

You are required to meet certain minimum Gross Sales on a quarterly basis as described in more detail in Section 1.4 of the Franchise Agreement

We have, at our option, the right to establish an electronic fund transfer from your account to ours ("EFT") and you will cooperate in setting up that account. Since the funds paid by the client being assisted by the caregiver, and all placement fees will be paid to you, you will calculate the royalty, advertising fund contribution and all other fees then due us, with a report explaining the same.

**Note 2: Advertising Fund Contributions** We will establish an advertising fund ("Fund") for the common benefit of franchisees. The Fund can also be used in various regions of the United States at our discretion. We have the right to require you to participate in and contribute monthly to the Fund, a total amount not to exceed the higher of 2% of Gross Sales or \$300 per month. See Item 11 of this Franchise Disclosure Document for more details regarding advertising funds. You will pay this fee at the same time you pay the royalty. We expect to continue advertising in the same locations and methods as our affiliates have done in the past, such as in magazines, through the internet, attending conferences, providing educational programs and visiting appropriate facilities.

We or our designated entity may receive payment from the suppliers who sell to you or to you through us, such payments being specifically referred to as "cooperative fees." We may use the cooperative fees to advertise your Business, though we have no obligation to spend any amount of the cooperative fees near your Approved Location ("Approved Location") and not all franchisees will benefit directly or on a pro rata basis from our expenditures.

**Note 3: Conferences and Similar Events** You may have to pay attendance fees to exhibit and attend conferences and similar events for the purpose of promoting your services to healthcare givers and facility employees/owners.

**Note 4: Local Advertising.** On a monthly basis you must spend at least 1% of your Gross Sales, but not less than \$300 per month, to advertise and market your Business and provide evidence of the same to us.

**Note 5: Initial Inventory.** Not applicable. We will provide to you, without charge, a beginning supply packet consisting of various miscellaneous supplies described in Item 11.

**Note 6: Manager/Recruiter Training Fee.** Although the initial training for you and your Designed Manager is tuition free, at your request and subject to the availability of our personnel, we will train you and/or your additional or replacement manager at a cost to you of \$1,000 per training or the then-current training fee, if higher, in addition to other costs and expenses, including travel, meals and lodging. The additional training may be 4 days as opposed to the initial training which is longer, since the owner will have already been trained and can supplement our training as necessary.

through onsite assistance by our appropriate personnel and/or other methods (see Section 6 of the Franchise Agreement)

3. We may, at our sole discretion, hold a mandatory annual conference at our headquarters, which are currently in San Diego, California, or at a location we determine, which will last approximately two to three days. We will determine the topics and agenda of the annual conference, which generally will include updating our franchisees on new developments affecting them, and exchanging information between our franchisees and our personnel concerning the operations and programs of the System. You must pay all costs and expenses (travel, food and lodging) to attend the annual conference plus our cost not to exceed \$1,000 per person (see Section 6 of the Franchise Agreement)

4. Provide a toll free telephone number for your use to call us

### **Training Programs**

Our initial training program is mandatory for all new franchisees and the Designated Manager before your Business opens, and will take place at corporate headquarters, consisting of 5 days total and at your location 2 consecutive days. Training will be provided by or under the supervision of our designated representative(s). Trainers will be experienced in the industry and include consultants, employees, and personnel from our affiliates.

You, if you are an individual (or an entity, then one of your principals), then you, and your Designated Manager must complete the initial training program to our satisfaction and receive passing grade certificates from your instructors or us, before you begin business operations. You must pay all expenses incurred during training, including travel, lodging and dining expenses and employees' salaries. We will provide you with all training materials at no additional charge. The training program includes instruction as outlined in the following chart. We may offer additional assistance in the future, as described in this Franchise Disclosure Document.

The Instructors will consist of

Henri Chazaud - accounting to include AR AP payroll, employee relations (hiring, terminations, employee retention, purchasing, database overview, Keepsake Cuisine, Website and WS updates (see Item 2 for more details)

Kristen Chazaud - marketing, company culture, client relations including assessments (see Item 2 for more details)

Steve Schmidt - marketing and website, over 16 years of experience as a marketing consultant to business owners in the senior care industry

corporate headquarters in San Diego, California You will not be required to take this program or provide it to your employees

(i) If you do not take the training within a reasonable time after we sign this Agreement, or do not successfully pass the training in our sole discretion, then we will have the right, at our option, to terminate this Agreement and keep 50% of your initial franchise fee and refund 50% to you provided you sign the Release shown in the form of Exhibit 9 attached, or (ii) if you do not find a location and sign a lease, acceptable to us, and open within 120 days after we both have signed this Agreement then we will have the right, at our option, to terminate this Agreement and keep all of your initial franchise fee without refund and you must sign the Release shown in the form of Exhibit 9 attached Any funds to be retained by us are subject to any impound imposed on the fee

### **Advertising**

We will establish an advertising fund (the "Fund") for the common benefit of System franchisees We have the right to require you to participate in and contribute monthly to the Fund a total amount not to exceed 2% of your monthly Gross Sales or \$300 per month, which ever is higher, in the manner we prescribe We have the right to use Fund contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the services offered by System franchisees One of our two affiliates, Keepsake Companions, will pay the same advertising fee as the franchisees

We may use the Fund contributions to develop and prepare advertising that we distribute to franchisees for their placement in the local media The advertising is prepared by us and by outside sources If we do not spend all Fund contributions by the end of each fiscal year, the funds may be carried forward into the next fiscal year

We do not receive payments (other than reimbursement for expenses) for administering the Funds We do not anticipate that any part of the fund contributions will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available "

We have the sole right to determine how expenditures from the Fund will be made or how it might be spent on any other advertising program, and sole authority to determine the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend these funds in the general best interests of the System on a national, regional or local basis We are not required, under the Franchise Agreement, to spend any amount of the Fund contributions near your Approved Location and not all franchisees will benefit directly or on a pro rata basis from our expenditures The Businesses owned by our two affiliates may benefit directly or indirectly from national, regional or local advertising programs We have the right to

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