to the Assignor to promptly transfer all of Assignor’s numbers and associated listings to Assignee or its designee; (ii) to cause the company providing email service to the Assignor to promptly transfer all of Assignor’s email addresses, social media and social networking addresses, and associated listings to Assignee or its designee; and (iv) if applicable, to cause the company providing website hosting service to the Assignor to promptly transfer all of Assignor’s URL addresses and associated listings and social media and social networking addresses, and associated listings to Assignee or its designee.

Assignor agrees to pay the above-referenced service providers (“Providers”) on or before the effective date of assignment all amounts it owes such Providers in connection with his, her, or its use of the telephone number or numbers, the facsimile number or numbers, the email and social media and social networking account or accounts, or the URL address or addresses, including, but not limited to, payment for advertisements in the classified telephone directory or current domain registration fees. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the Providers to carry out the Franchise Agreement and promises to cooperate fully with Assignee in making the necessary arrangements to carry out the assignment.

Dated: _____

ASSIGNOR

By: _____

By: _____

ATTACHMENT 4
AGREEMENT AND GUARANTY OF
RELATED PARTIES

Each of the undersigned (“a guarantor” or the "guarantors") acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the attached Comfort Keepers Franchise Agreement (the “Franchise Agreement”) and acknowledges that the execution of this AGREEMENT AND GUARANTY OF RELATED PARTIES (“Guaranty”) and the undertakings of the Related Parties in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the Franchise, and that CKFI would not have granted the Franchise without the execution of this Agreement and Guaranty and the other undertakings by each of the undersigned;

(2) Each is included in the term “Related Parties”;

(3) Each, jointly and severally, makes and agrees to perform all of the covenants, representations, warranties and agreements of the Franchisee and its Related Parties set forth in the Franchise Agreement, including, without limitation, the covenants against competition; and

(4) Each, jointly and severally, absolutely and unconditionally guarantees to CKFI and its successors and assigns:

(a) The payment in full when due of all fees and costs, including, but not limited to, Franchise Fees, Royalty Fees, other contractual obligations and trade accounts payable to CKFI by Franchisee under the Franchise Agreement; and

(b) The payment in full when due of any and all amounts for which Franchisee may become obligated pursuant to the Franchise Agreement.

The monetary obligations described in clauses (a) and (b) are called “Debts”.

This is a continuing Guaranty and applies to all Debts and other obligations (regardless of whether the obligations are monetary) for or with respect to which any guarantor and/or the Franchisee may become obligated, whether during the Term of the Franchise, any renewals or extensions thereof, or, with respect to Debts described in clause (b) above, after the Franchise’s expiration, termination or cancellation. This Guaranty will be binding upon the heirs, executors, administrators, guardians, successors and assigns of each guarantor, and under no circumstances will any guarantor’s obligations under this Guaranty be released or extinguished without CKFI’s written consent and release, whether or not a guarantor’s interest in the Franchise is transferred, sold or otherwise surrendered.

Each of the guarantors expressly waives demand and diligence on the part of CKFI in the collection of any of the Debts and agrees to all extensions that may be granted to Franchisee by CKFI. CKFI will be under no obligation to notify the guarantors of any sales or extensions of credit to Franchisee in reliance on this Guaranty, or Franchisee’s failure to pay any of the Debts when due, or to use diligence in preserving the liability of any person on the Debts or in bringing suit or in taking other action to enforce collection of the Debts.

If Franchisee’s status should change through merger, consolidation or otherwise, this Agreement and Guaranty will cover Franchisee’s Debts under its new status, according to the

terms of this Agreement and Guaranty.

CKFI will not be required to pursue or exhaust any remedies against any guarantor, to foreclose CKFI's interest in any collateral now or hereafter held by CKFI as security for the payment of the Debts, to terminate the Franchise Agreement or to take any other action before requiring payment under this Guaranty. Without in any manner impairing or diminishing the obligations of the guarantors under this Guaranty, CKFI may elect to pursue any legal or equitable remedy available against any guarantor (without being obligated to pursue any remedy against all guarantors) or against any collateral held by CKFI, even if the exercise by CKFI of such remedy results in loss to any one or more of the guarantors of any right of subrogation or right to proceed against the other guarantors for reimbursement.

If Franchisee is determined not to be liable on any of the Debts because the act of their creation is ultra vires, or if the Persons incurring any of the Debts acted in excess of their authority, and therefore the Debts cannot be enforced against Franchisee, the guarantors will nevertheless be liable under this Guaranty.

If for any reason CKFI is required to refund a payment made by Franchisee to pay the amount thereof to any other person, such payment by Franchisee will not constitute a discharge of guarantors from any liability under this Guaranty, and the guarantors jointly and severally agree to pay that amount to CKFI upon demand.

Each guarantor represents that he or she owns a substantial equity interest in Franchisee or is otherwise associated therewith in a material fashion and that he or she is receiving consideration from the Debts and from the Franchise that is a material, direct benefit to that guarantor.

Any capitalized terms used but not defined in this Guaranty will have the meanings they are given in the Franchise Agreement. This Guaranty will be governed by and construed in accordance with the laws of the State of Ohio without reference to conflict of laws provisions.

The guarantors jointly and severally agree to pay CKFI's attorneys' fees and costs incurred if this Guaranty is placed in the hands of an attorney for collection, or if it is collected through a proceeding in any court.

Dated: _____

ATTEST:

GUARANTORS

Witness _____

Name: _____

Witness _____

Name: _____

ATTACHMENT 5
SPOUSAL CONSENT

Each of the individual(s) listed below represents that he/she is the spouse of an individual with a beneficial ownership interest in the franchised business known as CK # _____ (the "Franchised Business") and operated under a franchise agreement with CK Franchising, Inc. ("CKFI") dated _____ ("Franchise Agreement"). Each also represents to CKFI that he/she has read the Agreement and Guaranty of Related Parties (the "Guaranty") attached to the Franchise Agreement.

Each acknowledges that benefits will accrue to him/her as a result of his/her spouse's ownership of the Franchised Business and operation under the Franchise Agreement. Accordingly, each agrees, for himself/herself and for his/his heirs, legal representatives, and assigns:

a. That his/her spouse's interest in any marital property now held (directly or indirectly, through a trust or otherwise) or hereafter acquired or converted from separate property to marital property shall be available to CKFI to satisfy the obligations of his/her spouse under the Guaranty;

b. That he/she will not assert against CKFI any defense to the Guaranty based on the characterization of property as marital property; and

c. That any purported transfer of any interest in the Franchised Business, the Franchise Agreement, and/or the entity (if any) that is the franchisee under the Franchise Agreement shall be void unless CKFI has approved the transferee and given its prior written permission for the transfer as provided in the Franchise Agreement.

Dated: _____

Printed Name: _____

ATTACHMENT 6

**CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into on _____ [date signed by CKFI], among CK Franchising, Inc. (“CKFI”), an Ohio corporation with its principal office in Dayton, Ohio, _____, a _____, _____ [specify Franchisee’s legal name] (“Franchisee”), and _____ (“Recipient”).

RECITALS

WHEREAS, CKFI, as the result of the expenditure of time, skill, effort and money, developed and owns a unique System (the “System”) for the development and operation of a business providing care to seniors and others in need of assistance in daily living and home care technology equipment and related services; and

WHEREAS, the System includes, but is not limited to, certain trade names, trademarks, symbols, logos, emblems and indicia of origin, including, but not limited to, the mark “Comfort Keepers” and such other trade names, trademarks, symbols, logos, emblems and indicia of origin as CKFI may develop in the future to identify for the public the source of services and products marketed under such marks (“Marks”) and under the System and representing the System’s high Standards of quality, appearance and service; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by CKFI from time to time and are used by CKFI in connection with the operation of the System (“Trade Secrets”); and

WHEREAS, the Marks and Trade Secrets provide economic advantages to CKFI and are not generally known to, and are not readily ascertainable by proper means by, CKFI’s competitors who could obtain economic value from knowledge and use of the Marks and Trade Secrets; and

WHEREAS, CKFI has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, CKFI and Franchisee have agreed, as evidenced by the terms of the Franchise Agreement, dated _____, by and between CKFI and Franchisee (the “Franchise Agreement”) for the operation of a Comfort Keepers® business (a “Franchised Business”) on the importance to CKFI and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets;

WHEREAS, it will be necessary for certain employees, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee, to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee’s Franchised Business; and

WHEREAS, Franchisee has agreed to obtain from recipients of Trade Secrets written Agreements protecting the Trade Secrets and the System against unfair competition;

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Franchisee;

WHEREAS, Recipient wishes and needs to receive and use the Trade Secrets in the course of his or her employment or association in order to effectively perform services for Franchisee and/or protect his interest in Franchisee; and

WHEREAS, Recipient acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. CKFI and/or Franchisee will disclose to Recipient some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, any manuals, business plans, marketing plans, financial information, drawings, specifications, techniques and compilations of data which CKFI provides to Franchisee and/or Recipient will be deemed confidential Trade Secrets for the purposes of this Agreement. In addition, Recipient specifically acknowledges that all information relating to persons purchasing, leasing, and/or receiving services or products from Franchisee (collectively, "Clients") is proprietary information belonging to CKFI and constitutes part of the Trade Secrets.

2. Recipient will receive the Trade Secrets in confidence and will, at all times, maintain them in confidence, and use them only in the course of his employment by or association with Franchisee and then only for so long as Franchisee is licensed by CKFI to use the System. Recipient will also take reasonable steps to preserve the confidentiality of the Confidential Information.

3. Recipient will not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without CKFI's express written permission.

4. Recipient will not at any time disclose or permit the disclosure of any part of the Trade Secrets except to other employees of Franchisee who have signed an agreement similar to this Agreement and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of, and/or provision of services by, Franchisee's Franchised Business.

5. Recipient will surrender any material (regardless of form--electronic, written, or otherwise) containing some or all of CKFI's Trade Secrets to Franchisee or CKFI, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

6. Recipient will not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. All manuals are loaned by CKFI to Franchisee for limited purposes only and remain the property of CKFI and may not be reproduced, in whole or in part, without CKFI's written consent.

Covenants Not to Compete or Solicit

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Recipient of the Trade Secrets, Recipient further agrees and covenants as follows during the term of this Agreement:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of any Franchised Business or any prospective or current Client of any Franchised Business to any competitor of any Franchised Business or of the network of Franchised Businesses.

b. Not to employ, or seek to employ, any person who is at the time (or has been within the preceding six months) employed by CKFI, or any of its beneficial owners, directors, officers, employees, or agents ("Affiliates"), or any other franchisee of CKFI, or otherwise directly or indirectly induce such person to leave that person's employment. This Section does not prohibit Recipient from employing, on Franchisee's behalf, a caregiver at the same time as another Comfort Keepers® franchisee employs that caregiver.

c. Not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of CKFI, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that (i) is of a character and concept similar to a Franchised Business, (ii) derives any revenues from providing any of the services and/or products CKFI has authorized Franchised Businesses to provide, (iii) derives any revenues from providing any of the following services relating to the health or care of the elderly or infirm: geriatric care management services, skilled nursing services, any service that CKFI has under a pilot or test program, and/or adult day care, or (iv) offers franchises or provides support services for any business described in clauses (i), (ii), and (iii) of this paragraph.

2. In further consideration for the disclosure to Recipient of the Trade Secrets and to protect the uniqueness of the System and the goodwill associated with the Marks, Recipient agrees and covenants that for an uninterrupted two-year period beginning on the Commencement Date (as that term is defined following in this Agreement), Recipient will not without the prior written consent of CKFI:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity, prospective or current Client of any Franchised Business to any competitor, including Recipient.

b. Employ or seek to employ any person who is at the time (or has been within the preceding six months) employed by CKFI, or any of its Affiliates, Franchisee, or any other Franchised Business, or otherwise directly or indirectly induce any such person to leave that person's employment.

c. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation, or other legal entity, without the prior written consent of CKFI, own, maintain, operate, advertise, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that (i) is of a character and concept similar to a Franchised Business, (ii) offers or provides any of the services and/or products CKFI has authorized Franchised Businesses to provide or that CKFI has under a test or pilot program on the Commencement Date (collectively, "Authorized Services/Products"), or (iii) has an outlet that offers or provides Authorized Services/Products, if that business or outlet is, or is intended to be, located in or offers or provides, or is intended to offer or provide,

Authorized Services/Products in any of the following geographic areas:

- (i) Within the protected territory granted to Franchisee under the Franchise Agreement;
- (ii) Within 10 miles of that protected territory;
- (iii) Within, or within 10 miles of, the protected territory under any other Comfort Keepers® franchise agreement in effect on the Commencement Date; and/or
- (iv) Within, or within 10 miles from, the territory agreed upon in connection with a deposit agreement relating to a Franchised Business that has been signed as of the Commencement Date.

d. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any Person, contact or solicit (i) any former Client of the Franchised Business to which the Franchise Agreement pertained for the purpose of providing or offering to provide any Authorized Services/Products and/or (ii) any referral source with which the Recipient had contact during the term of the Franchise Agreement for the purpose of obtaining a referral for the provision of Authorized Services/Products.

3. The "Commencement Date" shall mean the earlier of the date of expiration or termination of the Franchise Agreement (regardless of the reason for termination) or the date that Recipient ceases all association with Franchisee. Recipient agrees that the length of time specified in this Section 2 will be tolled for any period during which Recipient is in breach of the covenants or any other period during which CKFI and/or Franchisee seeks to enforce this Agreement.

4. Sections 1(c) and 2(c) of this "Covenants Not to Compete or Solicit" section do not apply to the ownership of five percent (5%) or less of stock in a publicly-held corporation, as that term is defined by the U.S. Securities and Exchange Commission, or to ownership by Recipient of a Franchised Business.

Sale or Transfer of Assets

During the 12 months following the Commencement Date, Recipient will not sell, assign, or otherwise transfer to a business of the type described in Section 2c of this Agreement any of the assets used in connection with the Franchised Business, including the lease for the premises from which the Franchised Business operated.

Miscellaneous:

1. Franchisee will make all commercially reasonable efforts to ensure that Recipient acts as required by this Agreement.

2. Recipient agrees that in the event of a breach of this Agreement, CKFI would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, CKFI will be entitled to enforce the provisions of this Agreement and will be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Franchise Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. If Recipient owns a beneficial ownership interest in Franchisee or is an officer or

director of Franchisee, Recipient expressly agrees that the existence of any claims Recipient or Franchisee may have against CKFI will not constitute a defense to the enforcement by CKFI of the covenants in this Agreement.

4. Recipient agrees to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by CKFI and/or Franchisee in enforcing this Agreement.

5. Any failure by CKFI or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

6. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT REFERENCE TO CHOICE OF LAW PRINCIPLES. RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY APPLICABLE LAW. RECIPIENT FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT WILL BE THE COURTS SITTING IN DAYTON, OHIO OR THE CITY WHERE CKFI'S PRINCIPAL PLACE OF BUSINESS IS LOCATED, IF NOT DAYTON, OHIO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, CKFI OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT THAT HAS JURISDICTION.

7. The parties acknowledge and agree that the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of CKFI. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which CKFI is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement. In addition, CKFI may reduce the scope of any covenant in this Agreement, effective immediately upon notice to Recipient.

8. This Agreement contains the entire Agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

9. The parties to this Agreement should direct any notices to the other party at the address set forth below in this Section 9 or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), courier, or first class mail. Notice by facsimile will be considered delivered upon transmission; by courier, within one day after delivery to the courier; and by first class mail, three days after posting.

If directed to CKFI, the notice will be addressed to:

CK Franchising, Inc.
6640 Poe Avenue, Suite 200
Dayton, Ohio 45414
Facsimile: (937) 264-3103

If directed to Franchisee, the notice will be addressed to:

Attention: _____

Facsimile: _____

If directed to Recipient, the notice will be addressed to:

Attention: _____

Facsimile: _____

The rights and remedies of CKFI under this Agreement are fully assignable and transferable and will inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Recipient hereunder may not be assigned by Franchisee or Recipient without the prior written consent of CKFI.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

CK FRANCHISING, INC.,
an Ohio corporation

By: _____

Name: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

FRANCHISEE:

By: _____

Name: _____

Title: _____

RECIPIENT:

By: _____

Name: _____

ATTACHMENT 7
STATEMENT OF OWNERSHIP INTERESTS

The following is a list of stockholders, partners, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership	Nature of Interest
------	-------------------------	--------------------

The following is a list of all of Franchisee's Related Parties described in and designated pursuant to the Franchise Agreement, each of whom will execute the Agreement and Guaranty substantially in the form set forth in Attachment 4 and/or the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment 6, as determined by CKFI in its sole judgment.

ATTACHMENT 8
ADDITIONAL SERVICES ADDENDUM

This Additional Services Addendum (the "Addendum") is made by and between CK Franchising, Inc. ("CKFI") and _____ ("You") and modifies the CKFI Franchise Agreement dated _____ between CKFI and You (the "Franchise Agreement").

Unless otherwise defined in this Addendum, capitalized terms used in this Addendum have the meanings assigned to them in the Franchise Agreement.

You have been authorized as of the date(s) set forth below to provide the following Additional Services strictly in accordance with the Standards and terms and conditions of the Franchise Agreement:

<u>Service</u>	<u>Date Authorized</u>
_____	_____
_____	_____
_____	_____

By executing below, You agree and acknowledge that Your authorization to offer and provide Additional Services is limited (as set forth above) and that You are not authorized to provide any services that have not been authorized above and that CKFI may, at its option, withdraw or revoke Your authorization to provide any or all Additional Services at any time and for any reason, upon notice to You.

IN WITNESS WHEREOF, the parties have executed this Additional Services Addendum as of the date set forth above.

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

ATTACHMENT 9

NATIONAL BRAND FUND ADDENDUM

TO

COMFORT KEEPERS® FRANCHISE AGREEMENT

This National Brand Fund Addendum (the “**Addendum**”) is made by and between CK Franchising, Inc. (“**CKFI**”) and _____ (“**You**”) and modifies the Comfort Keepers franchise agreement dated _____ between You and CKFI (the “**Franchise Agreement**”).

RECITALS:

a. In February 2013 Comfort Keepers franchisees voted to establish a national brand fund to enhance the goodwill and image of the System, Network, and Marks and to develop brand enhancement programs and materials (the “**Brand Fund**”). This Addendum provides the terms under which You and CKFI will contribute to the Brand Fund and the terms under which the Brand Fund will operate.

b. You and CKFI wish to enter into this Addendum.

Accordingly, the parties agree as follows:

1. Recitals. The recitals stated above are incorporated into and made part of this Addendum.

2. Suspended Provisions. Sections 8.1 (b) through (k) and Section 8.3(b) of the Franchise Agreement are suspended and superseded by the terms of this Addendum so long as the Brand Fund implemented by this Addendum has not been terminated. If the Brand Fund implemented by this Addendum is terminated, then, along with any provisions of this Addendum that survive termination of the Brand Fund, the provisions of Sections 8.1 (b) through (k) and 8.3(b) of the Franchise Agreement will be reinstated.

3. Definitions. Any capitalized term used but not otherwise defined in this Addendum has the meaning assigned to it in the Franchise Agreement. The following definitions apply to the terms as used in this Addendum and, solely for the purposes of this Addendum, replace any existing definition of the same word or phrase in the Franchise Agreement:

3.1 “**Brand Fund Due Date**” means the 28th day of each month, or, if the 28th is not a Business Day, then the next Business Day.

3.2 “**Good Standing**” means, with respect to a Franchised Business, that the Franchised Business is current on all Brand Fund contributions and does not have an uncured default that is the subject of an outstanding default letter, and, with respect to a Company-owned Unit, that the Company-owned unit is current on all Brand Fund contributions.

4. Brand Fund Operating Provisions.

4.1. Purpose of the Brand Fund. The Brand Fund has been established to promote, on a national basis, the goodwill and public image of the System, Network, and Marks and to develop brand enhancement programs and materials. "Brand enhancement" includes advertising, marketing, promotions, public relations, website, social media, mobile, and all other brand development activities and materials (whether in electronic or other form) designed to promote the goodwill and public image of the System, Network, and Marks.

4.2. Role of the National Advisory Council.

4.2.1 CKFI will work closely and cooperatively with any existing National Advisory Council (the "NAC") and any NAC committee that is established to make recommendations to CKFI about Brand Fund activities and expenditures (the "NBF Advisory Committee"). If for any reason there is no NAC, then CKFI will immediately form a committee with the same membership composition and ratio as outlined in Section 4.2.2 of this Addendum and, except as specified, that committee will have all of the rights and obligations of the NBF Advisory Committee and the NAC under this Addendum.

4.2.2 The NBF Advisory Committee will initially have a membership of nine (9), consisting of an owner from each of seven (7) Comfort Keepers franchises or franchisee (two (2) NAC members and five (5) owners from the at-large franchisee community), and two (2) CKFI staff members; two owners from the same or related franchise entities may not serve on the NBF Advisory Committee at the same time. The NAC may from time to time, as it deems advisable, change the number of members of the NBF Advisory Committee but there must always be at least two (2) CKFI staff members on the NBF Advisory Committee and the ratio of CKFI staff members to franchisee members may not exceed 2 to 7. The NAC will establish guidelines for the operation of the NBF Advisory Committee.

4.2.3 Each year, the NBF Advisory Committee will, together with CKFI and any outside agencies and professional advisors that the NBF Advisory Committee and/or CKFI deems advisable, develop an annual brand enhancement activities budget (the "**BF Budget**") for the following calendar year. The process for approval of the BF Budget will be as follows:

4.2.3.1 Following approval of the BF Budget by a majority vote of the franchisee members serving on the NBF Advisory Committee (that is, without participation in the vote by CKFI staff members), the NBF Advisory Committee will present the BF Budget to the NAC. The BF Budget will include the recommended advertising medium or media to be utilized by the Brand Fund during that budget year and the recommended dollars to be spent in each such medium;

the BF Budget may also include a recommendation for an audit of the Brand Fund. The BF Budget shall include a proposed budget of the anticipated related administrative expenses to be incurred by the Brand Fund, with a target cap for Administrative Costs (as defined in Section 4.2.3.4 of this Addendum) equal to ten percent (10%) of all Brand Fund expenditures for the year.

4.2.3.2 If the majority of the NAC franchisee members present at the BF Budget presentation (which must be held no later than October 1 of each year) endorse the recommended BF Budget, the NAC will present the recommended BF Budget to CKFI. CKFI will implement the recommended BF Budget during the coming calendar year except and only to the extent that, in CKFI's judgment, (a) unanticipated increased Administrative Costs or other expenses (arising in that year or carrying over from a preceding year) require or make desirable a change, and/or (b) CKFI, as trademark owner, believes that the BF Budget, or a portion of the BF Budget, represents an imprudent or ill-advised use of Brand Fund contributions, and/or (c) the recommended medium or media are inconsistent with CKFI's plans for positioning for the Network and System.

4.2.3.3 If CKFI wishes to make any material changes to the recommended BF Budget (as provided above in clauses (a) - (c) of Section 4.2.3.2), CKFI will bring those changes to the NAC, through the NBF Advisory Committee, for further input before implementing any change. If there is no recommendation by October 1 of any given year from the NBF Advisory Committee and/or the NAC, CKFI will conceive and implement a BF Budget for the following year, following consultation with the NBF Advisory Committee and the NAC.

4.2.3.4 For purposes of the 10% cap described above in Section 4.2.3.1, "Administrative Costs" means any activity (including governance) that is not directly attributable to a specific permitted brand enhancement activity or expenditure as defined in Sections 4.3.1 through 4.3.10 and in Section 4.3.12 of this Addendum. "Governance" includes items such as the cost of corporate filings if the Brand Fund is administered as a separate entity, the establishment of policies and procedures, the cost of all Network votes required by this Addendum, and similar items.

4.2.4 It is CKFI's responsibility to implement the BF Budget. In addition, CKFI will work cooperatively and closely with the NAC and any NBF Advisory Committee on the brand message(s) and will present to the NBF Advisory Committee and the NAC CKFI's proposal for the brand message and creative content. If CKFI, the NAC and the NBF Advisory Committee do not agree on the brand message and/or creative content, CKFI will, after

consultation with the NAC, make the final determination, including the content and the format of all brand enhancement activities by the Brand Fund, the creative concepts, materials, content, and endorsements used in these activities, the production companies for these activities, and the geographic or market placement (to the extent that, consistent with Sections 4.3.3 and 4.3.8, any activity is not immediately rolled out on a “national basis”), and media outlet placement.

4.2.5 The copyright and all intellectual property rights in and to the materials, concepts, content, activities, and format of brand enhancement activities, regardless of who created them, belong to CKFI.

4.2.6 Each quarter, CKFI will provide the NBF Advisory Committee with key performance indicators, agreed-upon by the NBF Advisory Committee and CKFI, related to the Brand Fund’s activities. These key performance indicators will be posted on the Members section of the intranet for franchisees (or its equivalent at the time) (the “**Members Site**”) or otherwise made available to You.

4.3. Permitted Brand Enhancement Activities and Expenditures. The Brand Fund (including any interest that may accrue on Brand Fund contributions) may be used to fund or pay all brand enhancement activities and their related costs pursuant to this Addendum and consistent with the BF Budget, including:

4.3.1 The cost of any purchased media time (paid advertising, also known as “media weight”) in any medium (broadcast or cable television, print, radio, outdoor displays, online/digital advertising, and so forth);

4.3.2 The costs incurred for advertising agencies, public relations agencies, and/or other advisors;

4.3.3 The costs of designing, conducting, and administering national public relations projects and events (including projects and events that are intended for roll-out to the Network if successful, and nationwide roll-outs of projects and events on a region by region basis) intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with CKFI Affiliates and/or others;

4.3.4 The costs of market research, including branding studies, consumer research, competitive research, and similar programs;

4.3.5 The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail, Internet, mobile, and social media advertising;

- 4.3.6 The costs associated with running a call center or providing another electronic mechanism for capturing leads generated by the Brand Fund's brand enhancement activities;
- 4.3.7 The costs of purchasing promotional items;
- 4.3.8 The costs of designing and administering national brand enhancement programs and activities (including activities such as local and regional trials and/or pilots that are intended for roll-out to the Network if successful, and nationwide roll-outs of programs and activities on a region by region basis) of all types, including social media programs, search engine optimization, pay per click programs, and purchasing media advertising;
- 4.3.9 The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, customer loyalty programs, and similar brand enhancement activities and programs;
- 4.3.10 The costs of establishing, designing, maintaining, updating, and upgrading one or more consumer-oriented Internet, on-line, mobile, and other electronic applications, including hosting, maintenance, web-optimization, search engine marketing, and similar costs (provided, however, that CKFI will be responsible for development, hosting, maintenance, and optimization costs associated with maintaining, at its current or similar functionality, the website at www.comfortkeepers.com);
- 4.3.11 All administrative costs associated with Brand Fund activities, including those specified in Section 4.4 of this Addendum; and
- 4.3.12 To preserve flexibility in meeting competition and taking advantage of new brand enhancement vehicles and media that may develop and/or change over time, the costs of such other national brand enhancement activities as may be deemed advisable.

Although, as provided above in Sections 4.3.3 and 4.3.8, certain activities may be implemented first on a regional trial basis prior to intended nationwide roll-out, the purpose of the Brand Fund is to provide brand enhancement on a nationwide basis. Accordingly, no Brand Fund contributions may be spent on any activity that is intended to be local and/or regional only. In addition, no part of the Brand Fund will be used to pay for anything whose primary purpose is the marketing of franchises and/or to fund any activity of CKFI that is not primarily related to carrying out the purpose of this Brand Fund.

4.4 CKFI's Administration of the Brand Fund and Permitted Administrative Expenditures.

- 4.4.1 CKFI must either, at its option, administer the Brand Fund as a segregated fund or cause the Brand Fund to be incorporated or operated through an entity separate from CKFI, but formed and owned by CKFI, when CKFI deems it appropriate. Any such successor entity will have all of CKFI's rights and duties.
- 4.4.2 CKFI may use collection agencies and bring legal proceedings at the Brand Fund's expense to collect Brand Fund contributions; all costs of collection of delinquent Brand Fund contributions will be paid from the Brand Fund. As provided in Section 5.3 below, CKFI may seek reimbursement for the Brand Fund from delinquent Brand Fund contributors. The Brand Fund will not be used to defend against a counterclaim (to a collection action) that is unrelated to the use and propriety of brand enhancement activities.
- 4.4.3 CKFI may forgive, waive, settle, and compromise all claims by, on behalf of, or against the Brand Fund (excluding claims against CKFI for malfeasance), including, in its sole judgment, claims involving individual Franchised Businesses. CKFI will keep the NBF Advisory Committee apprised generally of the status of such claims.
- 4.4.4 The Brand Fund will not be used to pay for CKFI's general operating expenses and, as provided in Section 4.6 below, CKFI will maintain expenditures of CKFI's Marketing Department at \$815,000 per year.
- 4.4.5 The Brand Fund must pay all expenses associated with its governance and administration, including expenses related to any vote required by 4.7.3 or 4.10.1 of this Addendum. In planning the BF Budget, the NBF Advisory Committee and CKFI will target a 10% cap on the administrative costs (including costs of governance) of the Brand Fund, but the 10% target cap may be exceeded under the circumstances described in Section 4.2.3 of this Addendum.
- 4.4.6 As part of the Administrative Costs and other expenses of the Brand Fund as provided in Section 4.4.5 of this Addendum, CKFI may reimburse itself from the Brand Fund for such reasonable salary costs of CKFI's employees, and such administrative and overhead costs and expenses, as CKFI may incur in activities reasonably related to the administration of the Brand Fund and its brand enhancement programs and activities. Those costs and expenses include agency fees, legal fees, travel expenses, insurance and indemnification related to Brand Fund activities for members of the NAC and NBF Advisory Committee (as provided in Section 4.8.2 of this Addendum), preparing or procuring market studies, preparing or procuring reports required by this Addendum or requested by the NAC and/or NBF Advisory Committee, repayment of funds advanced

pursuant to Section 4.5 of this Addendum and funds loaned pursuant to Section 4.4.8 of this Addendum, judgments and settlements, preparing brand enhancement materials, regulatory, tax, and other compliance activities, expenses related to governance, collecting and accounting for contributions to and expenditures by the Brand Fund, and preparing for and assisting in any independent audit that may be done of the Brand Fund.

- 4.4.7 In selecting vendors of goods or services to the Brand Fund (which may include CKFI and Affiliates of CKFI), CKFI will follow a Request for Proposal (“RFP”) process. CKFI will review the proposed RFP methodology with the NBF Advisory Committee before circulating an RFP and will review the results of the RFP process with the NBF Advisory Committee following the RFP process. Absent, in CKFI’s reasonable judgment, unique circumstances, the cost for such goods and services shall be within the range that is reasonable and customary within the industry and within the BF Budget. “Unique circumstances” shall not include the relationship of the vendor to CKFI or any CKFI staff member. If CKFI becomes a vendor in response to an RFP, CKFI will follow normal vendor practices relating to submission of invoices for services performed.
- 4.4.8 The Brand Fund will be administered on a calendar year basis. The Brand Fund may spend in any calendar year an amount greater or less than the aggregate contribution of the Network to the Brand Fund in that year. If needed to augment cash flows to meet budgeted expenditures, CKFI may borrow money on behalf of the Brand Fund from any source offering competitive rates and terms, or, at the request of the NAC, CKFI may lend money to the Brand Fund but only at the best rates and terms CKFI is able to obtain for itself. CKFI has no obligation to make any loan to the Brand Fund. The total of all loans outstanding at any time may not exceed fifty percent (50%) of that calendar year’s expected Brand Fund contributions. Except as otherwise provided in Section 4.10.3 of this Addendum, the Brand Fund will retain for future use any amounts that are not disbursed in a given calendar year.
- 4.4.9 By the thirtieth (30th) day of the first month following the end of a calendar quarter, CKFI will provide to the NBF Advisory Committee unaudited accountings of contributions to and expenditures by the Brand Fund during the preceding quarter. In addition, by March 31 of each year, CKFI will prepare an unaudited accounting of contributions to and expenditures by the Brand Fund during the preceding calendar year. CKFI will furnish that annual accounting to the NAC and the NBF Advisory Committee. In addition, CKFI will present a financial report to the NAC at each regular meeting. These accountings and financial reports will be posted on the Members Site or otherwise made available to You.

- 4.5 CKFI Brand Fund Contributions. For any Company-owned Unit, CKFI will contribute to the Brand Fund on the same basis as Franchised Businesses. CKFI will also contribute to the Brand Fund \$500,000 for each of the initial three (3) budget years of the Brand Fund operation (prorated, if applicable, for the first budget year if it is a partial year), and \$100,000 for each budget year of the Brand Fund's existence thereafter until (and including) its tenth year of operation. Both CKFI's contributions for Company-owned Units and the annual contributions described in this Section 4.5 will be adjusted each year by the Consumer Price Index, All Urban Consumers/U.S. City Average, All Items ("CPI-U") to the same extent that franchisees' Brand Fund contributions are adjusted, as provided in Section 4.7.2. In addition, during the first budget year (full or partial) of the Brand Fund, CKFI will make available to the Brand Fund an interest-free loan of \$500,000, which must be repaid within six months from the date the Brand Fund receives the funds.
- 4.6 CKFI Marketing Department Budget. So long as the Brand Fund has not been terminated, CKFI will expend at least \$815,000.00 per year on Marketing Department expenses (exclusive of expenses related to franchise development advertising and activities) to maintain activities of the Marketing Department for franchisees at similar levels (but not necessarily the same or similar activities) to the activities received by the Network during 2012. This amount will be adjusted each year by the CPI-U to the same extent that franchisees' Brand Fund contributions are adjusted, as provided in Section 4.7.2 of this Addendum.
- 4.7 Your Brand Fund Contributions.

Unless otherwise specified by CKFI, You must make monthly contributions to the Brand Fund on the Brand Fund Due Date, beginning the month your first Royalty Fee payment is due. The amount of Your contribution to the Brand Fund will be determined as follows:

- 4.7.1 The initial monthly Brand Fund contribution will be the lesser of Six Hundred Dollars (\$600.00) per month or 2% of Your monthly Gross Revenue for the preceding month.
- 4.7.2 Beginning in 2014, CKFI may adjust the monthly Brand Fund contribution each year by the amount of the change (increase or decrease) in the CPI-U. CKFI will communicate this change, if any, to You by January 20 of each year by first class mail addressed to You at the address for notices that You have provided to CKFI, by email at the email address CKFI has assigned to You, or by such other means as CKFI deems advisable. The change, if any, will take effect for the Brand Fund contribution due February 28 following the announcement of the change.
- 4.7.3 In addition to any increase occurring as the result of an increase in the CPI-U, the monthly Brand Fund contribution may be increased and/or the methodology for determining Brand Fund contributions may be changed at any time after January 1, 2016 by a vote (one vote per territory) of the

majority of the combined total of Company-owned Units and franchisees in Good Standing.

4.7.4 Brand Fund contributions are paid in arrears; that is, the Brand Fund contribution for a given month relates to the preceding month's operations.

4.7.5 If Your Brand Fund contribution for any month, plus Your local advertising expenditure requirement for that month ("Your Total Expenditure"), is more than 2% of Your Gross Revenue for the month, then You may reduce Your monthly local advertising expenditure requirement under the Franchise Agreement for the following month by the amount Your Total Expenditure for the preceding month exceeded 2% of Your Gross Revenue for the preceding month.

4.8. No Fiduciary Obligation or Guarantee.

4.8.1 After receiving input from the NAC and the NBF Advisory Committee, CKFI will exercise its discretion with respect to maintaining, directing, or administering the Brand Fund. You agree that the Brand Fund will not be deemed a trust and that the members of the NAC, the members of the NBF Advisory Committee, and CKFI (each of the foregoing, a "**Brand Fund Indemnified Party**") have no fiduciary obligation to You with respect to the Brand Fund. You hereby release and hold harmless each Brand Fund Indemnified Party with respect to any action or decision taken with respect to the Brand Fund except in the case of malfeasance.

4.8.2 The Brand Fund shall indemnify and hold harmless (except in the case of malfeasance) each Brand Fund Indemnified Party with respect to any action or decision taken with respect to the Brand Fund, including any claims brought by third parties. The Brand Fund shall purchase appropriate insurance for NAC and NBF Advisory Committee members for claims related to the Brand Fund.

4.8.3 CKFI will attempt to spend Brand Fund contributions so as to provide benefits to all participating Franchised Businesses and Company-owned Units as provided in this Addendum, but CKFI has no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchised Businesses operating in that area or that any Franchised Business, including Yours, will benefit in any manner directly or in proportion to its contribution to the Brand Fund. You acknowledge that Your failure to derive any proportionate, direct, or quantifiable benefit from Brand Fund activities and expenditures will not serve as a basis for (a) a claim against any Brand Fund Indemnified Party or the Brand Fund, or (b) a reduction or elimination of Your obligation to contribute to the Brand Fund.

4.9. Audit of Brand Fund. The Brand Fund will be audited after its first full year of operation and thereafter every three (3) years. As part of the budget process for the Brand Fund (see Section 4.2.3), the NAC may request an audit at any time for any year. In addition, if one-third (1/3) or more of Franchised Businesses in Good Standing request in writing that the Brand Fund be audited for the preceding year, the Brand Fund will be audited, with the audit to begin within three (3) months following the request or as soon thereafter as CKFI can identify and engage an independent auditor as provided in this Section 4.9. Any Brand Fund audit will be conducted by an independent auditor that does not currently have, and has not previously had, CKFI or a CKFI Affiliate as a client. The Brand Fund will bear the costs of any Brand Fund audit.

4.10. Termination of Brand Fund.

4.10.1 After January 1, 2016, the Brand Fund may be terminated by the affirmative vote (one vote per territory) of the majority of the combined total of Comfort Keepers® Franchised Businesses and Company-owned Units then in Good Standing, according to the procedure set forth in this paragraph. After that date, if one-third (1/3) or more of Franchised Businesses in Good Standing request in writing that termination of the Brand Fund be put to a vote, that vote will be conducted. CKFI will conduct the vote as soon as practicable but no longer than three (3) months from receipt of the written request by at least one-third (1/3) of Franchised Businesses in Good Standing. If the vote is against termination of the Brand Fund, the Brand Fund will continue. This procedure for termination by vote may be utilized no more often than once every three (3) years after January 1, 2016.

4.10.2 CKFI may terminate the Brand Fund at any time after January 1, 2016, after consultation with the NAC and the NBF Advisory Committee.

4.10.3 If the Brand Fund is terminated for any reason, You and CKFI must continue to make Your and its respective Brand Fund contributions until all loans and other outstanding financial obligations of the Brand Fund have been paid in full. If You are no longer a party to the Franchise Agreement because of the expiration or transfer of the Franchise Agreement, You will have no obligation to make Brand Fund contributions with respect to operations after the date of expiration or transfer of the Franchise Agreement but You must pay all Brand Fund contributions with respect to operations before the date of expiration or transfer of the Franchise Agreement. If there are any funds remaining in the Brand Fund after the Brand Fund has paid all of its outstanding loans and financial obligations, CKFI will return contributions to then-current franchisees (that is, not to a prior franchise owner if a transfer has taken place or a franchise agreement has expired), to then-existing Company-owned Units, and to itself on a pro-rata basis based on their and its contributions during the twelve (12) calendar months preceding the return of contributions.

4.10.4 Termination of the Brand Fund does not terminate this Addendum. Those provisions of this Addendum that, by their items or by reasonable implication, are intended to survive termination of the Brand Fund shall survive the termination of the Brand Fund.

5. Payment of Brand Fund Contributions.

5.1 Payment by Electronic Funds Transfer (“EFT”). Your monthly contribution to the Brand Fund will be made by EFT on the Brand Fund Due Date. Section 6.9 of the Franchise Agreement will not apply to Brand Fund contributions, which CKFI will deposit in the Brand Fund account.

5.2. Collection and Collection Costs. You agree to reimburse the Brand Fund for any costs (including reasonable legal fees and costs) incurred in collecting Brand Fund contributions You have not paid. You also agree that collection of amounts owed the Brand Fund is not subject to the mediation and/or arbitration provisions of the Franchise Agreement and that CKFI may file a court action to recover Brand Fund contributions You have not paid. Except for the mediation and/or arbitration provisions, any action to recover Brand Fund contributions You have not paid shall be subject to the terms of the Franchise Agreement. If You or CKFI has both a claim (or counter-claim) related to the Brand Fund and a claim (or counter-claim) unrelated to the Brand Fund, the claim (or counterclaim) unrelated to the Brand Fund must be brought separately under the dispute resolution provisions of the Franchise Agreement. Except as provided in the preceding sentence, this Section 5.3 does not require You to waive any defenses You may have to collection of those amounts under any applicable federal or state law.

6. Modification of Franchise Agreement. This Addendum is made part of the Franchise Agreement and modifies it. The Franchise Agreement as in effect on the Effective Date, including the modifications reflected in this Addendum, is hereby affirmed.

7. Authority. Each person signing this Addendum on behalf of a corporate or other entity individually represents and warrants that he/she has the authority to bind the entity to the terms of this Addendum.

In witness of the foregoing, the parties have executed this Addendum as of the Effective Date.

CKFI: CK Franchising, Inc.

By _____
Printed Name: _____
Title: _____

ATTACHMENT 10
ACKNOWLEDGMENT ADDENDUM TO
FRANCHISE AGREEMENT

The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that CKFI has not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that you may make relating to the offer and sale of the Comfort Keepers® franchise to you and the operation of the Comfort Keepers® business. Please review each of the following questions carefully and provide honest responses to each question. Please feel free to use additional pages if necessary to complete any responses you make.

Acknowledgments and Representations*

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days before you signed the Franchise Agreement?

YES NO

If no, please comment: _____

2. Did CKFI unilaterally make any material changes to the Franchise Agreement (including any attachments) after you received the form franchise agreement contained in the Franchise Disclosure Document? YES NO

If yes, did CKFI provide the revised agreement to you at least seven days before you signed it?
 YES NO

3. Other than the Deposit, have you paid any money to CKFI concerning the purchase of this franchise before today? YES NO If yes, please comment: _____

4. Have you personally studied and reviewed carefully our Franchise Disclosure Document and Franchise Agreement? YES NO

If "No," do you wish to have more time to review these documents? YES NO

5. Do you understand all of the information contained in the Franchise Disclosure Document and Franchise Agreement? YES NO If no, what parts do you not understand? _

_____ Initials

ATTACHMENT 10

6. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating Comfort Keepers® franchise?

YES NO If no, do you wish to have more time to do so? YES NO

7. Was any oral, written, or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document? YES NO If yes, please state in detail the oral, written or visual claim or representation: _____

8. Did any employee or other person speaking on behalf of CKFI make any oral, written, or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, earnings, income or profit levels at any Comfort Keepers® location or from your Comfort Keepers® business and that contradicted or supplemented the disclosure in Item 19 of the Franchise Disclosure Document?

YES NO If yes, please state in detail the oral, written, or visual claim or representation: _____

9. Did any employee or other person speaking on behalf of CKFI make any oral, written, or visual claim, statement, promise or representation to you concerning the likelihood of success that you should or might expect to achieve from operating a Comfort Keepers® franchise? YES NO If yes, please state in detail the oral, written, or visual claim or representation: _____

10. Do you understand that the franchise granted is for the right to operate a Comfort Keepers® business within the zip codes listed in Attachment 1 to the Franchise Agreement ("Your Territory") and do you understand your rights and protections, and the rights of others, including other franchisees, us, and our Affiliates, with respect to Your Territory?

YES NO

If no, please comment: _____

_____ Initials

ATTACHMENT 10

11. Do you understand that the Franchise Agreement (together with any representations in the Franchise Disclosure Document) contains the entire agreement between you and us concerning your Comfort Keepers® franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement or the Franchise Disclosure Document will not be binding? YES NO If no, please comment: _____

12. Do you understand that the success of your Comfort Keepers® franchise will depend in large part on your skills and abilities, the local market for services you offer under the Franchise Agreement, competition from other businesses, and other economic and business factors?

YES NO If no, please comment: _____

13. Do you understand that your Comfort Keepers® business will be required to meet minimum performance standards and the consequences if it fails to do so? YES NO If no, please comment: _____

14. Do you understand that the economic, business, and competitive factors that exist at the time you open your Comfort Keepers® business may change? YES NO

If no, please comment: _____

15. Have you carefully reviewed and do you understand the restrictions on your business activities both within and outside Your Territory, both during the term of the Franchise Agreement as well as for two years after the Franchise Agreement expires or is terminated?

YES NO

If no, please comment: _____

_____ Initials

ATTACHMENT 10

16. Do you understand that the restrictions on your business activities apply to each person holding a direct or indirect beneficial interest in the franchisee entity (including spouses) and that violation of the restrictions by any such person may result in an injunction and (if such actions occur during the term of the Franchise Agreement) default and termination of the Franchise Agreement? YES NO If no, please comment: _____

17. Do you understand that, at the end of the initial term of the Franchise Agreement, if you wish to renew your franchise you must sign the form of franchise agreement that CKFI is then offering to new franchisees and that the terms of that franchise agreement (including Royalty Fees, Brand Fund contributions, and other provisions) may differ materially from the terms of the Franchise Agreement? YES NO If no, please comment: _____

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Acknowledgment Addendum, you are representing that you have responded truthfully to the above questions.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS BENEFICIAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Signed: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____

Signed: _____

Signed: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____

* Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Act.

_____ Initials

ATTACHMENT 10

ATTACHMENT 11
RENEWAL ADDENDUM

THIS RENEWAL ADDENDUM (the “**Addendum**”) modifies and amends the CKFI Franchise Agreement dated _____ (that agreement, together with all previously or contemporaneously executed addenda, amendments, and attachments, the “**Franchise Agreement**”), between CK Franchising, Inc. (“**CKFI**”) and _____ (jointly and severally, “**You**”). This Addendum is based on the following understandings:

a. You have been operating a Franchised Business under a franchise agreement that has expired, or will soon expire, according to its terms (the “**Old Franchise Agreement**”).

b. The Franchise Agreement is a renewal franchise agreement for the continuation of Your Franchised Business without interruption in its operations. This Addendum contains certain provisions relating to that renewal, including amended Franchise Agreement terms CKFI has offered as a special inducement for You to sign the Franchise Agreement.

Accordingly, the parties agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Addendum have the meanings assigned in the Franchise Agreement, if any.

2. **Effect of Addendum Provisions.** Sections 4 and 5 of this Addendum apply only if the Old Franchise Agreement has an effective date on or before December 31, 2006.

3. **Royalty Fees.**

(a) Section 6.2(a)(i) of the Franchise Agreement is deleted and replaced with the following:

(i) You will pay a Royalty Fee calculated as follows on Your Franchised Business’s Gross Revenue for the immediately preceding calendar month:

Monthly Gross Revenue	Royalty Fee
\$114,440.99 or less	The greater of 5% of Gross Revenue or the Minimum Royalty Fee
\$114,441 to \$228,879	5% of Gross Revenue up to \$114,440.99 and 4% of Gross Revenue over \$114,440.99
More than \$ 228,879	5% of Gross Revenue up to \$114,440.99, 4% of Gross Revenue between \$114,441.00 and \$228,879, and 3% of Gross Revenue over \$228,879.00

This revenue-based royalty structure is not a representation or suggestion as to what level of Gross Revenue You may, or are likely to, obtain through operation of Your Franchised Business.

(b) The following language is added as a new subsection 6.2(a)(iv) to the Franchise Agreement:

(iv) CKFI has the right, but not the obligation, to increase or decrease annually any or all of the royalty breakpoints in this Section 6.2 by up to the amount of the corresponding change in the CPI. You agree to pay Royalty Fees in accordance with any notice from CKFI of a change in the royalty breakpoints as provided in this Section 6.2.

4. **Computer Systems.** The following language is added as the second paragraph of Section 7.2.8(a) of the Franchise Agreement:

If CKFI implements a technology platform of any kind, CKFI may require You to acquire, install, and use only those portions of the software that relate to communication, access to the CK Intranet, and Data Collection. "Data Collection" means the gathering and reporting to CKFI of information and data it requests relating to the operations of the Franchised Business, including, for example, Gross Revenue, MPS Gross Revenue, customer information, customer lists, hours and types of Services performed, Medicare or Medicaid Clients served, and Clients served under national and regional alliances.

5. **Brand Fund.** Section 8.1(b) of the Franchise Agreement is deleted in its entirety and replaced with the following:

(b) Following approval by Franchisees, CKFI may establish a Brand Fund to promote the goodwill and public image of the System, Network, and Marks and to develop brand enhancement programs and materials as CKFI deems appropriate. "Brand enhancement" includes advertising, marketing, promotions, public relations, and other brand development activities and materials designed to promote the goodwill and public image of the System, Network, and Marks. At a time or times determined by CKFI, CKFI will submit establishment of the Brand Fund and the amount of the contribution for the first two years to all Franchisees in good standing under their franchise agreements. Each franchised unit will have one vote. The affirmative vote of a majority of franchised units in good standing will constitute "approval by Franchisees." Failure to obtain approval by Franchisees at any time does not preclude CKFI from resubmitting the matter to a vote of Franchisees in good standing at such other time or times as CKFI deems advisable.

6. **Release.** As an inducement to CKFI to enter into the Franchise Agreement, You and Your Related Parties jointly and severally release and forever discharge CKFI, and its Affiliates, parents, ultimate parents and their respective heirs, successors, members, shareholders, partners, officers and directors, representatives, assigns, agents and employees, past or present, in their personal and representative capacities ("CKFI Releasees"), of and from

any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character and description, known or unknown, vested or contingent, that You and/or any of Your Related Parties now owns or holds, or has at any time before the date of this Renewal Addendum has owned or held, or may at any time own or hold against CKFI and/or any of the CKFI Releasees including, but not limited to, those (i) arising under any agreement between You and/or any of Your Related Parties and CKFI and/or any of the CKFI Releasees, including the Old Franchise Agreement; (ii) arising from the parties' conduct during the term of the Old Franchise Agreement, (iii) arising during Your operation of the franchised COMFORT KEEPERS® business under the Old Franchise Agreement; and (iv) arising under federal, state and local laws, rules or ordinances. This Release does not apply to any obligations of CKFI arising on or after the Effective Date under the Franchise Agreement or under any other agreement between CKFI and You or to any claims arising from representations made in the Franchise Disclosure Document provided to You with respect to the Franchise Agreement.

7. **Expiration of Addendum Terms; No Transfer.** The provisions of this Addendum will expire upon the termination or expiration of the current term of the Franchise Agreement (even if the Franchise Agreement is renewed again) and upon a Transfer of the Franchise Agreement or of a majority of the Beneficial Ownership in You. Notwithstanding the foregoing, CKFI agrees that, absent a transfer of the Franchise Agreement or of a majority of the Beneficial Ownership in You, any future renewal franchise agreement You sign will provide for payment of Royalty Fees as set forth in Section 3 of this Addendum, with the royalty breakpoints reflecting any changes that may have been made according to the CPI during the period between execution of the Franchise Agreement and execution of the future renewal franchise agreement. The preceding sentence applies only if the Old Franchise Agreement was executed on or before December 31, 2006.

8. **Effect on Franchise Agreement.** Except as expressly modified and amended by this Addendum, the Franchise Agreement remains in full force and effect.

SIGNATURE PAGE FOLLOWS

You and CKFI have executed this Renewal Addendum as of the date set forth below under CKFI's signature.

CK Franchising, Inc.,
an Ohio corporation

_____ a _____ corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT 12



This Business Agreement (“Agreement”) is entered into

as of the _____
 (“Effective Date”),

by and between

CK Franchising Inc.,
6640 Poe Avenue, Suite 200,
Dayton, OH 45414
 (“CKFI”)

And

<p>Add Business Name And Address Here</p>
--

(“Member”).

CKFI and Member may be referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, CKFI, as franchisor, and Member, as franchisee, are parties to a Comfort Keepers® franchise agreement (the “Franchise Agreement”) under which CKFI has granted to Member the right to operate an in-home care business under CKFI’s marks and system as part of a network of Comfort Keepers® franchisees (the “Network”);

WHEREAS, CKFI is developing an on-line integrated information database and affiliated information technology system (“Data Warehouse”); and

WHEREAS, CKFI and Member desire to enter into this Agreement whereby Member will act as a supplier of certain in-home care management data and information with respect to Member’s operations under the Franchise Agreement, and CKFI will provide Member with information management services to Member via the Data Warehouse, as set forth and subject to the terms and conditions herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby contract and agree as follows:

1. Duties

The Parties shall provide and perform the following duties:

A. CKFI Duties:

1. Subject to timely payment of the Fees described in Section 2 below, CKFI shall provide such interface software and network as are reasonably required for Member and other Network franchisees who are members of the Data Warehouse (“Other Members”) to access the Data Warehouse.
2. CKFI shall provide Data Warehouse materials and regularly scheduled online webcast training for Member’s authorized employees and other staff as reasonably required for performance of the Agreement.
3. CKFI shall provide access to the Data Warehouse subject to the terms and conditions set forth herein. The Data Warehouse shall aggregate financial and operational client data submitted by its various members (“Data”), and make the compiled Data available for review and analysis by Member. It is a goal of the Data Warehouse to provide Member access to shared

benchmarking and demographic reports, and to generate custom reports respecting the Data.

4. In connection with the Data Warehouse, CKFI shall provide commercially reasonable support services, security management, disaster recovery, virus protection, system monitoring, and help desk.

B. Member Duties:

1. Member will pay the Fees set forth in Section 2, below, in a timely manner.
2. Within twenty five (25) business days of the end of each full month during the Term, Member agrees to submit to CKFI monthly data reports via the Data Warehouse website, including but not limited to the following ("Input Data"):
 - a. data from Member's scheduling system as specified by CKFI
 - b. data from Member's financial system as specified by CKFI
 - c. other monthly profile data as specified by CKFI

Input Data shall include any and all intellectual property embodied within the reports, including but not limited to data organization, processing and formatting.

3. **Member hereby grants CKFI a non-exclusive royalty-free license** to reproduce, distribute, modify, transmit, display, adapt and integrate the Input Data, alone or in conjunction with data provided by Other Members, for any lawful purpose in perpetuity throughout the world. This license shall extend to the use of the Input Data by Other Members for internal comparative benchmarking, performance management, demographic, strategic, and tactical analyses.
4. **Member will designate a single User as a primary contact person** (commonly called the Member's "Data Administrator") for all communication between CKFI and Member with respect to this Agreement.
5. **Member shall provide reasonable access**, collaboration and assistance to CKFI, including but not limited to assisting CKFI in assessing Member's information technology environment and developing reasonable interface software and network solutions. Member shall purchase any commercially reasonable software and/or hardware necessary to access the Data

Warehouse and to take any other actions required to remain networked to the Data Warehouse.

6. **Member shall provide reasonable assistance and collaboration** to CKFI's training and maintenance activities during the Term, and shall comply with CKFI's procedures and policies then in effect respecting the submission of Input Data, use of the Data Warehouse and the Data stored therein.

2. **FEES**

In consideration of the services provided to Member hereunder, Member agrees to pay the following fees ("Fees"):

A. Deposit:

A non-refundable deposit of Zero (\$ 0.00) US Dollars shall be due and payable upon execution of this Agreement ("Deposit"). The Deposit shall be applied towards the Connection Fee (as defined in subsection B, below).

B. Connection Fee:

A non-refundable connection fee of Zero (\$0.00) Dollars shall be due and payable upon completion of the Development Phase ("Connection Fee").

C. Quarterly Service Fee:

Commencing upon the first month following completion of the Development Phase, and continuing each month throughout the remainder of the Term, a Service Fee shall be payable as follows:

Membership Plan	Features	Total Cost Per Quarter
Base Plan		\$0.00 USD

The Service Fee shall be prorated on a per diem basis for any partial month during the Term.

Documented members of the Comfort Keepers® Performance Management

Groups (“PMG”) in good financial standing will have their membership fee waived for each month of their participation in the Performance Management Group Program. Should a member discontinue participation in the PMG program, that member will then be accountable for the Monthly Service Fee going forward.

E. Supplemental Fees

Additional fees for optional requested services noted in the Supplemental Fee Schedule attached hereto will be charged as such services are rendered.

F. Interest & Late Fees

Fees are considered “past due” if not received before the 1st day of each month in which service is to be rendered, except for Supplemental Fees, which shall be due within thirty (30) day of receipt of an invoice.

Any payment past due will be subject to a \$25.00 late fee.

Any balance over thirty (30) calendar days past due will also accrue interest at the rate of 8% per annum.

Any balance over sixty (60) calendar days past due may result in suspension or termination of services by CKFI.

CKFI will apply each payment first to pay any late fees or interest accrued as of the date of payment, then to bring Member’s principal account current.

3. TERM AND TERMINATION

A. Term.

The initial term of this Agreement shall commence on the Effective Date, and shall continue through 11:59 pm on **December 31, 2015** (“Initial Term”), subject to earlier termination as provided herein.

B. Renewal Term

Upon conclusion of the Initial Term, **this Agreement shall automatically renew for successive one month periods** (each a “Renewal Term”), unless otherwise terminated as provided herein or either Party gives notice of termination to the other Party at least thirty (30) days prior to the commencement of a Renewal Term. (The

Initial Term and any Renewal Terms shall be collectively referred to herein as the “Term”.)

C. Termination

1. Either Party may terminate this Agreement if it is reasonably determined that the Member information technology environment, or hardware or software requirements are commercially unreasonable for use in conjunction with the Data Warehouse. Such termination shall be submitted in writing to the other Party within ten (10) business days of such determination, stating with specificity the basis therefor.
2. In the event that a Party fails to comply with this Agreement in any material respect, the other Party may give written notice describing such failure within thirty (30) days thereof (the “Default Notice”). The non-defaulting Party shall have the option of terminating this Agreement if the defaulting Party has not cured the default within thirty (30) days of receipt of the Default Notice, and ten (10) days in the event of non-payment of money. If the default is not curable then the non-defaulting party may immediately terminate the Agreement following its rendering of the Default Notice.
3. Termination in the Event of Bankruptcy. This Agreement may be terminated at the option of a Party upon an event of bankruptcy by the other Party. As used in this section, an event of bankruptcy of a Party shall mean
 - i. a general assignment by it for the benefit of creditors;
 - ii. its insolvency;
 - iii. its inability to pay its debts as they come due;
 - iv. the filing against it of any petition in any insolvency, receivership, composition, readjustment, liquidation, dissolution, bankruptcy, reorganization, or similar proceeding, whether or not pursuant to any present or future statute or regulation, or the filing by it of any petition in any such proceedings; or
 - v. the seeking by it of the appointment of a trustee, receiver, liquidator, custodian, or other similar official for it or any substantial part of its assets or the seeking the appointment of or taking possession by any such official in any proceeding commenced against it.

4. Termination of the Agreement shall not constitute a waiver of forfeiture of CKFI's right to receive fees or amounts accruing through the date of termination or of CKFI's rights under the Franchise Agreement to require Member to provide information to CKFI.
5. Except as otherwise permitted in writing by CKFI, within thirty (30) days after the termination or expiration of this Agreement, the Member shall delete and destroy any backups and stored information and Output Data (as defined in Section 4.C) obtained from the Data Warehouse.

4. INFORMATION OWNERSHIP & USE

A. Ownership.

As between CKFI and Member and except as otherwise provided in this Section 4.A, Member shall retain all right, title and interest in and to the Input Data, subject to the licenses granted hereunder.

To the extent the Data Warehouse or affiliated services provided by CKFI hereunder incorporate or include Member-owned proprietary information or assets, **Member hereby grants to CKFI a perpetual, irrevocable, non-exclusive, royalty-free, fully paid-up, worldwide license** to reproduce, distribute, modify and otherwise utilize such proprietary assets or information to the extent necessary or desirable.

CKFI shall own all right, title and interest in and to the Output Data, the Data Warehouse and its affiliated services and technology (including, but not limited to, patent rights, copyrights, trade secrets, trademarks, and all other proprietary rights, now known or hereafter created) throughout the world. CKFI also owns all right, title and interest in and to client information that Member may provide to CKFI, regardless of whether that client information is contained in or incorporated into Input Data.

B. Protected Health Information.

Nothing herein should be interpreted to limit either party's obligations under Standards for Privacy and Security of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A, C and E, Health Insurance Portability and Accountability Act ("HIPAA"), or regulations promulgated thereunder, and all other applicable laws and regulations regarding confidentiality and security of patient information. Each Party agrees to not use or disclose Protected Health Information as

defined in 45 CFR 164.501 other than as permitted by law. Member shall prepare all Input Data in a format consistent with these obligations, and applicable federal, state and local law prior to submission to CKFI or the Data Warehouse. Each Party agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information in connection with this Agreement or its participation in the Data Warehouse, and such policies and procedures shall be at least as restrictive as that Party's own internal practices. Each party agrees to mitigate, to the extent practicable, any harmful effect that is known to that Party of a use or disclosure of Protected Health Information by that party in violation of the requirements of this Agreement. Each party agrees to report to the other party any use or disclosure of the Protected Health Information in connection with the Data Warehouse or this Agreement of which it becomes aware. Each Party agrees to require that any agent, including a subcontractor, utilizing the Data Warehouse or Input Data, agrees to the same restrictions and conditions that apply through this Agreement to that party with respect to such information. Member agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information available to CKFI for purposes of determining compliance with HIPAA and all other applicable laws and regulations regarding confidentiality and security of patient information.

C. Restricted Use.

Data aggregated by the Data Warehouse and made available to Member (“Output Data”) shall be used by Member solely for internal analysis, benchmarking, self-assessment, reporting and operational improvement purposes. Member shall not sell, publish, distribute or deliver Output Data to third parties without the express written consent of CKFI. Members shall not use or exploit the CKFI or Data Warehouse name, logos or identifying marks without the express written consent of CKFI.

D. Accuracy and Validity.

Member acknowledges that the quality of the Output Data is dependent upon the accuracy and validity of the Input Data and the information supplied by Member and Other Members. **Member shall use its best efforts to provide accurate Input Data and to identify errors and anomalies prior to submission to CKFI.** If Member identifies an error in the Input Data following submission to CKFI, it shall notify CKFI as soon as practicable thereafter. CKFI reserves the right to remove, delete or restrict any Input Data it determines, in its sole discretion, to be erroneous or otherwise questionable. CKFI is solely an aggregator of information submitted by Other Members, and as such makes no warranties with respect to Output Data. Output Data is made available on an “as is” basis.

E. Viruses and Disabling Devices.

Member shall not intentionally or knowingly install any Disabling Device in resources utilized by Member, CKFI, or any third party, in connection with the Data Warehouse. A "Disabling Device" is any virus, timer, clock, counter, time lock, time bomb, Trojan horse, worms, file infectors, boot sector infectors, "spyware", or other limiting design, instruction, or routine that could, if triggered, erase data or programming or cause the resources to become inoperable, impaired or otherwise incapable of being used in the full manner for which such resources were intended to be used, or result in the loss of control over data or information. Member shall promptly notify CKFI in the event that a Disabling Device is found to have been introduced into the systems used to provide the Data Warehouse.

5. GENERAL PROVISIONS

- A. **Assignment.** Neither this Agreement, nor any right hereunder, nor interest herein, may be assigned or transferred by Member without the express written consent of CKFI.
- B. **Independent Contractor.** The Parties to this Agreement are independent contractors. Nothing in this Agreement shall in any way be construed to create a partnership, joint venture, agency or employment relationship. Neither Party shall bind or attempt to bind the other Party to any contract, commitments or binding obligations unless previously authorized in writing by a duly authorized director of the other Party.
- C. **Warranty.**
 - i. Member warrants that (i) none of the services, post-Term services or any part of this Agreement is or will be inconsistent with any obligation Member has or may have to others; (ii) it owns or controls 100% of all worldwide rights in and to the Input Data (except client information and data, which belongs to CKFI), and the use, reproduction, distribution or exploitation thereof will not infringe, misappropriate or violate any intellectual property or other right of any person or entity; (iii) it will comply in all respects with its obligations under Section 4, and its submission of Input Data will not violate any federal, state or local law, (iv) the Input Data provided by Member is, to the best of Member's knowledge, accurate and valid, and (v) Member has the full right and authority to enter into this Agreement, perform its duties hereunder, and grant CKFI the assignments and rights provided for herein.

- ii. CKFI warrants that (i) none of the services, post-Term services or any part of this Agreement is or will be inconsistent with any obligation CKFI has or may have to others; (ii) it owns or controls 100% of all worldwide rights in and to the Output Data, and the use, reproduction, distribution or exploitation thereof as contemplated herein will not infringe, misappropriate or violate any intellectual property or other right of any person or entity; (iii) it will comply in all respects with its obligations under Section 4, and (iv) CKFI has the full right and authority to enter into this Agreement, perform its duties hereunder, and grant Member the assignments and rights provided for herein

- D. **Non-Solicitation.** Member agrees that during the Term and for two years thereafter, Member will not encourage or solicit any employee or Other Member of CKFI to leave CKFI or the Network for any reason and Member will not assist any other person or organization in competing or in preparing to compete with any business or demonstrably anticipated business of CKFI or any of its franchisees.

- E. **Indemnification.** Member shall indemnify, defend, and hold CKFI, its employees, clients, agents and contractors harmless from and against any and all expenses, damages, claims, suits, actions, judgments, awards, fines and costs (including but not limited to attorney's fees) arising from or in any way connected with this Agreement, Member's performance (or non-performance) hereunder, or otherwise related to Member's activities, including, but not limited to, (i) any claim of actual or alleged infringement; (ii) violation of its obligations under Section 4 or federal, state or local law related to disclosure of protected information; (iii) Member's breach of third party contracts; (iv) disclosure or nondisclosure of Confidential Information.

- F. **Notices.** All notices under this Agreement shall be in writing, and shall be deemed given when personally delivered, one (1) business day if delivered by commercial courier that can confirm delivery, or three (3) days after being sent by prepaid certified or registered U.S. mail to the address of the party to be noticed. The addresses for notices under this Agreement shall be the address for notices under the Franchise Agreement.

- G. **Governing Law; Dispute Resolution.** This Agreement shall be construed and governed by the laws of the State of Ohio without regard to the choice of laws provisions thereof. In the case of any dispute between the Parties, the Parties shall resolve it in accordance with the dispute resolution procedures set forth in the Franchise Agreement. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys fees.

- H. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto concerning its subject matter, and supersedes any prior agreements between them, whether written or oral, with respect to the subject matter hereof. No waiver, alteration or modifications of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the parties hereto.

- I. **Severability.** The invalidity or unenforceability of any provision of this Agreement, or any terms thereof, shall not affect the validity of this Agreement as a whole, which shall at all times remain in full force and effect. To this end, in the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

- J. **Waiver.** The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights.

- K. **Survivability.** Any provision of this Agreement that, by its terms or by reasonable implication, contemplates performance or observance subsequent to any termination of this Agreement shall survive any termination of this Agreement and continue in full force and effect, including but not limited to Sections 4 and 5 and Member's post-Term service obligations.

- L. **Promotion.** Member grants CKFI a non-exclusive license to use Member's name, logo and/or trademark in advertising, publicity, or promotion by any and all media (including but not limited to website(s) owned or controlled by CKFI) for the purpose of marketing the Data Warehouse and the services rendered pursuant to this Agreement. CKFI shall not imply Member's endorsement of services not rendered to Member hereunder.

THE SIGNATURE PAGE IS THE NEXT PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

CKFI:	MEMBER (Territory #XXX):
Sig: _____	Sig: _____
Printed: _____	Printed: _____
Title: _____	Title: _____
Date: _____	Date: _____

MEMBER (Territory #XXX):
Sig: _____
Printed: _____
Title: _____
Date: _____

MEMBER (Territory #XXX):
Sig: _____
Printed: _____
Title: _____
Date: _____

Supplemental Fee Schedule

Options and Services	Cost
None	None

Initials _____

ATTACHMENT 13

SBA ADDENDUM RELATING TO COMFORT KEEPERS® FRANCHISE AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into on _____, 20____, by CK Franchising, Inc. (“**Franchisor**”), located at 6640 Poe Avenue, Suite 200, Dayton, Ohio 45414, and _____ (“**Franchisee**”), located at _____.

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__ (the “**Franchise Agreement**”). Franchisee agreed among other things to operate and maintain a Comfort Keepers® franchise located at _____ and designated by Franchisor as CK # _____ (the “**Unit**”). Franchisee has obtained from a lender a loan (the “**Loan**”) for which funding is provided with the assistance of the United States Small Business Administration (“**SBA**”). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Section 10.7 of the Franchise Agreement provides that the Franchisor (or any Third Party Assignee of the Franchisor) may elect pursuant to its Right of First Refusal (“**ROFR**”) to exercise the ROFR when Franchisee decides to sell partial interest(s) in the franchised business. Section 10.7 is amended to reflect that Franchisor (nor any Third Party Assignee of the Franchisor) will not exercise the ROFR for any partial sale of Franchisee’s business. Franchisor (nor any Third Party Assignee of Franchisor) may not become a partial owner of any SBA financed franchises.
- Section 10 of the Franchise Agreement is amended to provide that Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee that requires Franchisor’s consent under Section 10 of the Franchise Agreement.
- Notwithstanding anything to the contrary in Section 4.4.1, the Franchise Agreement and all documents must be signed and in effect at the time of the signing of the agreements.

- If the Franchisee or any Related Party holding a Beneficial Ownership Interest in Franchisee becomes Permanently Disabled (as described in Section 10.6 of the Franchise Agreement) and the parties are unable to agree as to whether the Franchisee or Related Party, as applicable, is Permanently Disabled, the disability shall be determined by three physicians chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two physicians so chosen shall select a third physician. The decision of the majority of the physicians so chosen shall be conclusive.
- Franchisor will not unreasonably withhold their consent if Franchisee pledges an interest in any SBA loan under Section 1010 of the Franchise Agreement.
- Notwithstanding the provisions of Section 12.1 of the Franchise Agreement giving Franchisor the right to exercise Reasonable Business Judgment in any decision, Franchisor may not unreasonably withhold its consent to any sale, assignment or transfer of interest by Franchisee where consent of Franchisor is required.
- Notwithstanding the language in Section 5.6 of the Franchise Agreement, Franchisor cannot establish maximum, minimum or other pricing requirements (pricing requirements) for Franchisee unless the pricing requirements have been established in a franchise agreement that has been reviewed and approved by the SBA and listed on the Franchise Registry.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

CK FRANCHISING, INC.

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

ATTACHMENT 14

HIPAA BUSINESS ASSOCIATE AGREEMENT

This HIPAA Business Associate Agreement (the “HBA Agreement”) is made and entered into as of _____, 20____, by and between CK Franchising, Inc., an Ohio corporation (“Business Associate”), and _____ (“Covered Entity”). Covered Entity and Business Associate may be referred to individually as a “Party” and collectively as the “Parties”.

RECITALS

WHEREAS, Covered Entity is a franchisee of Business Associate and operates a Comfort Keepers® franchised business (known as Comfort Keepers Office # ____) under a franchise agreement dated _____ (the “Franchise Agreement”) with Business Associate;

WHEREAS, Covered Entity and Business Associate desire to enter into this Agreement because Covered Entity will supply certain information in connection with an information technology database that Business Associate may make available to Covered Entity or as Business Associate may require under the terms of the Franchise Agreement; and

WHEREAS, Business Associate agrees to accept and utilize any such information pursuant to the terms set forth below;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby contract and agree as follows:

ARTICLE I

Definitions

Terms used but not otherwise defined in this Agreement have the same meaning as those terms in the Standards for Privacy of Individually Identifiable Health Information; Final Rule at 45 CFR Parts 160 – 164.

A. Privacy Rule – “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.

B. Security Rule – “Security Rule” means the Standards for Security of Electronic Protected Health Information at 45 CFR part 160 and part 164, subpart C.

ARTICLE II

Obligations and Activities of Business Associate

A. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or as required and permitted by law.

B. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.

C. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

D. Business Associate agrees to report to the Covered Entity and to the person whose Protected Health Information was disclosed any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.

E. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

F. Business Associate agrees to provide access, at the request of Covered Entity and in the time and manner reasonably requested, to Protected Health Information in a Designated Record Set, to Covered Entity or as directed by Covered Entity in order to meet the requirements under 45 CFR 164.524.

G. At the request and in the time and manner requested by Covered Entity, Business Associate agrees to make any amendment(s) to Protected Health Information in a designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR 164.526.

H. Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure and administrative, physical, and technical safeguarding of Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, available to the Covered Entity, or to the Secretary in a manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy and Security Rules.

I. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.

J. Business Associate agrees to provide to Covered Entity, in the time and manner requested by Covered Entity, information collected in accordance with Section I of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.

K. Business Associate will, in accordance with 45 CFR §164.314:

1. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Covered Entity.

2. Ensure that any agent, including a subcontractor, to whom it provides such information, agrees to implement reasonable and appropriate safeguards to protect Electronic Protected Health Information.

3. Report to the Covered Entity any security incident of which it becomes

aware.

L. Business Associate represents and warrants that, notwithstanding any other provision of this Agreement,

1. Business Associate shall comply with all applicable federal, state, and local laws and regulations that are not pre-empted or otherwise superseded by HIPAA; and

2. Business Associate shall comply with all Covered Entity policies and procedures of which it has been made reasonably aware that are applicable to this Agreement and to Business Associate's performance of services on behalf of Covered Entity.

ARTICLE III

Permitted Uses and Disclosures by Business Associate

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information for the following purposes provided that such use or disclosure would not violate the Privacy or Security Rule if done by the Covered Entity:

A. For the performance of functions, activities, or services for, or on behalf of, Covered Entity in connection with an information database and affiliated information technology that Business Associate may make available to Covered Entity.

B. For any lawful purpose permitted by the Franchise Agreement and/or the Operations Manual described in the Franchise Agreement.

C. For the proper management and administration of Business Associate (including its management and administration of the network of Comfort Keepers® franchises) and/or to carry out the legal responsibilities of Business Associate.

D. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 45 CFR 146.504(e)(2)(i)(B).

E. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR 164.502(j)(1).

ARTICLE IV

Obligations of Covered Entity

A. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR 164.520, to the extent that such limitations may affect Business Associate's use or disclosure of Protected Health Information.

B. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

C. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

ARTICLE V

Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule and Security Rule if done by Covered Entity.

ARTICLE VI

Term and Termination

A. **Term.** The Term of this Agreement shall be effective as of the Effective Date, and shall terminate when (i) all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity or (ii), if it is infeasible to return or destroy Protected Health Information, protections are extended to such information. This Agreement will also terminate upon the expiration or termination of the Franchise Agreement.

B. **Breach.** Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

1. Provide an opportunity for Business Associate to cure the breach within a reasonable amount of time specified by Covered Entity; or
2. Only if cure is not feasible, report the violation to the Secretary.

C. **Effect of Termination.**

1. Except as provided below, upon termination of this Agreement for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity within thirty (30) days of the effective date of expiration or termination. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Neither Business Associate nor any subcontractor or agent may retain any copies of Protected Health Information. Notwithstanding the foregoing, Business Associate may retain and continue to use any Protected Health Information that Business Associate is entitled to obtain under the terms of the Franchise Agreement and other Protected Health Information it reasonably needs in connection with its business as franchisor of the system of Comfort Keepers® franchises.

2. In the event that Business Associate determines that returning or destroying Protected Health Information (other than Protected Health Information Business Associate is permitted to retain) is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon Covered Entity's written agreement that return or destruction of Protected Health

Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

ARTICLE VII

Miscellaneous

A. **Regulatory References.** A reference in this Agreement to a section in the Privacy Rule or Security Rule means the section as in effect or as amended.

B. **Amendment.** This Agreement may be amended only upon the mutual written agreement of the parties, provided that the Parties agree to take such action to amend this Agreement from time to time as is necessary for the Covered Entity to comply with the requirements of the Privacy Rule and Security Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

C. **Survival.** The respective rights and obligations of Business Associate under Article VII Section "C" of this Agreement shall survive the termination of this Agreement.

D. **Interpretation.** If any provision of this Agreement is deemed to be unlawful or otherwise unenforceable, it shall be automatically stricken from this Agreement, and this Agreement shall otherwise remain in full force and effect, to be construed as closely as possible under the circumstances to effectuate the original intent of the parties. Any ambiguity in the Agreement shall be resolved to permit the Covered Entity to comply with the Privacy and Security Rules.

E. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the respective legal successors of the Parties. Neither this Agreement nor any rights or obligations hereunder may be assigned, in whole or in part, without the prior written consent of the other Party.

F. **Property Rights.** Except for client information (which belongs to Business Associate under the terms of the Franchise Agreement and as part of the good will associated with Business Associate's proprietary marks and system), all Protected Health Information shall be and remain the exclusive property of the Covered Entity. Except as provided in this Section F, Business Associate agrees that it acquires no title or rights to the Protected Health Information as a result of this Agreement.

G. **Injunctive Relief.** Business Associate agrees that breach of the terms and conditions of this Agreement will cause irreparable harm to Covered Entity for which there exists no adequate remedy at law. Covered Entity retains all rights to seek injunctive relief to prevent or stop any breach of the terms of this Agreement, including but not limited to the unauthorized use or disclosure of Protected Health Information by Business Associate or any agent, contractor or third party that received Protected Health Information from Business Associate.

H. Governing Law; Dispute Resolution. This Agreement shall be governed and construed in accordance with the laws of the State of Ohio without regard to the choice of laws provisions thereof. In the case of any dispute between the Parties, the Parties shall resolve it in accordance with the dispute resolution procedures set forth in the Franchise Agreement and the provisions of Section 12 of the Franchise Agreement. Notwithstanding the foregoing, the Parties hereto acknowledge that Business Associate and its employees, agents and contractors remain subject to all federal, state and local laws applicable to the actual performance of services in its respective jurisdiction(s).

I. Entire Agreement. This Agreement contains the entire understanding between the parties with respect to its subject matter and supersedes any and all other agreements and understandings between the parties, whether oral or written. No waiver, alteration or modifications of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the Parties hereto.

J. Independent Contractors. The parties to this Agreement are separate and independent entities. Nothing in this Agreement shall be construed or be deemed to create a relationship of employer and employee, principal and agent, partnership, joint venture, or any relationship other than that of independent entities who have entered into this Agreement solely for the purposes provided.

K. Notices. All notices under this Agreement shall be in writing, and shall be deemed given when personally delivered, one (1) business day if delivered by commercial courier that can confirm delivery, or three (3) days after being sent by prepaid certified or registered U.S. mail to the address of the party to be noticed as set forth herein, or such other address as such party has last designated in a written notice to the other party. The addresses for notices under this Agreement shall be the address for notices under the Franchise Agreement.

L. Severability. The invalidity or unenforceability of any provision of this Agreement, or any terms thereof, shall not affect the validity of this Agreement as a whole, which shall at all times remain in full force and effect. To this end, in the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

AGREED and ACCEPTED as of the date first indicated above.

COVERED ENTITY:

BUSINESS ASSOCIATE:
CK Franchising, Inc.

By _____

By _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT 15

INDEPENDENT OPERATOR AMENDMENT

THIS AMENDMENT modifies and amends the CKFI Franchise Agreement dated _____ (that agreement, together with all previously or contemporaneously executed addenda, amendments, and attachments, the “Franchise Agreement”), between CK Franchising, Inc. (“CKFI”) and _____ (“Franchisee”).

1. **Recitals.** Prior to the Effective Date, Franchisee operated an independent non-medical companion care and/or personal care services business. As a special inducement for Franchisee to join the Network, CKFI has offered Franchisee the financial incentive this Amendment provides.

2. **Definitions.** The following capitalized terms are used in this Amendment with the meanings assigned in this Section 2. Otherwise, all capitalized terms have the meanings assigned to them in the Franchise Agreement.

“Base Year” means the 12 full calendar months immediately preceding the Effective Date.

“Base Year Revenue” means the total fee income that Franchisee earned from the provision of non-medical companion care and personal care during the Base Year.

“Effective Date” means the Franchise Agreement’s effective date, as indicated above.

“Gross Revenue” has the meaning assigned in the Franchise Agreement.

“Adjusted Base Amount” means one-twelfth of Base Year Revenue.

“Royalty Fee” has the meaning assigned in the Franchise Agreement.

3. **Royalty Adjustment.** For purposes of calculating the monthly Royalty Fee payable under Section 6.2 of the Franchise Agreement, Franchisee’s Gross Revenue and MPS Gross Revenue will be adjusted in accordance with the following schedule:

(a) Each month for the first _____ months after the Effective Date, Gross Revenue will be reduced by 100% of the Adjusted Base Amount.

(b) Each month for the second _____ months after the Effective Date, Gross Revenue will be reduced by 65% of the Adjusted Base Amount.

(c) Each month for the third _____ months after the Effective Date, Gross Revenue will be reduced by 30% of the Adjusted Base Amount.

(d) After Franchisee has received the Gross Revenue reductions contemplated by the preceding subparagraphs, there will be no further reductions of Gross Revenue for purposes of calculating the Royalty Fee.

4. Certain Representations and Agreements.

(a) Franchisee represents to CKFI that all balance sheets, income statements and other financial information that Franchisee furnished to CKFI to determine Base Year Revenue are accurate and correct in all material respects. Franchisee agrees that CKFI may, upon request, examine the books and financial records of Franchisee’s independent non-medical companion care and personal care business in addition to any other books and records that CKFI is entitled to examine in accordance with Section 6.2 of the Franchise Agreement.

(b) Based on the financial information that Franchisee provided to CKFI, Franchisee and CKFI mutually agree that Base Year Revenue equals \$ _____ and that the Adjusted Base Amount equals \$ _____.

(c) If CKFI determines that the amount stated in subparagraph 4(b) exceeds actual Base Year Revenue by 2% or more, CKFI will recalculate the Adjusted Base Amount and the related reductions provided under Section 3, and Franchisee will pay CKFI the deficiency within 15 days after the recalculation is complete.

5. Effect on Franchise Agreement. Except as expressly modified and amended by this Amendment, the Franchise Agreement will remain in full force and effect.

IN WITNESS WHEREOF, Franchisee and CKFI have executed this Amendment as of the Effective Date.

CK Franchising, Inc., _____

an Ohio corporation

a _____ corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT E

STATE-SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

CK FRANCHISING, INC.

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq. (“CFIL”), and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. (the “CRA”), CK Franchising, Inc. (“CKFI”) and _____ (“You”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. Sections 20000 through 20043 of the CRA provide rights to You concerning nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

2. The Agreement requires You to execute a general release of claims upon renewal or transfer of the 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 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of Your rights under the Franchise Relations Act (Business and Professions Code 2000 through 20043).

3. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

4. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

5. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, that requirement may unenforceable under California law.

6. If the Agreement requires that it be governed by a state’s law other than the State of California, that requirement may be unenforceable.

7. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of California law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if those jurisdictional requirements are not met.

8. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

9. All other provisions of the Agreement are hereby ratified and confirmed.

SIGNATURE PAGE FOLLOWS

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 – 705/44 (1994) (the “Illinois Franchise Act”), CK Franchising, Inc. (“CKFI”) and _____ (“Franchisee”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. Section 705/19 and 705/20 of the Illinois Franchise Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.

2. Section 41 of the Illinois Franchise Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

3. Any provision that designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.

4. To the extent that Section 12.2 of the Agreement (pertaining to choice of law) conflicts with the Illinois Franchise Act, the Illinois Franchise Act will control.

5. Section 11.1.1 of the Agreement, pertaining to the notice required for a default in payment, shall be amended to provide that termination for such a default will be effective ten days after written notice is given to Franchisee.

6. To the extent that the Illinois Franchise Act prohibits the disclaimer of representations contained in a franchisor’s Franchise Disclosure Document, Section 12.17 is amended to include representations made in CKFI’s Franchise Disclosure Document to the extent required by law.

7. Any claims arising under the Illinois Franchise Act must be brought within 3 years after the grant of the franchise.

8. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if those jurisdictional requirements are not met.

9. All other provisions of the Agreement are hereby ratified and confirmed.

SIGNATURE PAGE FOLLOWS

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.
INDIANA AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of the Indiana Franchises Act, Ind. Code Ann. §§ 1 –51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (the “DFPA”), CK Franchising, Inc. (“CKFI”) and _____ (“_____”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. The DFPA provides rights to franchisees concerning nonrenewal and termination of a franchise. To the extent the Agreement contains a provision that is inconsistent with the DFPA, the DFPA will control.

2. Section 1 of the DFPA forbids that a franchise agreement between a franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana contain certain provisions. To the extent that any provision in the Franchise Agreement contains such a provision, the Agreement is amended to the extent necessary to conform to the DFPA.

3. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Indiana law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

4. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

5. All other provisions of the Agreement are hereby ratified and confirmed.

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

If individuals:

By: _____

Name: _____

Title: An Individual _____

By: _____

Name: _____

Title: An Individual _____

CK FRANCHISING, INC.

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§ 14-201 – 14-233 (1994) (the “Maryland Franchise Law”), CK Franchising, Inc. (“CKFI”) and _____ (“you”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. Section 14-226 of the Maryland Franchise 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. To the extent that the Franchise Agreement requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law in order to purchase your franchise, the Agreement is amended to reflect that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

2. Pursuant to COMAR 02.02.08.16L, the Agreement is amended to reflect that:

(a) Any release required as part of the Agreement or as a condition of the sale, renewal, or assignment of the franchise shall not apply to any liability under the Maryland Franchise Law.

(b) Notwithstanding any other provision contained in the Agreement, any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(c) Any provision in the Agreement which requires litigation to be conducted in a forum other than the State of Maryland shall not limit any rights you may have under the § 14-216(c)(25) of the Maryland Franchise Law to bring suit in the State of Maryland.

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal (as set forth in Section 4.4.2) shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

5. All other provisions of the Agreement are hereby ratified and confirmed.

SIGNATURE PAGE FOLLOWS

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Minnesota law, including the Minnesota Franchises Act, Minn. Stat. Section 80.01 et seq. and the rules and regulations promulgated thereunder, CK Franchising, Inc. (“CKFI”) and _____ (“you”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. The Minnesota Department of Commerce requires that CKFI indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreement. Section 9.5 of the Agreement describes the circumstances under which CKFI will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Section 9.5 of the Agreement.

2. Sec. 80C.14, Subd. 4 of the Minnesota Franchises Act requires, except in certain specified instances, that CKFI give you written notice of its intention not to renew the franchise 180 days before the franchise expires, and to give you sufficient opportunity to operate the franchise in order to enable you to recover the fair market value of the franchise as a going concern. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreement.

3. Sec. 80C.14, Subd. 3 of the Minnesota Franchises Act requires, except in certain specified instances, that CKFI give you ninety (90) days notice of termination (with sixty (60) days to cure). Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

4. Any release of claims or acknowledgment of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchises Act or a rule or order promulgated thereunder will be void with respect to claims arising under the Minnesota Franchises Act.

5. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues. To the extent that Section 12.10 conflicts with this law, the law will control.

6. Secs. 80C.21 of the Minnesota Franchises Act and Minn. Rule 2860.4400J prohibit CKFI from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, requiring you to consent to liquidated damages, termination, penalties or judgment notes, or requiring you to consent to the issuance of an injunction. Nothing in the Agreement will, or is intended to, abrogate or reduce any of your rights as provided for in the Minnesota Franchises Act or your rights to any procedure, forum or remedies provided for by the laws of the Minnesota.

7. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

8. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

9. All other provisions of the Agreement are hereby ratified and confirmed.

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of New York Law, including the New York General Business Law, Article 33, §§ 680 – 695 (1989) (the “New York Law”), CK Franchising, Inc. (“CKFI”) and _____ (“_____”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. To the extent that the Agreement requires you to sign a release or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York Law or a rule or order promulgated thereunder, such release or acknowledgment of fact will be void with respect to claims arising under the New York. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the New York Law be satisfied.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of New York Law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

4. All other provisions of the Agreement are hereby ratified and confirmed.

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, §§ 51-09-01 through 51-19-17 (1993) (the “NDFIL”), CK Franchising, Inc. (“CKFI”) and _____ (“you”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. Covenants not to compete are enforceable only under certain conditions under North Dakota law. If the Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

2. If the Agreement requires litigation, arbitration or mediation to be conducted in a jurisdiction other than North Dakota, the requirement is void. Any litigation, arbitration or mediation under the Agreement will be conducted in North Dakota or a mutually agreed upon location.

3. If the Agreement requires that the Agreement be governed by a state law other than North Dakota, the requirement may be unenforceable in North Dakota.

4. If the Agreement requires payment of a termination penalty or liquidation penalty, the requirement is void.

5. If the Agreement requires you to consent to a waiver of exemplary and/or punitive damages, the requirement is void.

6. If the Agreement requires you to consent to a waiver of trial by jury, the requirement is void.

7. If the Agreement requires that you consent to a limitations of claims, the requirement is void and the statute of limitations under North Dakota law will apply.

8. If the Agreement requires that you consent to payment of all costs and expenses incurred in the enforcement of the Agreement, the requirement is void. The prevailing party in any such action is entitled to recover all costs and expenses, including attorneys’ fees.

9. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of North Dakota law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

10. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

11. All other provisions of the Agreement are hereby ratified and confirmed.

SIGNATURE PAGE FOLLOWS

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

RHODE ISLAND AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Law. ch. 395 §§ 19-28, 1-1 – 19.28.1-34 (the “RIFIA”) and the Rhode Island Fair Dealership Act, R.I. Gen. Law, ch. 50 §§ 6-50-1 – 6-50-9 (the “RIFDA”) , CK Franchising, Inc. (“CKFI”) and _____ (“you”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. Section 19-28.1-14 of the RIFIA provides that any provision in a franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island or requiring the application of the laws of another state is void with respect to claims otherwise enforceable under the RIFIA. Sections 12.7 and 12.8 of the Agreement (pertaining to forum selection) and Section 12.2 of the Agreement (pertaining to choice of law) are hereby amended to the extent necessary to comply with this law.

2. Section 6-50-4 of the RIFIA requires, except in certain specified instances, 60 days notice of termination or non-renewal of the Agreement. These requirements will supersede inconsistent provisions of the Agreement.

3. Section 6-50-4 of the RIFDA provides, except in certain specified instances, 60 days notice of termination or non-renewal of the Agreement. These requirements will supersede inconsistent provisions of the Agreement.

4. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Rhode Island law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

5. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

6. All other provisions of the Agreement are hereby ratified and confirmed.

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

CK FRANCHISING, INC.

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 – 19.100.940 (1991) (the “WFIPA”), CK Franchising, Inc. (“CKFI”) and _____ (“you”), hereby amend the Franchise Agreement between them dated _____ (the “Agreement”) as follows:

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Agreement in your relationship with CKFI including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with CKFI, including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, Washington law currently requires that the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of Chapter 19.100 RCW of the WFIPA will prevail.

4. A release or waiver of rights executed by a franchisee will not include rights under the WFIPA 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 WFIPA, rights or remedies under the WFIPA such as a right to a jury trial may not be enforceable.

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

6. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Washington law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

7. CKFI reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

8. All other provisions of the Agreement are hereby ratified and confirmed.

Dated: _____

CK FRANCHISING, INC.

By: _____

Name: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

FRANCHISEE:

If an entity: _____

By: _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

EXHIBIT F
PROMISSORY NOTE

EXHIBIT F

PROMISSORY NOTE

\$ _____

[Date]

FOR VALUE RECEIVED, the undersigned _____, a[n] _____ (jointly and severally, "**Franchisee**"), promises to pay to CK Franchising, Inc., an Ohio corporation ("**CKFI**"), the principal sum of \$ _____, together with interest on the unpaid principal balance at the rate of 6% per year. This promissory note (the "**Note**") is executed by Franchisee in connection with Franchisee's execution of a Comfort Keepers® franchise agreement dated _____ (the "**Franchise Agreement**") for Comfort Keepers Unit # _____ (the "**Franchised Business**").

1. Monthly Payment; Final Payment. Franchisee shall pay the principal and interest under this Note in 30 consecutive monthly installments of \$ _____ each. The first monthly payment is due on the _____ day of _____, 20____, and each successive monthly payment is due on the _____ day of each succeeding month through and including _____ (the "**Maturity Date**"). If not sooner paid, the entire outstanding principal balance and all accrued and unpaid interest under this Note shall be due and payable on the Maturity Date.

2. Optional Prepayment. Franchisee may prepay any portion of the outstanding principal and accrued interest under this Note at any time without penalty. All payments made under this Note shall be applied first against fees due (including EFT transfer fees, service fees, and related fees), next against accrued interest, and then against principal.

3. Late Charges. If Franchisee fails to pay any principal or interest payable under this Note within five days of the date the payment is due (calculated by including the due date), Franchisee must pay to CKFI a late charge of \$100.00.

4. EFT Payments. CKFI may withdraw funds from Franchisee's designated bank account by electronic funds transfer ("EFT") in the amount of the monthly payment due in accordance with this Note. CKFI will make each EFT withdrawal of payment due and any applicable late fee, or other fees, on the due date. Franchisee is responsible for any EFT transfer fee or similar charge imposed by Franchisee's bank and for any service charges incurred by CKFI and/or imposed by Franchisee's bank if any EFT is not honored by Franchisee's bank for any reason.

5. Events of Default. Each of the following is an Event of Default:
- a. Franchisee's failure to pay any principal, interest or other charge payable under this Note within 10 days of the date the payment is due (calculated by including the due date).
 - b. Franchisee's failure to pay royalty fees or other amounts due under the Franchise Agreement within 10 days of the date the payment is due (calculated by including the due date).
 - c. CKFI's sending Franchisee and/or any Related Party (as that term is defined in the Franchise Agreement) a notice of default under any Comfort Keepers® franchise agreement between Franchisee and CKFI and/or any Comfort Keepers franchise agreement in which any Related Party of Franchisee owns or holds an interest.

- d. Franchisee's and/or any owner's sale, transfer or other assignment, voluntary or involuntary, of its interest in the Franchised Business, in Franchisee, and/or in or under the Franchise Agreement.
- e. Termination, whether voluntary or involuntary, of the Franchise Agreement .
- g. Franchisee's ceasing to operate the Franchised Business.

6. Remedies. Upon the occurrence of an Event of Default, CKFI may, at its option, accelerate the Maturity Date and declare the entire unpaid principal balance of this Note, together with interest accrued and accruing thereon, to be immediately due and payable and pursue any other rights and remedies of CKFI. Franchisee and all other persons liable or to become liable on this Note, agree jointly and severally to pay all costs of collection, including reasonable attorneys' fees and all costs of suit.

7. Notice of Presentment. Franchisee and all endorsers, sureties, guarantors and other persons liable on this Note or who become liable for the payment of this Note, jointly and severally waive demand, presentment, notice of nonpayment or dishonor, notice of protest and any and all delays or lack of diligence in the enforcement of this Note and consent to each and any extension or postponement of the time of payment and waive any and all notice of any such extension or postponement.

8. No Waiver by CKFI. No delay, failure or forbearance on the part of CKFI in exercising any right, remedy or privilege under this Note shall affect that right, remedy or privilege, nor shall any single or partial exercise of any right, remedy, or privilege, or any abandonment or discontinuance of steps to enforce such a right, remedy or privilege preclude any further exercise of it or the exercise of any other rights, remedies or privileges.

9. Notices; Place of Payment. All notices, consents or communications permitted to be given under this Note shall be in writing and shall be deemed to have been properly given and received (i) if sent by hand delivery, then upon delivery, (ii) if sent by overnight courier or United States Express Mail, then one (1) day after dispatch, and (iii) if mailed by certified or registered U.S. mail, postage prepaid and return receipt requested, then two (2) days after deposit in the mail. All payments, notices and communications shall be made or given to the parties at their respective addresses set forth below, or at such other addresses as either party may designate by notice in accordance with the terms of this Section.

In the case of Franchisee:

The address for notices to Franchisee under the Franchise Agreement

In the case of CKFI:

CK Franchising, Inc.
6640 Poe Avenue, Suite 200
Dayton, Ohio 45414
Attention: Thierry Deleger, VP, Finance

10. Choice of Law. This Note and all amendments of it shall be governed by and construed in accordance with the law of the State of Ohio applicable to contracts made and to be performed in Ohio.

11. Choice of Forum; Service of Process. Franchisee consents to the jurisdiction of the State and Federal courts sitting in Ohio in any action arising out of or connected in any way with this Note.

Franchisee further agrees that the service of process or of any other papers upon it by registered mail at the address set forth in this Note shall be deemed good, proper and effective service upon Franchisee.

FRANCHISEE

If an entity:

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

If individuals:

By: _____

Name: _____

Title: An Individual

By: _____

Name: _____

Title: An Individual

EXHIBIT G
SUPPLEMENTAL DISCUSSION
OF SPECIAL INDUSTRY LAWS

SUPPLEMENTAL DISCUSSION ON SPECIAL INDUSTRY LAWS

Item 1 of the franchise disclosure document contains a brief discussion of laws that may apply to the home health care industry. Please review and consider the following additional information that may apply to your operation of your Franchised Business:

1. Licensure and Registration

Some states have licensing or registration requirements applicable to the services you will be providing in your Franchised Business. You may therefore be required to register or obtain a license as a home health agency and to comply with the screening, education, and training requirements for health care workers, which may differ from our requirements. You may also, as we have indicated in Item 7, need to use the services of an R.N. or other professional to provide Client assessment, training of caregivers in personal care services, and quality assurance. States requiring licensure also generally impose a fee for licensure; typically you must renew your licensure every 1 to 2 years. You should investigate any applicable laws in your state and the costs and requirements for you to comply with them.

We believe that, as of October 8, 2013, the following states had licensing requirements for homemaker/companionship services: Colorado, Florida, Georgia, Illinois, Indiana, Minnesota, Nevada, New Hampshire, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Utah, and Washington. We believe that all of those states, plus the following states, had licensure or accreditation requirements for personal care services as of October 8, 2013: Delaware, Kentucky, Maine, Maryland, New Jersey, New York, South Carolina, Tennessee, Texas, and Virginia. Licensure or certification requirements for South Carolina have passed; as of November 8, 2012, regulations to implement these requirements had been submitted to the appropriate legislative bodies for review and approval. We believe that, as of October 8, 2013, the following states required registration: California and Massachusetts. There may be other states with licensing or registration requirements.

Some states may also have special administrator qualification, recordkeeping, or other requirements for providers who receive payments from Medicaid or other state health programs. Because CKFI recommends that you focus your attention on private pay Clients, it does not track these requirements. Should you decide to provide services to Medicaid-waiver Clients, you should be aware of these laws and investigate them.

2. Regulations Relating to Medicaid-Waiver Services

There are various federal laws, including the Anti-kickback Amendment discussed separately below, prohibiting certain arrangements and activities relating to services or items that are reimbursable by Medicare and Medicaid. Comfort Keepers franchisees are not authorized to provide Medicare services, but certain of these laws apply even if you are not providing services that are reimbursable by Medicare or Medicaid. These laws apply, and you must abide by them, if (a) you are providing services to a facility that receives Medicaid or Medicare funds, regardless of whether the services you are providing to the Clients are covered by Medicare or Medicaid, or (b) you are providing services to a Medicaid-waiver Client.

In addition, there are federal and state laws (“false claims acts”) that prohibit the making of false or fraudulent claims for payment to the federal or state government (such as a claim for Medicaid-waiver services). These false claims acts may result in liability for significant fines and/or exclusion from the Medicaid program.

3. Fee-Splitting Prohibitions

As a natural part of your networking to build business, you will be developing relationships with health care providers to obtain their referrals. You may develop similar referral relationships, or referral opportunities, through non-health care businesses. Although fees for referrals are often considered legitimate business arrangements, you should be aware of the following and investigate whether these or similar laws apply in your state:

- a. In some states, your Franchised Business may be considered a health care provider because you provide personal care services. Some states prohibit health care providers from splitting professional fees—that is, paying a portion of a professional fee earned by a health care provider for providing a health care service with another person or entity that does not provide the same type of services. These statutes can be quite broad.
- b. Several states also prohibit fee-splitting or shared compensation arrangements when the payment received for providing equipment or furnishing personnel services is a percentage of, or depends upon, the income or receipts of the licensed professional.
- c. Some states prohibit only fee-splitting arrangements that are based on referrals.
- d. Some health care professionals have used these laws to declare a contract requiring payment of such fees void as against public policy and thus avoid payment under the contract.

4. Federal and State Anti-Kickback Laws

The federal “Anti-kickback Amendment,” part of the Social Security Act, prohibits the offer, payment, solicitation or receipt of any form of compensation for either (a) referring Medicare or state health program patients (such as Medicaid-waiver clients) or patient care opportunities, or (b) for recommending, arranging for, purchasing, leasing, or ordering items or services that are covered by Medicare or a state health program. Violation of the Anti-kickback Amendment is a felony and carries the possibility of imprisonment, a fine, or both. Courts have broadly interpreted the Anti-Kickback Amendment.

In addition, some states have enacted laws that broadly prohibit payments for referrals or other types of “kickbacks,” regardless of whether the client is under a state or federal health program.

5. Wage and Hour Issues

The Federal Fair Labor Standards Act has an exemption from minimum wage and overtime obligations under a “companionship” exemption for certain employees who provide companionship services to the elderly or infirm. Many states have similar exemptions. Whether a given caregiver qualifies for one of those exemptions depends on setting in which the caregiver works and the particular work the caregiver performs. CKFI has always strongly recommended to its franchisees that they pay minimum wage and overtime and not attempt to utilize the “companionship” exemption. Increasingly, there are administrative and private litigation challenges to the use of this companionship exemption for caregivers in our industry. Service providers in the senior care industry have faced lawsuits brought by caregivers, and there is an increasing number of audits being done by the federal Department of Labor and/or state agencies that result in findings that the companionship exemption does not apply. In addition, the federal Department of Labor is currently reviewing exemption to determine whether it applies to caregivers such as those employed by Comfort Keepers® franchisees.

CKFI does not dictate your employment policies or practices; those decisions are your own. We recommend that, should you consider using the “companionship” exemption, you obtain competent legal counsel to review whether the exemption still exists and, on a case by case basis, whether it applies to a caregiver working for you._

6. General

An increasing number of states are enacting laws and/or regulations that apply to home care businesses. Both federal and state laws and regulations are modified frequently. Changes to existing laws, and new laws and regulations, may increase your cost of doing business. You should be aware of any changes to the laws applicable to your state and/or your Franchised Business. Although we provide non-legal guidance and assistance to you in obtaining a required license, certification, or accreditation, you are responsible for complying with these laws. We strongly recommend that you consult competent legal counsel regarding the laws described above and any other laws or regulations applicable to your Franchised Business that may be enacted or adopted.

EXHIBIT H

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CONFIDENTIAL OPERATIONS MANUAL

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EXHIBIT I-1

ROSTER OF CURRENT FRANCHISEES

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Jack W. & Donna A. DeMoss
Anthony A. & Bianca L. Wardwell
1023 E 6th Ave
Anchorage, AK 99501
(907) 334-3000

Richard D. Goedde
1130 Quintard Ave, Ste 501
Anniston, AL 36201
(256) 237-6685

Brent A. Watson (2)
13521 Old Hwy 280, Ste 153
Birmingham, AL 35242
(205) 981-1800

Deborah L. Colebank
28119 N Main St, Ste C
Daphne, AL 36526
(251) 621-5555

Richard D. Goedde
2400 Bob Wallace Ave, Ste 102
Huntsville, AL 35801
(256) 382-1955

Robert A. Myer
Jason C. Poole
273 Azalea Rd #2-30, Ste 308
Mobile, AL 36609
(251) 338-2755

Christopher & Brenda Jane
119 S 8th St, Ste A
Opelika, AL 36801
(334) 749-8461

John L. & Mary Z. Halstead
Gary L. & Paula F. Halstead
2827 Bella Vista Way
Bella Vista, AR 72714
(479) 268-5668

Robert A. Myer
202 N Washington, Ste 202
El Dorado, AR 71730
(870) 881-9074

Sheriolyn Curry (2)
335 N Alma School Rd, Ste A
Chandler, AZ 85224
(480) 659-9201

Cynthia Harris
214 N Sitgreaves St
Flagstaff, AZ 86001
(928) 774-0888

Greg & Nell Piwowarczyk (2)
16810 E. Ave of the Fountains, Ste 200B
Fountain Hills, AZ 85268
(480) 837-1550

Christopher L. Gamble
387 Lake Havasu Ave S, Ste 102
Lake Havasu City, AZ 86403
(928) 855-0005

Sheriolyn Curry
19428 N John Wayne Pkwy, Ste F
Maricopa, AZ 85139
(520) 233-2848

Charles Nasiff & Kathryn King Nasiff
4856 E. Baseline Rd, Ste 106
Mesa, AZ 85206
(480) 448-6143

Philip Senff (9)
7600 E Redfield Rd, Ste 105
Scottsdale, AZ 85260
(602) 441-4256

Sandra Chancellor
3965 E Foothills Dr, Ste F
Sierra Vista, AZ 85635
(520) 417-2000

Clarissa Johnston (3)
4837 E 5th St, Ste 101
Tucson, AZ 85711
(520) 731-1000

Kristine E. Watson
Robert M. Lattimore
1070 Marina Village Pky, Ste 102B
Alameda, CA 94501
(510) 701-4200

Arthur R. & Elisa L. Virgo
121 N State College Blvd, Ste 14
Anaheim, CA 92806
(714) 778-2222

Tamara L. Kato (2)
45 E Huntington Dr, Ste A
Arcadia, CA 91006
(626) 254-0100

Paula McMahon
660 Santa Ysabel Ave
Baywood Park, CA 93402
(805) 528-8862

Lenette L. Belen
Lolita Cruz
7342 Orangethorpe Ave, Ste B-109
Buena Park, CA 90621
(714) 521-1337

Dorothy T. Dougherty
220 N Glenoaks Blvd, Ste A
Burbank, CA 91502
(818) 841-4040

Beth Menor & Frederick Menor
3833 Schaefer Ave, Ste J
Chino, CA 91710
(909) 902-0100

Michael & Kathleen Craig (3)
420 W Baseline Rd, Ste D
Claremont, CA 91711
(909) 625-6151

Jennifer J. Ramos
Frances Perez
1001 B Ave, Ste 306
Coronado, CA 92118
(619) 435-6318

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Elyann G. Smith (2)
3151 Airway Ave, Ste F-204
Costa Mesa, CA 92626
(714) 432-7700

Alireza Baktashian
10061 Pasadena Ave, Ste B
Cupertino, CA 95014
(408) 446-1199

Moura A. Everhart (2)
Irene S. Griffin
450 Fletcher Pkwy, Ste 226
El Cajon, CA 92020
(619) 444-3200

Vincent & Eleanor Maffeo (5)
Vincent A. Maffeo
3941 Park Dr, Ste 20-265
El Dorado Hills, CA 95762
(916) 933-8383

Sharon D. Sherbert (2)
Lynn Estrada
17915 Ventura Blvd, Ste 216
Encino, CA 91316
(818) 776-5060

Alireza Baktashian
923 Shell Blvd, #103
Foster City, CA 94404
(650) 493-1920

Jennifer Berryman
Jessica Thomas
39500 Stevenson Pl, Ste 103
Fremont, CA 94539
(510) 790-9555

John W. Hatch (3)
Sandra E. Hatch
2224 N Fine, Ste 101
Fresno, CA 93727
(209) 543-0444

Karen S. Brumm
4952 Warner Ave, Ste 317
Huntington Beach, CA 92649
(714) 846-3535

Stephen & Ellen Simmons
2247 18th Ave
Kingsburg, CA 93631
(559) 897-5161

Sheryl M. LaBrada
11900 La Mirada Blvd, Ste 10
La Mirada, CA 90638
(714) 521-9955

Edwin Cruz & Lolita Cruz
30011 Ivy Glenn Dr, Ste 105-C
Laguna Niguel, CA 92677
(949) 481-6900

Leonard C. Lasker
315 W Pondera St, Ste B
Lancaster, CA 93534
(661) 723-6600

Kara Leong (3)
John T. & Cynthia A. Gustafson
2600 Kitty Hawk Rd, Ste 107
Livermore, CA 94551
(925) 961-9728

Richard Berryman (3)
Mary E. Granger
25124 Narbonne Ave, Ste 102
Lomita, CA 90717
(310) 325-6500

Sheryl M. LaBrada
5500 E Atherton St, Suite 200
Long Beach, CA 90815
(562) 947-9740

Michael & Kathleen Craig (2)
1902 Westwood Blvd, #214
Los Angeles, CA 90025
(310) 470-2771

Robert Richardson (2)
10850 w Pico Blvd, Ste 280
Los Angeles, CA 90064
(310) 474-5544

William Cardenas
5478 Wilshire Blvd, Ste 218
Los Angeles, CA 90036
(323) 932-9777

Neil C. & Jennifer M. Goforth
901 H Street
Marysville, CA 95901
(530) 749-8800

Kevin D. Carter (3)
478 E Yosemite Ave, Ste C
Merced, CA 95340
(209) 726-8007

Lenette L. Belen
Kathleen Belen & Aurora Barrera
Alicia Parkway Exec Suites, 26060 Acero
Ste 101
Mission Viejo, CA 92691
(949) 716-8832

Jennifer J. Ramos (2)
29970 Technology Way, #213
Murrieta, CA 92563
(951) 696-2710

Sheri Kellogg
15 Amanda Ct
Napa, CA 94559
(707) 265-7777

Patricia & Ronald L'Heureux (2)
1748 W Katella Ave, Ste 207
Orange, CA 92867
(714) 744-3800

Michael & Kathleen Craig (2)
1055 E Colorado Blvd, 5th Fl
Pasadena, CA 91106
(909) 625-6151

Jennifer Berryman
Jessica Thomas
4900 Hopyard Rd, Ste 100
Pleasanton, CA 94588
(510) 790-9555

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

David G. Sommerfeld (2)
42800 Bob Hope Dr, Unit 209J
Rancho Mirage, CA 92270
(760) 340-2166

Sandra Cassina-Kea
2051 Hilltop Dr, Ste A-13
Redding, CA 96002
(530) 223-6060

Jimmy W. & Denise Hammond
3576 Arlington Ave, Ste 200
Riverside, CA 92506
(951) 682-2660

Carole H. Sachs (5)
Mathew L. Fink
4420 Rainier Ave, Ste 202
San Diego, CA 92120
(619) 795-6036

Alireza Baktashian
1155 Washoe Dr
San Jose, CA 95120
(408) 446-1199

Alireza Baktashian
161 W 25th Ave, Ste 102B
San Mateo, CA 94403
(650) 312-1300

Vincent A. Maffeo
4040 Civic Center Dr, Ste 200
San Rafael, CA 94903
(415) 884-2286

Myles W. & Jane M. McNamara (2)
23900 Lyons Ave
Santa Clarita, CA 91321
(661) 287-4200

Andrew M. & Ellen L. Smith (4)
275 E Hillcrest Dr, Ste 145
Thousand Oaks, CA 91360
(805) 494-9900

David G. & Pam S. Warta
120 E 12th Street
Tracy, CA 95376
(209) 832-1333

Linda Darlington-O'Bra
909 Reading Way
Vacaville, CA 95687
(707) 446-0606

Linda Darlington-O'Bra
PO Box 5242
Vacaville, CA 95696
(707) 446-0606

Jennifer Berryman
Jessica Thomas
2950 Buskirk Ave, Ste 300
Walnut Creek, CA 94597
(888) 789-9555

Moura A. & Ben Everhart
Gail Cargile
9940 Starr Rd, Ste 140
Windsor, CA 95492
(707) 526-3582

Anastasia & Jorge Preciado (2)
109 Court St
Woodland, CA 95695
(530) 666-4300

Jimmy W. & Denise Hammond
34675 Yucaipa Blvd, Ste 105
Yucaipa, CA 92399
(909) 798-1199

David P. Wurth (2)
Charles E. Wurth
4730 Walnut St, Ste 212
Boulder, CO 80301
(303) 447-2008

Laura M. Battles (2)
2305 E Arapahoe Rd, Ste 260
Centennial, CO 80122
(303) 771-4400

Glenn S. Savage (2)
5540 N Academy Blvd, #210
Colorado Springs, CO 80918
(719) 522-9100

Ora M. Lee
Benjamin Lee Bottoms
770 W. Hampden Ave, Ste 250
Englewood, CO 80110
(303) 722-3242

Ora M. Lee
Benjamin Lee Bottoms
51428 1/4 Road
Grand Junction, CO 81506
(970) 241-8818

Brent Eggeman (3)
1333 W 120th Ave, Ste 116
Westminster, CO 80234
(303) 457-4200

David P. Wurth
Charles E. Wurth
1218 W Ash St, Ste L
Windsor, CO 80550
(303) 447-2008

Maria O. Ciannavei (2)
116 Cottage Grove Rd, Ste 205
Bloomfield, CT 06002
(860) 242-7739

Paul B. McLaughlin (2)
6 Germantown Rd, Unit 7
Danbury, CT 06810
(203) 796-0651

Nicholas R. Miller
252 Hazard Ave
Enfield, CT 06082
(860) 749-0428

Dennis H. Patouhas (2)
17 Heronvue Rd
Greenwich, CT 06831
(203) 629-5029

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Patricia M. Urban
722 Village Walk
Guilford, CT 06437
(203) 453-2100

Ken Gurin (2)
500 Howe Ave, Ste 200
Shelton, CT 06484
(203) 924-4949

Carol Carbutti
80 S Main St
Wallingford, CT 06492
(203) 697-1030

Tami Miller & Damon Tomlinson
282 Milford-Harrington Hwy
Milford, DE 19963
(302) 422-0955

James Powell III & Sharon Powell (2)
2702 Capital Trail
Newark, DE 19711
(302) 892-2214

James Powell III & Sharon Powell
1521 Concord Pike, Ste 301
Wilmington, DE 19803
(302) 892-2214

Matthew D. Auker (2)
498 Palm Springs Drive, Suite 240
Altamonte Springs, FL 32701
(407) 774-4457

Frances Focht, BSPA
380 Semoran Commerce Pl, Bldg B
Ste 209 B
Apopka, FL 32703
(407) 814-7070

Debra Alexander & Edward Millan (3)
640 E Ocean Ave, Ste 7
Boynton Beach, FL 33435
(561) 338-4884

Michael C. & Charlotte S. Jones
4301 32nd St W, Ste E-25
Bradenton, FL 34205
(941) 921-4747

Fred & Tatyana Svejda
206 S Moon Ave
Brandon, FL 33511
(813) 649-8191

Rocky Genovese
1290 Gulf Blvd, Ste 704
Clearwater, FL 33767
(727) 623-0930

Carol S. Howland
2141 Main St, Ste C
Dunedin, FL 34698
(727) 772-7300

David Mahoney (3)
901 S Federal Hwy, Ste 100
Ft. Lauderdale, FL 33316
(954) 825-0155

Thomas Stanley Dean, Jr. (3)
Kimberly Ann Dean
12493 Brantley Commons Ct
Ft. Myers, FL 33907
(239) 590-8999

Lynn Domenech
Jocelyn D. Holt
1035 NW 57th St
Gainesville, FL 32605
(352) 331-7760

Robert W. & Teresa C. Taylor
Sherif & Michelle Ibrahim
1301 N Orange Ave, Ste 104
Green Cove Springs, FL 32043
(904) 298-2273

Steve G. Phillip
2632 Hollywood Blvd, Ste 101
Hollywood, FL 33020
(954) 920-0055

Gailen L. Spinka & Deborah L. Spinka
Lindsey A. Arthur
2244 Hwy 44 W
Inverness, FL 34453
(352) 726-4547

Kathryn R. Murphy (2)
12276 San Jose Blvd, Ste 306
Jacksonville, FL 32223
(904) 230-9220

Robert W. & Teresa C. Taylor
Sherif & Michelle Ibrahim
100 Bernard Rd
Jacksonville, FL 32218
(904) 854-0740

Paul E. Cain (2)
601 Heritage Dr, Ste 211
Jupiter, FL 33458
(561) 694-1950

Tracy Kelley (4)
902 S Florida Ave, Ste 201
Lakeland, FL 33803
(863) 701-9100

Rocky Genovese
11350 66th St N
Largo, FL 33773
(727) 538-7771

Robert B. Runnels (3)
Janet E. Daly
17901 Hunting Bow Cr, Ste 101
Lutz, FL 33558
(813) 920-4440

K. Tony Swaim
Cathaleen A. Swaim
776 E John Sims Pky
Niceville, FL 32578
(850) 279-6310

Lynn Domenech (2)
Jocelyn D. Holt
1315 SE 25th Loop, Ste 102
Ocala, FL 34471
(352) 237-0008

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Denniss & Janice Ingram
328 Stiles Ave
Orange Park, FL 32073
(904) 278-6032

Anthony L. & Gina L. Brooks
Dennis C. & Sheryl A. Hollingsworth
1750 W Broadway St, Ste 220
Oviedo, FL 32765
(407) 542-7821

K. Tony Swaim
Cathaleen A. Swaim
4400 Bayou Blvd, Ste 25-D
Pensacola, FL 32503
(850) 791-6700

Jeanne Anderson
949 Tamiami Trl, Ste 203
Port Charlotte, FL 33953
(941) 235-9111

Barbara M. Singer (2)
3959 Nova Rd, Ste 26
Port Orange, FL 32127
(386) 322-8882

Michael C. & Charlotte S. Jones
3619 Webber St.
Sarasota, FL 34232
(941) 921-4747

Judy T. Edgemon (2)
Sonya E. Edgemon-Smith
G. Wayne Oliver
2521 13th St, Ste F
St. Cloud, FL 34769
(407) 891-8884

Rocky Genovese
695 Central Ave
St. Petersburg, FL 33701
(727) 538-7771

Paul E. Cain
227 E Ocean Blvd
Stuart, FL 34994
(772) 233-4434

Fred & Tatyana Svejda
910 N Pebble Beach Blvd
Sun City Center, FL 33573
(813) 649-8191

Robert A. Myer
2709-3 Killarney Way
Tallahassee, FL 32309
(850) 402-0051

Bradley A. Freeman (3)
Salvatore B. Urso, William J. Burnham
Francesco Urso
7819 N Dale Mabry Hwy, Ste 200
Tampa, FL 33614
(813) 935-3600

Lynn Domenech
Jocelyn D. Holt
906 Avenida Central
The Villages, FL 32159
(352) 259-0893

Patricia Bell (2)
327 S Washington Ave
Titusville, FL 32796
(321) 268-3310

Michael C. & Charlotte S. Jones
312 E Venice Ave, Ste 108
Venice, FL 34285-4670
(941) 484-3284

Anthony L. & Gina L. Brooks
Dennis C. & Sheryl A. Hollingsworth
1962 26th Ave
Vero Beach, FL 32960
(772) 999-3944

Valeria L. Prophet
2475 Northwinds Pkwy, Ste 200
Alpharetta, GA 30009
(770) 753-6457

Erma Evans
5825 Glenridge Dr, Bldg 3-101
Atlanta, GA 30328
(404) 303-5113

Alan M. White
185 W. Main St, Ste A
Canton, GA 30114
(770) 704-6007

George Al Abbott III
3575 Macon Rd, Ste 23
Columbus, GA 31907
(706) 562-1211

Alan M. White (2)
107 W Courthouse Sq, Ste 280
Cumming, GA 30040
(770) 887-0499

James H. McNabb (2)
5604 Wendy Bagwell Pkwy., Ste 811
Hiram, GA 30141
(678) 715-8624

Carla A. Brown
5512 Shirewick Ln
Lithonia, GA 30058
(770) 987-9997

Susan P. Drake (2)
4402 Lawrenceville Rd. Ste 203
Loganville, GA 30052
(678) 615-2110

Peter J. Witkiewicz (2)
240 Cherokee St, Ste 302
Marietta, GA 30060
(678) 354-0102

Daniel L. Cross
Judith L. Cross
2011 Commerce Dr N, Ste E102
Peachtree City, GA 30269
(678) 788-6060

Alan & Rhonda Hutchins
107 RBC Dr
Ringgold, GA 30736
(706) 937-9955

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Gregory T. & Marcia F. Stinson
5 Oglethorpe Professional Blvd., Ste 120
Savannah, GA 31406
(912) 356-0111

Mary Lewis
1070 Marina Village Pky, Ste 102B
Tucker, GA 30084
(470) 299-3192

Scott E. & Lisa M. Register
3470 N Valdosta Rd, Ste F2
Valdosta, GA 31602
(229) 241-0002

David Wells
1943 N Jefferson St, Ste 3
Milledgeville, GA 31061
(478) 414-1512

Ann & Steven Ruckdaschel
1752 5th St
Coralville, IA 52241
(319) 354-0285

James W. & Stephanie M. Nickerson
19 S Center St, Ste 2
Marshalltown, IA 50158
(641) 752-0715

James W. & Stephanie M. Nickerson
407 Church St
Ottumwa, IA 52501
(641) 684-8608

Bradley H. Rogers (2)
Clint W. Rogers & Darren R. Rogers
1300 Metro East Dr., Ste 128
Pleasant Hill, IA 50317
(515) 243-0011

Kathryn E. & Gustav J. Vercruyssen
302 S 1st Ave, Ste C
Sand Port, ID 83864
(208) 265-9522

David & Sonjia M. Yates (2)
Kathryn E. & Gustav J. Vercruyssen
1406 N Main St, #101
Meridian, ID 83642
(208) 895-8822

Gerald A. Maxfield
Robyn E. Maxfield
529 F St
Rupert, ID 83350
(208) 434-8888

Kathleen J. Fielmann
Rudolph VanDerLaan
221 E Lake St, Ste 212
Addison, IL 60101
(630) 834-8366

Kathleen J. Fielmann (2)
221 E Lake St, Ste 212
Addison, IL 60101
(630) 834-8366

Paul Carnegie
Julie Carnegie Reams
2422 E Washington St, Ste 110
Bloomington, IL 61704
(877) 282-8745

Itay Shalev
1 E Superior St, Ste 605
Chicago, IL 60611
(312) 470-6070

Christina L. & Todd R. Clark
1398 N Oakland Ave
Decatur, IL 62522
(217) 429-6666

Kathleen J. Fielmann
2105 Prentiss Dr, Unit E-202
Downers Grove, IL 60516
(630) 834-8366

James M. & Anne K. Wilson
1013 Loras Dr
Freeport, IL 61032
(815) 235-4200

David E. Eggering (2)
888 E Belvidere Rd, Ste 302
Grayslake, IL 60030
(847) 231-4100

Jane Michaelis
1000 Essington Rd
Joliet, IL 60435
(815) 730-7900

Kathleen J. Fielmann
301 E Rand Rd
Mt. Prospect, IL 60056
(847) 577-5780

Michael R. McGinn (2)
1627 Colonial Pkwy
Palatine, IL 60067
(847) 221-5300

Sydney & Stefan Schmidt (3)
9838 S Roberts Rd, Ste 4
Palos Hills, IL 60465
(708) 598-1900

Paul Carnegie
Julie Carnegie Reams
3829 N Sheridan Rd
Peoria, IL 61614
(309) 685-7777

Kathleen J. Fielmann
724 Leesley Rd
Riverside, IL 60546
(708) 488-1808

James M. & Anne K. Wilson
4835 Manhattan Dr
Rockford, IL 61108
(815) 229-9100

Donald W. & Nola L. Parris
5215 Elevator Rd
Roscoe, IL 61073
(815) 623-6602

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Paul Smith
3 Lawrence Sq
Springfield, IL 62704
(217) 744-2226

James M. & Anne K. Wilson
122 S Locust St
Sycamore, IL 60178
(815) 899-4700

Marco & Lydia Ramos
18311 North Creek Dr, Ste A
Tinley Park, IL 60477
(708) 942-4155

Sofiya Abil (2)
1040 S Milwaukee Ave, Ste 200
Wheeling, IL 60090
(847) 215-8550

Douglas A. Johnson
Ann M. Kerr
4101 E 3rd, Ste 11
Bloomington, IN 47401
(812) 822-0145

Timothy W. Paul
160 W Carmel Dr, Ste 203
Carmel, IN 46032
(317) 849-7711

John H. & Melissa C. Fairbanks
Douglas A. Johnson
Ann M. Kerr
636 Third St
Columbus, IN 47201
(812) 372-2222

Lisa K. Webb
3017 Virginia Ave
Connersville, IN 47331
(765) 827-2001

Levi Reames
18 NW 4th St, Ste 304
Evansville, IN 47708
(812) 402-5970

Matthew R. & Julia A. Anders (2)
4110 Lower Huntington Rd
Fort Wayne, IN 46809
(260) 484-5858

Allan M. Brooks
6910 N Main St, Ste 17A, Unit 47
Granger, IN 46530
(574) 277-4121

Marco & Lydia Ramos
7120 Calumet Ave, North Unit
Hammond, IN 46324
(219) 852-0707

Marco & Lydia Ramos
8715 Kennedy Ave
Highland, IN 46322
(219) 838-0808

Gary L. Weybright
4958 E 56th Street
Indianapolis, IN 46220
(317) 546-9999

Timothy W. Paul
5222 South East St, Ste B9
Indianapolis, IN 46227
(317) 788-0777

Timothy W. Paul
5324 W 16th St
Indianapolis, IN 46224
(317) 240-4770

Steve Oakley
1511 W Sycamore St, Ste A
Kokomo, IN 46901
(765) 868-9230

Charles Y. & Susan L. Moore
1719 State St, Ste C
La Porte, IN 46350
(219) 362-9800

Scott D. & Amanda M. Skinner
1803 South Creasy Lane
Lafayette, IN 47905
(765) 449-9797

Kevin A. Williams
1417 State St
New Albany, IN 47150
(812) 944-5006

Charles Y. & Susan L. Moore
2664 Willowcreek Rd, Unit C
Portage, IN 46368
(219) 763-9898

Allan M. Brooks
H&G Services Bldg, 225 S Lafayette Blvd
South Bend, IN 46601
(574) 975-0888

Jerome Case
Max L. Gibson
Ann M. Kerr
3850 Wabash Avenue
Terre Haute, IN 47803
(812) 232-9766

David P. Wurth
Charles E. Wurth, Paul S. Wurth
Sheri Albright
2035 E Iron Ave, Ste 232
Salina, KS 67401
(785) 825-1055

Stephen Bright (6)
Linda M. Ahlhelm
10310 State Line Rd, #200
Shawnee Mission, KS 66206
(913) 385-2636

Randall J. & Sarah M. Cox
2016 SW 37th Street
Topeka, KS 66611
(785) 267-8200

David P. Wurth (2)
Charles E. Wurth, Paul S. Wurth
Douglas Stark
7701 E Kellogg Dr, Ste 480
Wichita, KS 67207
(316) 773-7775

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Terrance L. Stewart
2022 29th St
Ashland, KY 41101
(606) 324-1369

Kevin A. Williams
3609 Alexandria Pike
Cold Spring, KY 41076
(859) 491-5777

Helen M. Rades
649 Charity Ct
Frankfort, KY 40601
(502) 352-2811

Jeffrey Todd & Leah Ann McGee
313 Cool Water Ct
Hopkinsville, KY 42240
(270) 782-3600

Helen M. Rades (2)
2350 Regency Rd, Ste A
Lexington, KY 40503
(859) 224-1124

Kevin A. Williams
4113 Oechsli Ave, Ste A
Louisville, KY 40207
(502) 721-0101

Jamie & Levi Reames
401 Frederica St, Bldg B, Ste 102
Owensboro, KY 42301
(270) 685-5045

Sarah Short
Mary Perkins
110 Richie Ln, Ste D
Somerset, KY 42503
(606) 676-9888

Robert A. Myer (2)
4626 Jamestown Ave, Ste 3
Baton Rouge, LA 70808
(225) 925-1303

Robert A. Myer
1304 Bertrand Drive D-6
Lafayette, LA 70506
(337) 233-1001

Robert A. Myer
701 David Dr, #A-1
Metairie, LA 70003
(504) 731-6111

Robert A. Myer
6039 Five Oaks Drive B
Shreveport, LA 71129
(318) 934-0090

Warren E. & Katherine E. Goodwin (2)
129 Dodge St, Ste 1
Beverly, MA 01915
(978) 232-9988

Robert F. & Raquel L. Mullaney
35 Winter St, Ste 201
Hyannis, MA 02601
(508) 746-4800

Robert F. & Raquel L. Mullaney (3)
197 Main St, Ste 2
Milford, MA 01757
(866) 888-5800

Charles A. & Shirley L. Kearns
133 Main St, Suite 203
N. Reading, MA 01864
(978) 664-6700

Robert F. & Raquel L. Mullaney (2)
37 Industrial Park Rd
Plymouth, MA 02360
(508) 746-4800

Jeneen & Paul Sasso
21G Olympia Ave, Ste 5
Woburn, MA 01801
(781) 721-5522

Gequeta Ferrell
Byrant M. Shorter
1531 S. Edgewood St, Ste E
Baltimore, MD 21227
(410) 368-9900

Doria Musaga
5440 Old Tucker Row
Columbia, MD 21044
(410) 964-0066

John McMullen
118 Valley St
Cumberland, MD 21502
(240) 362-7074

Richard W. Howe III
407 Brookletts Ave
Easton, MD 21601
(410) 822-4414

David R. Gibson (3)
414 Hungerford Dr, Ste 248
Rockville, MD 20850
(301) 340-0100

Charles A. Ritchey (5)
Heather L. Warble
1036 Circle Dr, Ste B
Sykesville, MD 21784
(410) 795-7495

Sean K. Welton
Paul J. Welton & Shelley L. Brackett
Janice C. Somerville
18 Bevedere Rd
Damariscotta, ME 04543
(207) 563-2273

Peter G. & Alice M. Violette
51 US Rt. 1, Ste A
Scarborough, ME 04074
(207) 885-9600

Kim M. Policelli & Marie Policelli
2723 S State St, Ste 150
Ann Arbor, MI 48104
(734) 622-0600

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Roy Schultheiss
3865-6 Wilder Rd
Bay City, MI 48706
(989) 684-8448

Albert P. & Deborah K. Jones
4029 Lapeer Rd
Burton, MI 48509
(810) 249-2561

Krista G. Kuligowski (3)
42621 Garfield, Ste 101B
Clinton Township, MI 48038
(586) 231-0526

Judy O. Jones (2)
James B. Jones II
30120 Ford Rd, Ste A
Garden City, MI 48135
(734) 522-9390

Mary Littell (2)
5075 Cascade Rd SE, Ste H
Grand Rapids, MI 49546
(616) 942-9770

N. Linnea Freriks
837 Maple Ave, Ste 20
Holland, MI 49423
(616) 395-2653

Maryann Madsen
Jeanne Rymarz
714 E Grand River, Ste 3
Howell, MI 48843
(517) 518-8303

Thomas J. & Bridget A. LaMacchia
1118 Centennial Way
Lansing, MI 48917
(517) 321-4010

Christopher L. & Tina L. Butler
800 Ellis Rd, Ste 61
Muskegon, MI 49441
(231) 759-1590
*Managed by CKFI

Kim M. Policelli & Marie Policelli
332 E Main St
Northville, MI 48167
(248) 349-2111

Jeanne A. Trumpy
Sarah A. Webb
965 N Mill St
Plymouth, MI 48170
(734) 397-1111

Albert P. & Deborah K. Jones
942 Military St
Port Huron, MI 48060
(810) 987-4663

Nadine Fish
1350 West Centre Ave, Ste 130
Portage, MI 49024
(269) 375-5466

Albert P. & Deborah K. Jones
Adam P. Jones & Jennifer L. Walters
1130 Tienken Ct, Ste 203
Rochester Hills, MI 48306
(248) 651-9880

Albert P. & Deborah K. Jones
1130 Tienken Ct, Ste 203
Rochester Hills, MI 48306
(248) 504-4974

Roy Schultheiss
4141 McCarty Rd, Ste 351
Saginaw, MI 48603
(989) 326-2869

Rocky Genovese
3820 M 139
St. Joseph, MI 49085
(269) 556-9999

Russell L. & Leslie A. Knopp
801 S Garfield Ave, #233
Traverse City, MI 49686
(231) 929-9044

Richard A. Williams
3133 Van Horn Rd
Trenton, MI 48183
(734) 676-6643

Thomas & Beverly Berard (2)
9298 Central Ave NE, Ste 404
Blaine, MN 55434
(763) 786-1000

Thomas & Beverly Berard (3)
Steven & Kelly Lindell
9298 Central Ave NE, Ste 404
Blaine, MN 55434
(763) 546-8070

Joan M. Wurzer
1870 50th St E, Ste 7
Inver Grove Heights, MN 55077
(651) 330-3071

Jay C. & Michelle R. Vasek
211 NE 1st St
Little Falls, MN 56345
(320) 632-0924

Steven & Kelly M. Lindell (2)
535 Central Ave
Osseo, MN 55369
(763) 273-4207

Sam & Sue Thorson
50 10th Ave S
Waite Park, MN 56387
(320) 230-9939

Paul L. & Sherry D. James
615 N Broadview St
Cape Girardeau, MO 63701-4313
(573) 339-1777

Frederick A. Henry (6)
12825 Flushing Meadows Dr, Ste 210
Town and Country, MO 63131
(314) 394-2320

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Larry J. Todd
102 Brickerton St
Columbus, MS 39701
(662) 841-8477

Robert A. Myer
1505 E Pass Rd
Gulfport, MS 39501
(228) 867-9700

Robert A. Myer
Jason C. Poole, Jennifer L. Gill
Elizabeth A. Sullivan & Terri L. Zimmer
2111 Oak Grove Rd, #A
Hattiesburg, MS 39401
(601) 296-6300

Maureen Watt
5888 Ridgewood Rd, Ste C
Jackson, MS 39211
(601) 206-1234

Larry J. Todd
161 Clark St, Ste 3
Tupelo, MS 38802
(662) 841-8477

Shelley Bruce
95 Indian Trail Rd
Kalispell, MT 59901
(406) 755-4030

Bruce J. & Kathleen E. Brennan (2)
1616 Evans Rd
Cary, NC 27513
(919) 650-2784

John & Brooke Reynolds (2)
8000 Corporate Center Dr, Ste 215
Charlotte, NC 28226
(704) 543-8220

Michael A. Lieberman
1801 N Tryon St, Ste 302
Charlotte, NC 28206
(704) 405-5090

Robert E. & Maria L. Acton (2)
Burt T. & Maria Z. Rodriguez
Isabelita G. Frattarola & Eric M. Klein
1515 Mockingbird Ln, Ste 211
Charlotte, NC 28209
(704) 525-6656

Lori Eberly
18141 W Catawba Ave
Cornelius, NC 28031
(704) 987-2224

Helen Antipov (2)
Marguerita Whitney
1415 West NC Highway 54, Suite 209
Durham, NC 27707
(919) 338-2044

Steven S. Worley
450 Airport Rd
Fletcher, NC 28732
(828) 687-1199

Danny L. & Jane E. Thompson
445 Dolley Madison Rd, Ste A
Greensboro, NC 27410
(336) 664-5787

Lori Eberly
415 7th Ave SW, Ste 7
Hickory, NC 28602
(828) 431-2273

Lori Eberly
156-A N Broad St
Mooresville, NC 28115
(704) 878-2505

Robert C. & Linda D. Marshall
8480 Honeycutt Rd, Ste 200
Raleigh, NC 27615
(919) 449-0004

Lori Eberly
512 Klumac Rd, Ste 2
Salisbury, NC 28144
(704) 630-0370

Chad & Shannon McGlothlin
10677 Hwy 15-501
Southern Pines, NC 28387
(910) 246-8000

Kevin & Alyssa Kelly
3975 A Market St
Wilmington, NC 28403
(910) 342-9200

Lezlie Snoozy-Kaitfors
Michael B. Kaitfors
3712 Lockport St, Ste E
Bismarck, ND 58503
(701) 751-4388

Joel K. & Susan K. Peterson
3105 N Broadway, Ste 7
Fargo, ND 58102
(701) 237-0004

Richard & Denise Magill (3)
5437 N 103rd St
Omaha, NE 68134
(402) 991-9880

Michael & Patricia Collins
142 Lowell Rd, Unit 17-203
Hudson, NH 03051
MailDropOnly

Doreen S. Rosimos
55 B Main St.
Keene, NH 03431-3713
(603) 352-2227

Michael & Patricia Collins
540 Chestnut St., Ste 104
Manchester, NH 03101
(603) 628-6363

Martha J. Swats
12 Yeaton Rd, Ste B1
Plymouth, NH 03264
(603) 536-6060

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Elizabeth Bartlett (2)
991 US Hwy 22 W, Ste 200
Bridgewater, NJ 08807
(908) 864-8044

Steven M. Ippolito (2)
491 Closter Dock Rd
Closter, NJ 07624
(201) 784-6200

Jennifer Butler (8)
8008 US Route 130 N, Bldg A, Ste 125
Delran, NJ 08075
(888) 307-8001
*Owner by CKFI affiliate and managed by
CKFI

Dennis F. Klages
7 Lincoln Hwy, Ste 208
Edison, NJ 08820
(732) 710-4289

Marc S. & Christine L. Jeffries (2)
160 Main St, Bldg B, Ste 7
Flemington, NJ 08822
(908) 806-2220

Kelly R. & Luis G. Marrero (2)
29 S. New York Rd., Ste. 600
Galloway, NJ 08205
(609) 277-7855

Stephanie Howe (2)
4609 Nottingham Way
Hamilton Square, NJ 08690
(609) 890-2888

Jose Palicas
440-A Blvd, Ste 1
Hasbrouck Heights, NJ 07604
(201) 288-2200

Michael & Bethan Grim (2)
201 E Main St.
Maple Shade, NJ 08052
(856) 857-6120

Pooja C. Chandawalla
45 Park Street, Suite 6
Montclair, NJ 07042
(977) 072-3103

Anne E. Fannan
John R. Fannan
450 AndBro Dr, Ste 4
Pitman, NJ 08071
(856) 582-1054

James P. Winn (3)
130 Maple Ave, Ste 10-A
Red Bank, NJ 07701
(732) 530-3636

Edyth B. Shapiro (2)
Louise M. Munsch & Kristina L. Munsch
58 Harmon Cove Towers
Secaucus, NJ 07094
(201) 340-2238

Timothy & Linda Hussey (2)
564 Lakehurst Rd, Ste 2
Toms River, NJ 08755
(732) 557-0010

Robert D. & Robin D. Friedman
One Mountain Blvd, Ste 201
Warren, NJ 07059
(732) 369-3639

Sheryl L. & Paul M. Inglat (2)
8204 B Louisiana Blvd NE
Albuquerque, NM 87113
(505) 232-7070

Linda Schaffer
12126-D N Hwy 14
Cedar Crest, NM 87008
(505) 515-0001

Sandi J. Smith
755 S Telshor Blvd, Ste Q102
Las Cruces, NM 88011
(575) 521-4400

Cindy L. Lewis
1410 S Main St
Roswell, NM 88203
(575) 624-9999

Leslie Van Pelt
1301 Luisa St, Ste C
Santa Fe, NM 87505
(505) 982-1298

Lonnie & Gina Jolliff
1300 N Boulder Hwy, Ste C
Henderson, NV 89011
(702) 360-7475

Gino & Patrice Catalli
2881 Business Park Ct, Ste 226
Las Vegas, NV 89128
(702) 385-1000

Robert L. & Darci L. Redding
1575 Delucchi Ln, Ste 219
Reno, NV 89502
(775) 770-2000

James E. & Marie A. Rice
6 Green St
Floral Park, NY 11001
(516) 328-7100

Jeffrey A. & Teresa L. Nix
179 Graham Rd, Ste F
Ithaca, NY 14850
(607) 272-0444

Barry & Judy H. Geier (2)
3355 Lawson Blvd
Oceanside, NY 11572
(516) 442-2300

Susan L. Kryszak
3075 Southwestern Blvd, Ste 206
Orchard Park, NY 14127
(716) 674-0061

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Joy M. Traille
Winston O. Traille
32 N Division St, 2nd Floor
Peekskill, NY 10566
(914) 734-2616

Terence A. & Donna R. Hafler
1163 Pittsford-Victor Rd, Ste 215
Pittsford, NY 14534
(585) 249-0100

Susan Margulies (3)
8 Manetto Hill Rd, Ste 1
Plainview, NY 11803
(516) 827-4270

Helene Korbin
David Hilgendorff
31 Main Rd, Ste 9
Riverhead, NY 11901
(631) 369-6080

Jacob P. Warmerdam
2018 Latta Rd
Rochester, NY 14612
(585) 663-5730

Ian Webber
1201 E Fayette St, Suite 23
Syracuse, NY 13210
(315) 474-0444

Ian Webber
7215 Kendall Dr E
Syracuse, NY 13057
(315) 474-0444

William G. Enders (2)
3681 S Green Rd, Ste 210
Beachwood, OH 44122
(216) 595-3681

Gary L. & Lennis L. Neisler
1616 E Wooster St, Unit 28
Bowling Green, OH 43402
(419) 806-4033

David A. Bourque (2)
7650 Chippewa Rd, Ste 310
Brecksville, OH 44141
(440) 838-5460

Kerry & Trudy Hornick
4465 Fulton Rd NW, Ste 200
Canton, OH 44718
(330) 244-9071

Daniel G. & Carol L. Brad
64 Marco Ln
Centerville, OH 45458
(937) 312-9900

Chris Disimile & Veronica Disimile
8130 Beechmont Ave
Cincinnati, OH 45255
(513) 752-5533

Ronald Rosenberg & Karen Rosenberg
800 Compton Rd, Unit 37A
Cincinnati, OH 45231
(513) 939-1616

Ronald Rosenberg & Karen Rosenberg
11440 Hamilton Ave, Suite 103
Cincinnati, OH 45231
(513) 860-1616

Toni R & Kevin A. Chillious
4071 Lee Rd, Ste B1
Cleveland, OH 44128
(216) 561-2296

Patricia A. & Timothy W. McConnell (4)
3620 N High St, Ste 101
Columbus, OH 43214
(614) 263-1998

Bonnie L. Warren (2)
John C. Warren, Jr.
7757 Auburn Rd, Ste 20
Concord Township, OH 44077
(440) 721-0100

Amy Zimmerman
727 Graham Rd
Cuyahoga Falls, OH 44221
(330) 922-4721

Kristina L. Clum (3)
6640 Poe Ave, Ste 111
Dayton, OH 45414
(937) 299-5555

Patricia A. & Timothy W. McConnell
560 Sunbury Rd, Ste 11
Delaware, OH 43015
(614) 263-1998

David H. Mirkin
Jeffrey P. Mirkin
16844 St Clair Ave
East Liverpool, OH 43920
(330) 386-5500

Bonnie L. Warren
John C. Warren, Jr.
38640 Butternut Ridge Rd
Elyria, OH 44035
(440) 458-4440

William D. & Tina M. Mrukowski (2)
4115 Main St, Ste A
Hilliard, OH 43026
(614) 527-9999

Bob & Mariela Schmitgen
Cynthia Tresslar
214 W Beech St
Hillsboro, OH 45133
(513) 697-7213

Walter H. Jr. & Peggy Jo Kincaid
1726 Allentown Rd
Lima, OH 45805
(419) 229-1031

David K. & Joan K. Yeomans (2)
148C Gross St, Frontier Shopping Center
Marietta, OH 45750
(740) 373-7125

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Kerry & Trudy Hornick
11 W Lincoln Way, Ste 2D
Massillon, OH 44647
(330) 244-9037

Ann M. & Renard J. Passerell
3812 Pearl Rd, Ste 17
Medina, OH 44256
(330) 722-6444

Mikel & Patricia Ingram
8015 Main St
Miamitown, OH 45041-0122
(513) 353-2640

John V. Nelson
30871 Lorain Rd
N Olmsted, OH 44070
(440) 934-7575

Penny M. Gregory (2)
77 Whittlesey Ave
Norwalk, OH 44857
(567) 424-6773

Carole A. Smith (2)
Tamara S. Smith
109A W 5th St
Perrysburg, OH 43551
(419) 874-4880

Kristina L. Clum
2754 E Main St
Springfield, OH 45503
(937) 322-6288

Gary L. & Lennis L. Neisler
672 Miami St, Ste D
Tiffin, OH 44883
(419) 443-1044

Todd A. Kuney
Philip N. Borer
2451 N Reynolds Rd
Toledo, OH 43615
(419) 535-7777

Michael D. McGee
7787 Joan Dr
West Chester, OH 45069
(513) 755-3710

Kerry & Trudy Hornick
Carlana Chapman
2098 Portage Rd
Wooster, OH 44691
(330) 262-2582

David H. Mirkin (3)
Jeffrey P. Mirkin
805 Mahoning Ave
Youngstown, OH 44502
(330) 747-3541

Joe Forrest (7)
3601 S Broadway, Ste 650
Edmond, OK 73013
(405) 242-5300
*Owned by CKFI affiliate and managed by
CKFI

David P. Wurth
Charles E. Wurth
907 S Detroit Ste 840
Tulsa, OK 74120
(918) 749-4433

David P. Wurth
Charles E. Wurth & Paul S. Wurth
907 S Detroit Ste 840
Tulsa, OK 74120
(918) 749-4433

Curtis C. & Leomarie B. Lind (2)
1225 NW Murray Rd, Ste 101
Portland, OR 97229
(503) 643-2010

Walter R. & Sandra L. Henriksen (3)
19365 SW 65th Ave, Ste 205
Meridian Prof Bldg
Tualatin, OR 97062
(503) 855-4415

Karl Muller
1204 Baltimore Pike, Ste 301
Chadds Ford, PA 19317
(610) 358-1640

David Hellyer & Terri Breindel
900 Leonard St, Ste 1
Clearfield, PA 16830
(814) 765-8760

Robert L. & Terry A. Guberman (2)
3374 Lincoln Way E
Fayetteville, PA 17222
(717) 352-2133

Charles R. Rhoads
Richard W. Rhoads
7A North Clover Ln
Harrisburg, PA 17112
(717) 920-9898

Marlin R. Duncan (2)
261 S Church St
Hazleton, PA 18201
(570) 450-0890

Michele Berman (2)
Marc Reisman
101 Greenwood Ave, Ste 204
Jenkintown, PA 19046
(215) 885-9140

William & Jean Engard
2733 Columbia Ave
Lancaster, PA 17603
(717) 299-4007

Gregg R. Gammello
1816 West Point Pike, Ste 310
Lansdale, PA 19446
(215) 302-3444

Sylvia Williams
296 W Ridge Pike, Ste 206
Limerick, PA 19468
(610) 340-2910

Thomas J. & Mary J. Donohue
4400 Old William Penn Hwy, Ste 100
Monroeville, PA 15146
(412) 457-0880

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

John Vito
412 Lackawanna Ave
Olyphant, PA 18447
(570) 307-0414

Corinne Fello
1382 Old Freeport Rd, Ste 2AR
Pittsburgh, PA 15238
(412) 406-7667

Mark Holte (2)
608 California Ave
Pittsburgh, PA 15202
(412) 787-0709

Thomas J. & Mary J. Donohue (2)
5824 Brownsville Rd, 1st Fl
Pittsburgh, PA 15236
(412) 653-6100

Alan & Karen A. Pfunk
1538 W Broad St
Quakertown, PA 18951
(215) 529-6810

J. Clark & Sallie H. Bongaardt (3)
920 W Sproul Rd
Springfield, PA 19064
(610) 543-6300

David Hellyer & Terri Breindel
915-A Benner Pike
State College, PA 16801
(814) 861-1600

J. Clark & Sallie H. Bongaardt
207 S State Rd
Upper Darby, PA 19082
(610) 543-6300

Michael D. McClintic, Lisa Chung
Stephen & Elizabeth Shewbrooks
755 York Rd, Ste 204
Warminster, PA 18974
(215) 672-2195

J. Clark & Sallie H. Bongaardt
121 N Wayne Ave, Ste 102
Wayne, PA 19087
(610) 520-5300

Dave Kendall (2)
Russ Hinnershitz ,Bev Hinnershitz
Linda Clark
2209 Quarry Dr, Ste A-12
West Lawn, PA 19609
(610) 678-8000

Marlin R. Duncan
224 Wilkes-Barre Twp Blvd
Wilkes-Barre, PA 18702
(570) 450-0890

Andria Larson
353 Pine St, Ste 2
Williamsport, PA 17701
(570) 322-1414

Robert T. Weber (3)
7 Austin Ave
Greenville, RI 02828
(401) 349-0888

Joseph B. & Melisa M. Glenn
402 E Greenville St
Anderson, SC 29621
(864) 760-1900

Carol D. Waldo (2)
86A Cassandra Ln
Bluffton, SC 29910
(843) 757-7731

David Coker (2)
1507 W Palmetto St
Florence, SC 29501
(843) 656-1056

Maria Ahn-Wilson & Philip Wilson (2)
26 Rushmore Dr
Greenville, SC 29615
(864) 268-8993

Thomas Doyle
1150 Hungryneck Blvd, Ste C-131
Mt. Pleasant, SC 29464
(843) 574-7474

Scott Mallory
3009-B Church St
Myrtle Beach, SC 29577
(843) 249-9200

Jeffrey S. & Janet L. Baumgardner
511 West Ave
North Augusta, SC 29841
(803) 279-7100

John & Brooke Reynolds
2238 Ebenezer Rd, Ste B
Rock Hill, SC 29732
(803) 366-1221

Erin K. & Christopher J. Couchell
324 E St John St
Spartanburg, SC 29302
(864) 573-2353

David Coker
1216 Alice Dr
Sumter, SC 29150
(803) 773-0099

Scott Mallory
1012 16th Ave NW, Ste 119
Surfside Beach, SC 29575
(843) 839-2101

Steve Schoepp
4300 S Louise Ave, Ste 302
Sioux Falls, SD 57106
(605) 977-5513

Lezlie Snoozy-Kaitfors
Michael B. Kaitfors
204 N Main St
Spearfish, SD 57783
(605) 717-4444

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Steven R. Nichols (2)
7024 Church St E
Brentwood, TN 37027
(615) 942-8907

Alan & Rhonda Hutchins
600 Republic Centre, 633 Chestnut St
Chattanooga, TN 37450
(706) 937-9955

Carolyn Steiner
30 Crossland Ave, Ste 202
Clarksville, TN 37040
(931) 905-1771

Ashley Turner & Evelyn Keck
80 Miller Ave, Ste 103
Crossville, TN 38555
(931) 456-9000

Steven R. Nichols
907 Rivergate Pkwy, Ste A-7
Goodlettsville, TN 37072
(615) 448-6682

Leslee L. Bibb
231-C North Pkwy
Jackson, TN 38305
(731) 664-7664

Linda Bambino
1134A Moreland Dr
Kingsport, TN 37664
(423) 246-0100

Tammy Brogan (2)
Angela Rogers
2575 Willow Point Way, Ste 107
Knoxville, TN 37931
(865) 670-9339

Cary G. & Wendy T. Rotter (4)
5668 S Rex Rd, Ste 200
Memphis, TN 38119
(901) 752-1515

Steven DeLoach
184-B Washington St
Ripley, TN 38063
(731) 635-0337

Scott R. & Carrie L. Stafford
5083 Main St, Ste 1
Spring Hill, TN 37174
(615) 302-5131

Ryan C. & Ronda B. Harkey
470 Orleans St, Ste 1111
Beaumont, TX 77701
(409) 813-2200

Mark C. Jackson (2)
1925 E. Belt Line Rd, Ste 214
Carrollton, TX 75006
(469) 208-5354

Aron W. & Linnann L. Collins
244 Southwest Pkwy E
College Station, TX 77840
(979) 764-3076

Lori Nesler (2)
12970 Pandora Dr, Ste 150
Dallas, TX 75238
(972) 303-4599

Sandi J. Smith (2)
5927 Gateway Blvd W, Ste A
El Paso, TX 79925
(915) 842-8195

Christopher A. Brewster (2)
1105 Arwine Ct
Euless, TX 76040
(817) 282-0828

Christopher A. Brewster
4360 Western Center Blvd, #1222
Fort Worth, TX 76137
(817) 282-0828

Michael L. Chapman (2)
8205 Camp Bowie W, Ste 216
Fort Worth, TX 76116
(817) 560-8085

Byron V. & Florence E. Ricks
6136 Frisco Sq Blvd, Ste 400
Frisco, TX 75034
(469) 200-4070

Debra A. Williams
121 River Bend Dr, #1208
Georgetown, TX 78628
(512) 255-6633

Christopher A. Brewster
1315 Water's Edge Dr, Ste 116-1
Granbury, TX 76048
(817) 578-8787

Donald J. & Carol R. Lalonde (2)
11211 Katy Freeway, Ste 230
Houston, TX 77079
(281) 978-2600

Mike L. Painter (1)
17045 El Camino Real, Ste 223
Houston, TX 77058
(281) 218-7400

Selby Clark
Linda Josey
6117 Richmond Ave, Ste 150
Houston, TX 77057
(713) 974-6920

Selby Clark (2)
6117 Richmond Ave, Ste 150
Houston, TX 77057
(713) 974-6920

L. S. & Donna Clinnard (2)
Matt Clinnard
2401 W Judson Rd, Ste 203
Longview, TX 75605
(903) 291-0111

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

John S. & Felisa Carson
8207 Hudson Ave, Ste C
Lubbock, TX 79423
(806) 687-7800

Gary & Andrea Jeans
1292 Hwy 157 N, Ste 110
Mansfield, TX 76063
(817) 453-3727

Robert H. Smolen
111 S Kentucky St, Ste 208
McKinney, TX 75069
(972) 548-7333

Ramon G. & Suzette V. Doria
4500 W Illinois Ave, Ste 206B & 206C
Midland, TX 79703
(432) 520-0414

Obaid Siddig Memon
4501 Cartwright Rd, Ste 408
Missouri City, TX 77459
(832) 539-6901

Mike L. Painter (2)
14884 Highway 105 W, Ste 201
Montgomery, TX 77356
(936) 588-2211

Joseph Sternhagen
2608 K Ave, Ste 103
Murphy, TX 75074
(972) 516-0055

Joseph Sternhagen
122 Ridgeview Dr
Murphy, TX 75094
(972) 516-0055

John S. & Felisa Carson
3133 Executive Dr
San Angelo, TX 76904
(325) 949-0700

Adrian Garza
Margarita Gonzalez
16607 Blanco Rd, Ste 901
San Antonio, TX 78232
(210) 399-0202

Matt C. Cross & Becky Cross
2703 College Ave
Snyder, TX 79549
(325) 573-9999

Demetrius L. & Arcia B. Flenaugh
14090 Southwest Freeway, Ste 300
Sugar Land, TX 77478
(281) 340-2078

Lawrence & Tracy Morgan
803 Sam Houston Dr
Victoria, TX 77901
(361) 578-7778

Eileen Bucayan (2)
6501 Sanger Ave, Ste 100
Waco, TX 76710
(254) 523-4234

George R. & Jacqueline K. Diaz
40688 Hwy 290 Business
Waller, TX 77484-0845
(936) 372-1411

Louie J. & Bonnie J. Frucci (2)
2780 Madison Ave
Ogden, UT 84403
(801) 629-4663

Louie J. & Bonnie J. Frucci
455 N University Ave, Ste 211
Provo, UT 84601
(801) 375-4663

Michael & Laura Pierce (4)
10721 Main St, Ste 304
Fairfax, VA 22030
(703) 591-7117

Edward J. Patnesky
220 Middle St
Franklin, VA 23851
(757) 569-7777

Neda & James McGuire
Aziz Selahi
419 Chatham Square Office Park
Fredericksburg, VA 22405
(540) 370-0008

Antonia & William Reinhart (4)
459 Herndon Pkwy, Ste 5
Herndon, VA 20170
(703) 435-2500

James & Laura Mallory
11847 Canon Blvd
Newport News, VA 23606
(757) 766-2311

Mark Sheets (2)
10833 Ridgefield Pkwy
Richmond, VA 23238
(804) 282-1085

Krista A. Shipe
1776 Princess Anne Rd, Ste D
Virginia Beach, VA 23456
1⁺ ¶ !!) 689-8189

Susan C. Reid
3082 Brickhouse Ct
Virginia Beach, VA 23452
(757) 431-3730

Edward & Carol Ann Golden
205 Bulifants Blvd, Ste B-Main Office
Williamsburg, VA 23188
(804) 966-1997

James & Pamela Woolford (3)
Brittany Woolford
3256 Chico Way
Bremerton, WA 98312
(360) 373-5678

LIST OF COMFORT KEEPERS® FRANCHISEES AS OF AUGUST 31, 2013

Kimberly Sanchez
28815 Pacific Hwy S, Ste 7A
Federal Way, WA 98003
(253) 945-1400

Darcy L. Antles (2)
307 W Francis Ave
Spokane, WA 99205
(509) 484-2345

Tina Moser
420 E Longview Dr, Ste E
Appleton, WI 54911
(920) 882-5009

Stephen P. Rudolph
James A. Rudolph
5396 King James Way, Ste 210
Fitchburg, WI 53719
(608) 442-1898

Marc & Linda Cayle
485 S Military Rd
Fond du Lac, WI 54935
(920) 922-1779

Marc & Linda Cayle
1416 Wisconsin Ave
Grafton, WI 53024
(262) 376-7510

Tina Moser
1331 North Rd
Green Bay, WI 54313
(920) 490-8707

Shannon Meller & Gina Meller (2)
8505 W Forest Home Ave
Greenfield, WI 53228
(414) 858-9400

Sharlyn Meller (2)
8505 W Forest Home Ave
Greenfield, WI 53228
(414) 858-9400

Linda Shurden
2424 Monetary Blvd, Ste 012
Hudson, WI 54016
(715) 381-6730

Stephen P. Rudolph
Mark Stowers
2951 S 21st Pl
La Crosse, WI 54601
(608) 784-3357

Ronald L. Scasny (3)
Joanne D. Bolz
3073 S Chase Ave, Ste 300
Milwaukee, WI 53207-2638
(414) 482-2679

Kevin & Diane Rasmussen (2)
1127 Prairie Dr, Ste 600
Racine, WI 53406
(262) 884-3930

Marc & Linda Cayle
809 N 8th St, Ste 201
Sheboygan, WI 53081
(920) 458-2806

Stephen P. Rudolph
James A. Rudolph
1500 W Main St
Sun Prairie, WI 53590
(608) 442-1898

David K. & Joan K. Yeomans (2)
148C Gross St, Frontier Shopping Center
Marietta, OH 45750
(740) 373-7125
(units located in WV)

**LIST OF COMFORT KEEPERS® FRANCHISEES
WHO HAVE NOT OPENED AS OF AUGUST 31, 2013**

Kristine E. Watson
Robert M. Lattimore
1070 Marina Village Pky, Ste 102B
Alameda, CA 94501
(510) 701-4200

K. Tony Swaim
Cathaleen A. Swaim
4400 Bayou Blvd, Ste 25-D
Pensacola, FL 32503
(850) 791-6700

Mary Lewis
4500 Hugh Howell Rd, Ste 360
Tucker, GA 30084
(470) 299-3192

Charles A. Ritchey (2)
Heather L. Warble
1036 Circle Dr, Ste B
Sykesville, MD 21784
(410) 795-7495

Peter G. Violette
Sean Violette
51 US Rt. 1, Ste A
Scarborough, ME 04074
(207) 885-9600

Obaid Siddiq Memon
4501 Cartwright Rd, Ste 408
Missouri City, TX 77459
(832) 539-6901

ROSTER OF FORMER FRANCHISEES

EXHIBIT I-2

ROSTER OF TRANSFERRING FRANCHISEES
SEPTEMBER 1, 2012 – AUGUST 31, 2013

Ivory Kinslow
139 Woodland Dr
El Dorado, AR 71730
(870) 863-3232

Greg & Nell Powowarczyk
16810 E. Ave of the Fountains, Ste 200B
Fountain Hills, AZ 85268
(480) 837-1550

Enrique Loreto Emma Loreto
1924 Berkshire Dr
Fullerton, CA 92833
(714) 871-1187

Teresita Alban & Jesus Alban
1307 Canterbury Ln
Fullerton, CA 92831
(714) 449-9428

Shelley Cooper
3901 Ebverett Ave
Oakland, CA 94602
(510) 967-4353

David & Janet King
2200 Gemstone Ct
Ft. Collins, CO 80525
(970) 223-8108

Maureen Robinson
6613 S. Vance St
Littleton, CO 80123
(303) 972-3455

Tami Miller
55 Clarks Corner
Harrington, DE 19952
(302) 398-0511

Dan Swaim (2)
235 Pelican Pl, Unit #1
Destin, FL 32541
(850) 279-6310

Henria Zoe King & Bruce King (2)
1489 Old Blue Ridge Hwy
Blairsville, GA 30512
(706) 835-2607

Timothy & Chanda Hall
520 Twin Lakes Ct
Fairburn, GA 30213
(404) 932-5221

Tonya McNabb
247 Chicopee Dr.
Marietta, GA 30060
(770) 490-1868

Brett Morris
521 Farmington Ct
Richmond, KY 40475
(859) 582-5774

William and Jean Shrieves
9243 New Road
McDaniel, MD 21647

Caroline Cowdrey & Anita Read
6624 Waning Moon Way
Columbia, MD 21045
(410) 381-8222

Tami Miller
Damon Tomlinson
240 Greenwood St
Elkton, MD 21921
(410) 392-8064

Frederick & Patricia Robison (3)
78 Trafford St
Shrewsbury, NJ 07702
(609) 654-6788

Carol Rogers
1370 8th St NW
Hickory, NC 28601
(828) 291-9500

Joel & Susan Peterson (3)
3105 N. Broadway #7
Fargo, ND 58102
(701) 237-0004

Mary Dianne Burns
2116 Simon Ct
Springfield, OH 45503
(937) 408-1030

Michael McClintic, Lisa Chung
Stephen & Elizabeth Shewbrooks
1745 Foxwood Dr
Jamison, PA 18929
(215) 570-7278

James & Anne Breidenbach
PO Box C
Walnutport, PA 18088
(610) 833-8051 *

William Johnson
415 Aiken Hunt Cir
Columbia, SC 29223
(803) 240-1377

Robert Ogburn & Jack Nance (2)
8266 Forest Lake Dr
Conway, SC 29526
(843) 347-1960

*Calls accepted between 12-2 p.m. EST

**ROSTER OF TRANSFERRING FRANCHISEES
SEPTEMBER 1, 2012 – AUGUST 31, 2013**

Joe Pearce (2)
1700 Cherokee Rd
Florence, SC 29501
(843) 662-6076

Patrick & Denise Hart
2509 Misty Glen Dr
Flower Mound, TX 75028
(972) 369-4158

Debra Williams
121 River Bend Dr
#1208 Georgetown, TX 78628
(512) 496-8935

Robert Soerens (2)
N21 W24122 Dorchester D, 4F
Pewaukee, WI 53072
(608) 217-5907

Lee Rades
W1044 Old Lodge Ln
Winter, WI 54896
(715) 332.5150

**ROSTER OF FRANCHISEES WHO LEFT OTHER THAN THROUGH TRANSFER
SEPTEMBER 1, 2012 – AUGUST 31, 2013**

Richard Byrd
508 Unger Trail
PO Box 2384
Mountain Home, AR 72654
(870) 405-1133

Larry & Francine Simmons (i)
6208 Juanito Ct
Bakersfield, CA 93306
(661) 871-9594

David & Janet King
2200 Gemstone Ct
Ft. Collins, CO 80525
(970) 223-8108

Byron Kelley, Sr(i)
3915 Ponderosa Rd
Malabar, FL 32950
(863) 644-5563

Donna Holm & Darcy Holm
4569 Atesa Way S
Palm Gardens, FL 33418
(561) 358-9810

Steven & Regina Boatner
1827 Oak Grove Rd
Pine Mountain, GA 31822
(706) 302-9506

Lisa Hubers & Allison Hubers
377 St Hwy 30
Pipestone, MN 56164
(507) 825-4409

Wendi Wetzel
2655 Woodside Rd
Bethlehem, PA 18017
(610) 419-6776

Jeffrey Speight
16010 Ormonde Crossing Dr
Cypress, TX 77429
(832) 334-1843

Carlos Heath (i)
9850 Pagewood 1202
Houston, TX 77042
(832) 453-1696

(i) Franchise terminated by Franchisor

**THE FOLLOWING FRANCHISEES LEFT OTHER THAN THROUGH TRANSFER
BETWEEN SEPTEMBER 1, 2013 AND THE DATE OF THIS DISCLOSURE DOCUMENT**

David & Elizabeth Wells
133 Lakeshore Circle NE
Milledgeville, GA 31061
(478) 452-8201

Reavelle Stephenson (2)(i)
PO B ox 36966
Birmingham, AL 35236
(205) 902-7690

Robert & Mariela Schmitgen
Cynthia Tresslar
676 Kennecut Ct
Cincinnati, OH 45244
(513) 965-0839

Tami Miller
Damon Tomlinson
240 Greenwood St
Elkton, MD 21921
(410) 392-8064

Gequeta Ferrell
Bryant Shorter
9729 Davison Rd
Middle River, MD 21220
(443) 208-6626

George & Jacqueline Diaz
31814 Terri Ln
Magnolia, TX 77355
(281) 734-3736

Scott & Carrie Stafford
2928 Churchill Ln
Thompsons Station, TN 37179
(615) 794-7716

i Sold, never opened

**THE FOLLOWING FRANCHISEES LEFT THROUGH A TRANSFER BETWEEN
SEPTEMBER 1, 2013 AND THE DATE OF THIS DISCLOSURE DOCUMENT**

Adrian Garza(i)
Margarita Gonzalez
16719 Huebner Road, Bldg 5
San Antonio, TX 78258
(210) 542-7769

Frances Focht
4306 Rock Hill Loop Rd
Apopka, FL 32712
(407) 889-0066

Christopher Brewster(4)
3300 Livingston
Fort Worth, TX 76110
(972) 891-8486

Charles A. Ritchey(7)
2704 Farmview Dr
Fallston, MD 21047
(410) 692-0768

Jennifer Ramos (2)
36522 Fontaine St
Winchester, CA 92596
(951) 325-2316

Marc & Linda Cayle(3)
11668 Bobolink Ln
Mequon, WI 53092
(262) 236-0590

Estate of Jason Wiley(ii)
C/O V. Paul Smith
3790 Woodhaven
Springfield, IL 62707

- i. Acquired by our affiliate, SDX Home Care Operations, LLC
- ii. Owner deceased

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

EXHIBIT J

EXHIBIT J

GENERAL RELEASE

_____, a _____, whose address for the purpose of this Release is _____ (“Franchisee”), _____, a(n) _____, whose address for the purpose of this Release is _____, and _____, a(n) _____, whose address for the purpose of this Release is _____ (collectively, “Franchisee’s Principals”) hereby release and forever discharge CK FRANCHISING, INC., an Ohio corporation having its principal place of business at 6640 Poe Avenue, Suite 200, Dayton, Ohio 45414 (“Company”), its affiliates, parents, ultimate parents, and their respective heirs, successors, members, shareholders, representatives, assigns, agents, employees, officers and directors, past and present, in their personal and corporate capacities (“Affiliates”), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character and description, known or unknown, vested or contingent, that Franchisee and/or any of Franchisee’s Principals now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against Company and/or its Affiliates, arising prior to and including the date of this Release, including, without limitation, any such claims that Franchisee and/or any of Franchisee’s Principals may have against Company and/or its Affiliates (i) arising under any agreement between Franchisee and/or its Principals and Company and/or its Affiliates, including that certain Franchise Agreement dated _____ between Franchisee and Company (the “Franchise Agreement”), and any settlement agreement related to its termination, if applicable, (ii) arising from the parties’ conduct during the term of the Franchise Agreement, (iii) arising during Franchisee’s operation of the franchised **Comfort Keepers**[®] business known as Comfort Keepers # _____, (iv) arising under federal, state and local laws, rules or ordinances, including, but not limited to, federal and state franchise and deceptive trade practice laws, or (v) related to any obligation to refund or otherwise return any part of the franchise fee that Franchisee paid to Company upon the execution of the Franchise Agreement.

This Release is made in the State of Ohio and its provisions shall be governed by and enforced and interpreted under the laws of that State, except that conflicts of law rules shall be excluded, and any disputes arising out of or in connection with this Release shall be resolved in accordance with the dispute resolution provisions set forth in Article 12 of the Franchise Agreement.

The parties have executed and delivered this General Release on this ____ day of _____.

FRANCHISEE

FRANCHISEE’S PRINCIPALS

[Name of Entity if Franchise is a business Entity]

Print Name: _____

By: _____
Title: _____

Print Name: _____

**EXHIBIT K-1
RECEIPT**

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

If CK Franchising, Inc. offers you a franchise, it must give this disclosure document to you 14 calendar days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CK Franchising, Inc. does not deliver this disclosure document to you on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the administrator for this state listed in Exhibit B-1.

The name, principal business address, and telephone number of each franchise seller offering the franchise: Jim Brown, Larry France, Freda Moreland, Sharon Cupach, and Tina Sterling, all at CK Franchising, Inc., 6640 Poe Avenue, Suite 200, Dayton, OH 45414, 937-264-1933, and _____.

Date of Issuance: February 13, 2014

See Exhibit B-2 for the registered agents authorized to receive service of process for CK Franchising, Inc.

I have received a disclosure document dated February 13, 2014, that included the following Exhibits:

- | | |
|--|--|
| A: Specific State Disclosures | F: Promissory Note |
| B-1: State Administrators | G: Supplementary Discussion of Special Industry Laws |
| B-2: Agents for Service of Process | H: Operations Manual Table of Contents |
| C: Financial Statements | I-1: Roster of Current Franchisees |
| D-1: Franchise Deposit Agreement | I-2: Roster of Former Franchisees |
| D-2: Franchise Agreement with Attachments | J: Current Sample Form of General Release |
| E: State Specific Addenda to Franchise Agreement | K-1: Receipt (Your copy) |
| | K-2: Receipt (Our copy) |

Date Received: _____

Signature of Prospective Franchisee

Printed Name: _____

Date Received: _____

Signature of Prospective Franchisee

Printed Name: _____

(Your Copy)

**EXHIBIT K-2
RECEIPT**

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

If CK Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CK Franchising, Inc. does not deliver this disclosure document to you on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the administrator for this state listed in Exhibit B-1.

The name, principal business address, and telephone number of each franchise seller offering the franchise: Jim Brown, Larry France, Freda Moreland, Sharon Cupach, and Tina Sterling, all at CK Franchising, Inc., 6640 Poe Avenue, Suite 200, Dayton, OH 45414, 937-264-1933, and _____.

Date of Issuance: February 13, 2014

See Exhibit B-2 for the registered agents authorized to receive service of process for CK Franchising, Inc.

I have received a disclosure document dated February 13, 2014, that included the following Exhibits:

- | | |
|--|--|
| A: Specific State Disclosures | F: Promissory Note |
| B-1: State Administrators | G: Supplementary Discussion of Special Industry Laws |
| B-2: Agents for Service of Process | H: Operations Manual Table of Contents |
| C: Financial Statements | I-1: Roster of Franchisees |
| D-1: Franchise Deposit Agreement | I-2: Roster of Former Franchisees |
| D-2: Franchise Agreement with Attachments | J: Current Sample Form of General Release |
| E: State Specific Addenda to Franchise Agreement | K-1: Receipt (Your copy) |
| | K-2: Receipt (Our copy) |

Date Received: _____

Signature of Prospective Franchisee

Printed Name _____

Date Received: _____

Signature of Prospective Franchisee

Printed Name _____

(Our Copy)