



The following chart reflects the estimated cost of start-up through the first three months of operation, including the franchise fee. Your Franchise Development Representative is available to provide further detail and answer any questions you may have concerning these cost estimates.

<b>EXPENDITURE TYPE</b>	<b>AMOUNT (LOW TO HIGH)</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE DUE</b>
<b>(1) Franchise Fee</b>	\$30,000 to 150,000	Cashier's Check or a Wire Transfer	Upon Signing the Franchise Agreement	Signal Health Group
<b>(2) Real Estate/Rent</b>	\$200 to \$1,500	Check/Automatic Payment	Prior to Beginning Operations	Leasing Agent
<b>(3) Utility Deposit</b>	\$0 to \$300	Check/Automatic Payment	Prior to Beginning Operations	Utility Company
<b>(4) Leasehold Improvements</b>	\$0 to \$11,500	Check/Automatic Payment	Prior to Beginning Operations	Improvement Contractor
<b>(5) Furniture/Fixtures/Equipment</b>	\$500 to \$3,000	Check/Automatic Payment	Prior to Beginning Operations	Supplier
<b>(6) Software</b>	\$150 to \$1,000	Check/Automatic Payment	Prior to Beginning Operations	Software Supplier
<b>(7) Computers/Printers</b>	\$100 to \$3,500	Check/Automatic Payment	Prior to Beginning Operations	Electronic Supplier
<b>(8) Insurance (including Fidelity/Crime Coverage)</b>	\$1,000 to \$2,600	Check/Automatic Payment	Prior to Beginning Operations	Insuring Company
<b>(9) Signage</b>	\$100 to \$1,000	Check/Automatic Payment	Prior to Beginning Operations	Sign Company
<b>(10) Office Equipment/Supplies</b>	\$750 to \$3,000	Check/Automatic Payment	Prior to Beginning Operations	Box Store/Office Supplier
<b>(11) Training(Travel Fee)</b>	\$1,000 to \$2,500	Check/Automatic Payment	Prior to Beginning Operations	Third Party
<b>(12) Licenses/Permits</b>	\$0 to \$10,000	Check/Automatic Payment	Prior to Beginning Operations	Local/State Government
<b>(13) Legal/Accounting</b>	\$500 to \$3,000	Check/Automatic Payment	Prior to Beginning Operations	Attorney/Accounting Firms
<b>(14) Compliance Guidance</b>	\$1,000 to \$1,000	Check/Automatic Payment	Prior to Beginning Operations	Consulting Firm
<b>(15) Dues and Subscriptions</b>	\$0 to \$500	Check/Automatic Payment	Prior to Beginning Operations	Affiliates
<b>(16) Additional Funds (3 Months)</b>	\$2,500 to \$25,000	Check/Automatic Payment	Prior to Beginning Operations	Financial Institute
<b>(17) Total</b>	\$58,350 to \$144,400			

We anticipate that you will incur the above estimated initial expenditures in the establishment of your Franchised Business. All fees paid to our Affiliates or to the franchise are non-refundable under any circumstances once paid.



except as provided in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers.

## **NOTES**

- 1) **Franchise Fee:** The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document.
- 2) **Real Estate/Rent:** You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. You will need approximately 200 to 250 square feet of space in a shared office or executive office environment. Your lease costs can vary based upon variances in square footage, cost per square foot and required maintenance costs. We assume that you will have to pay the first month's rent and a security deposit equal to one month's rent in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances. This covers rent for three (3) months.
- 3) **Utility Deposits:** If you are a new customer to your local utilities, you may have to pay deposits with local utilities for services such as electric, telephone, gas and water. The deposit will vary depending upon the policies of the local utilities.
- 4) **Leasehold Improvements:** You may need to make certain improvements to your office space to accommodate your Franchised Business or to comply with our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs.
- 5) **Furniture, Fixtures & Equipment:** You will be required to purchase or lease office furniture and any equipment necessary for providing the various services offered by Signal Health Group Inc Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.
- 6) **Software:** You must purchase a license to use scheduling software from us or our approved vendor. Currently, you will sign a scheduling software license agreement with the approved vendor and pay the vendor all applicable fees. We will pay the initial start-up license fee and training fee for you to use the scheduling software. You must pay the vendor the monthly usage fee for the scheduling software. The current monthly usage fee ranges from \$150 – \$500 per month, and is subject to change by the software vendor. You must also purchase QuickBooks, the cost of which will vary depending on competition among suppliers, among other things. See Item 11 for a description of the software you must purchase.

- 7) **Computers and Printer:** You must purchase certain computers and printers to operate the software and QuickBooks. See Item 11 for a description of the computers and printers you must purchase.
- 8) **Insurance (including Fidelity/Crime Coverage):** You must secure policies for the following types of insurance: “all-risk” property, business interruption, general liability, automotive liability, professional liability, employment practice liability, wage and hour insurance, worker’s compensation, coverage under the Franchise Agreement’s indemnity provisions, and a fidelity/crime insurance (or the equivalent), as required by Section 15 of the Franchise Agreement or any other insurance as required by law. Your cost of insurance may vary based on the location of the Franchised Business, value of the leasehold improvements, amount of inventory, number of employees and other factors. Typically, you will pay quarterly for insurance (including fidelity/crime insurance) coverage. The estimated cost is for the first 3 months of insurance (including fidelity/crime insurance) coverage.
- 9) **Signage:** This range includes the cost of all signage used in the Franchised Business, which may include a plaque or lettering for an office door, and magnetic signs or custom painting on service vehicles, or auto wraps. The costs will vary based upon the size, location of the Franchised Business, local wage rates and other factors.
- 10) **Office Equipment and Supplies:** You must purchase general office supplies including stationery, business cards and typical office equipment, such as a computer and printer. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, suppliers and other factors.
- 11) **Training:** The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose.
- 12) **Licenses & Permits:** Local government agencies typically charge fees for such things as business licenses. Depending on your local laws, you may also be required to obtain licenses to perform certain services such as in-home companionship, homemaking, personal care, or child care, for example. Your actual costs may vary from the estimates based on the requirements of local government agencies. You are required to understand and comply with all federal, state, and local laws.
- 13) **Legal & Accounting:** You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rate of attorneys’, accountants’ and consultants’ fees.
- 14) **Compliance Guide Fee:** We have partnered with a premier provider of federal and state compliance guidance regarding owning a home care agency. The information covers federal and state laws, sample agreements, model



policies and forms, a survey on state laws on home care companions and other domestic workers, presentations on wage and hour issues, agency investigations, and other areas impacting the industry, guidelines to help small business comply with federal, state, and local employment laws. The Compliance Guidance Fee is a one-time fee for access to this information that is updated on an on-going basis by our preferred partner.

- 15) **Dues & Subscriptions:** We recommend, but you are not required, to join local organizations such as the Chamber of Commerce for networking and marketing purposes.
- 16) **Additional Funds:** This estimates additional funds necessary for the first three (3) months of your business operations, and does not include an owner's salary, personal, or living expenses. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the Franchised Business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; local regulation compliance; the local market for Signal Health Group Inc Businesses in your area; the prevailing wage rate; competition from other sellers of similar services in your area during this period. This includes a variety of expenses and working capital items during your start-up phase such as: legal and accounting fees; advertising, promotional expenses and materials; employee salaries (including a salary for the second employee and any necessary licenses or permits); and other miscellaneous costs. However, this excludes your salary and also excludes any sales, use or similar taxes that may be assessed by your state or local authorities. Please check with your local and state governmental agencies for any taxes that may be assessed.
- 17) **Total:** In compiling the chart, we have relied on our 7 years of experience in the industry. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

*\*NOTE: This is an estimate only of the capital needed to open and operate your Signal Health Group Inc Franchise during the initial 3 months after you open your business. Signal Health Group Inc cannot guarantee that you will not have additional start-up expenses.*

To receive in depth details about the above investment summary, contact a Signal Health Group Inc Franchise Development Representative who can answer your questions and provide you our Franchise Disclosure Document.