



SERVICE AGREEMENT

This Service Agreement (the "Agreement") is entered into by and between the organization named below (HEREIN referred to as the "Client") and Automatic Payroll Systems, Inc. (HEREIN referred to as APS), a Louisiana Corporation whose physical address is 3010 Knight Street, Suite 300, Shreveport, LA 71105 according to the listed effective date.

Client (Legal Name): _____

Address: _____

City: _____ State: _____ Zip: _____

State of Incorporation: _____ EIN: _____

Contact Officer: _____

Title: _____

Effective Date: _____

1. GENERAL TERMS

1.1 Services. APS shall provide payroll, tax filing, time and attendance, human resources ("HR"), self-service benefits administration, recruiting, on-boarding and other data processing services, including related web hosting services (the "Products and Services") and in accordance with the final sales quote agreed upon by Client and APS (the "Sales Order"), which is incorporated herein and made a part hereof for all purposes. Client acknowledges and agrees that APS will not be deemed to be providing legal, financial, benefits, or tax advice to Client as a result of the Products and Services provided herein.

1.2 Use of Products and Services. Products and Services include confidential and proprietary information. Client shall use the Products and Services only for its internal business purposes. Client shall not provide, directly or indirectly, any of the Products or Services or any portion thereof to any other party. Client shall not provide service bureau or other data processing services that make use of the Products or Services or any part thereof without the express written consent of APS. Client represents that it has verified the identity of each of its employees to whom it will make payments using Products or Services through appropriate documentation provided by such employee (e.g., I-9 documentation). Client shall be responsible for ensuring that its employees, plan participants and any other persons authorized by Client to access or use the Services comply with all the terms of this Agreement.

1.3 Proprietary Protection and Restrictions. APS has and shall have sole and exclusive ownership of all rights, title, and interest in the Products and Services and all modifications and enhancements thereof (including ownership of all trade secrets copyrights, and intellectual property rights pertaining thereto). Client is only permitted to use the Products and Services provided by APS for its own employees and is not permitted to provide data processing services or to otherwise provide payroll or human resource record keeping services for third parties.

1.4 Ownership and Use of Intellectual Property. During the term of this Agreement, as a result of APS's efforts under this Agreement, APS may generate ideas, inventions, suggestions, copyrightable materials or other information ("Intellectual Property"). APS shall have title to such Intellectual Property. To the extent such Intellectual Property is incorporated into Products and Services to be produced by APS and delivered to Client under this Agreement, APS grants and Client hereby accepts a

royalty-free, non-exclusive right to use all such Intellectual Property as incorporated into the Products and Services.

1.5 APS Support Services. APS shall maintain a Client Support Center (CSC) that will utilize a ticketing system to receive service requests and reports of software irregularities. Client may report software or operator problems and seek assistance in the use of the Products and Services. APS will maintain a product-trained and knowledgeable staff capable of rendering the services set forth in this Agreement. APS will use all reasonable diligence to correct verifiable and reproducible errors when reported to the CSC. The service level objective of the CSC will be to maintain a first time response rate of less than 60 minutes a minimum of ninety (90%) percent of the time measured over three consecutive months.

1.6 APS Client Onboarding Services. APS shall provide to the Client activation and implementation services by product-trained and knowledgeable staff capable of rendering such services as defined in Exhibit A.

1.7 Software Services and Responsibilities. "Software Services" consist of providing the necessary network infrastructure, computer hardware, third party software, database administration services and connectivity point at the production environment in accordance with APS's then standard procedures.

1.8 Software Hosting Services. The following information applies to hosted Software Services.

- APS shall provide the hosting environment(s), including hardware and software, required to host the site(s) for the applicable hosted product (the "Systems") and the operation and required maintenance of such Systems. The Systems may be used to provide similar services to other clients.
- The Systems shall be deployed at Uniform Resource Locators (URLs) to be selected, registered and owned by APS.
- In the event that APS discovers and/or Client reports to APS through its CSC that a System for a Product or Service provided to Client is experiencing an outage or an operational issue, APS will resolve such issue as soon as possible, giving priority to outages and significant operational issues.
- The service level objective will be to make the Systems available ninety nine and nine tenths (99.9%) percent of the time measured over three consecutive months, not to include the hours required for scheduled maintenance as defined in Exhibit B. APS will notify the Client of unscheduled system downtime with as much advance notice as possible following APS's identification of the need for such unscheduled downtime.
- Client will be responsible to provide connectivity between the Client's location(s) and the Internet. Client agrees that APS will have no liability for and Client will not be excused from any of its obligations under the Agreement as a result of the quality, speed or interruption of the communication lines from the Client's location(s) to the Internet.

1.9 Term and Termination. This Agreement shall commence on the Effective Date and continue in effect for a period of twelve (12) months from the first live check date (Initial Term), which is defined as the first date when payroll processing occurs to compensate an employee via check or direct deposit. Client may not terminate this Agreement during this Initial Term except as set forth herein. This Agreement shall automatically renew for successive renewal terms of one (1) year, each such one (1) year renewal being referred to as a "Renewal Term". Either party may terminate this Agreement at the end of the Initial Term by providing written notice of termination at least sixty (60) days before expiration of the Initial Term. After the Initial Term, either party may terminate this Agreement effective the end of a Renewal Term by providing written notice at least sixty (60) days prior to the end of the Renewal Term. Either party shall have the right to terminate this Agreement, at any time during the Initial Term or during any Renewal Term, upon thirty (30) days prior written notice of any

breach hereof by the other party, provided that the party in breach has not cured said breach within said thirty (30) day period.

2. DATA

2.1 Client Data. Client shall retain ownership of the entire right, title and interest in and to all materials, data and information provided by Client to APS, including without limitation, the Client data and Client Confidential Information, and all intellectual property rights thereto. No ownership rights in such materials, data and information are transferred to APS. Client shall be solely responsible for updating and maintaining the completeness and accuracy of all Client Data. Client grants APS a right to use the Client Data for the sole purpose of performing the Services for Client. Client acknowledges that certain functions of the Services allow Client's employees or participants to input information into the self- service portions of the Services. APS shall have no responsibility to verify, nor does APS review the accuracy or completeness of the information provided by Client's employees or participants to APS using any self-service portion of the Services. APS shall be entitled to rely upon such information in the performance of the Services under the Agreement as if such information was provided to APS by the Client directly. While the Services' self-service features permit employees or participants to elect to receive pay statements and tax forms electronically, it remains the responsibility of Client to ensure that employees or participants receive pay statements and tax forms as required by law.

2.2 Accuracy of Client Information, Review of Data. All Products and Services provided will be based upon information provided to APS by Client (including proof of federal, state, and local tax identification numbers). Upon receipt from APS, whether electronically or otherwise, Client will promptly review all disbursement records and other reports prepared by APS for validity and accuracy according to Client's records and Client agrees that it will promptly notify APS of any discrepancies.

Client has the final and ultimate responsibility for verification of payroll data and checking the accuracy of payments to be issued to employees. Client has the final and ultimate responsibility for checking the accuracy of and the remittance of any non-tax payments, such as voluntary deductions and garnishments.

2.3 Protection of Client Data. APS will employ commercially reasonable storage (including backup, archive and redundant data storage, on-site and off-site) and reasonable precautions to prevent loss of or alteration to Client's data in APS's possession, but APS does not undertake to guarantee against any such loss or alteration. APS is not, and will not be, Client's official record keeper. Accordingly, Client will, to the extent it deems necessary, keep copies of all source documents containing the information delivered to APS.

2.4 Password Protection. Client agrees to maintain the privacy of usernames and passwords associated with Products and Services. Client is fully responsible for all activities that occur under Client's password or Internet account. Client agrees to (i) immediately notify APS of any unauthorized use of Client's password or Internet account or any other breach of security, and (ii) ensure that Client exits from Client's Internet account at the end of each session. APS shall not be liable for any damages incurred by Client or any third party arising from Client's failure to comply with this section.

2.5 No Transfer, Modification, etc. Client shall not assign, loan, sublicense, alter, modify, adapt (or cause to be altered, modified or adapted), reproduce, duplicate, copy, sell, trade, resell or exploit for any commercial purposes, all or any portion of the Products or Services or any access or use thereof. Client will not write or modify interfaces or reports to any Products or Services except as expressly authorized by APS. CLIENT WILL NOT RECOMPILE, DISASSEMBLE, REVERSE ENGINEER, OR MAKE OR DISTRIBUTE ANY OTHER FORM OF, OR ANY DERIVATIVE WORK FROM PRODUCTS AND SERVICES.

2.6 Confidential Information. APS and Client will not knowingly disclose to any third party, or make use of any Confidential Information during the term of this Agreement and for three (3) years thereafter. For purposes of this Agreement, "Confidential Information" will mean non-public information of a Party to this Agreement. In addition to the foregoing, the Parties agree to not, at any time, during or at any time after the term of this Agreement, in any fashion, form or manner, either directly or indirectly, divulge, disclose or communicate to any person, firm, or corporation in any manner whatsoever any information of any kind, nature or description concerning any matters relating to each other's business, including, but not limited to, names of employees, Client companies, its manner of operation, the nature, or descriptions of, its plans, processes or data of any other kind. This Agreement shall not be deemed to prevent the disclosures of information after having received prior consent from the other Party. This Agreement does not apply to information in the public domain at the time of disclosure, or which is or becomes publicly available without breach of the Agreement, or which is known to the Parties receiving it at the time of disclosure, or which is received from a third party who has not breached any agreement with the Party claiming confidentiality, or which is disclosed by the Party claiming confidentiality to third parties on a non-restricted basis. Notwithstanding anything to the contrary, although APS remains responsible for the confidentiality obligations as set forth in this Agreement, APS reserves the right to have Confidential Information processed, managed and/or stored with third parties.

3. SERVICES

3.1 Attendance. The terms of this section shall apply only to the extent Client is receiving Attendance products and services pursuant to the Sales Order.

- a) **Attendance Products.** APS agrees to provide Client with the time and attendance application, and related services (collectively, the "Attendance Products") described in the Sales Order.
- b) **Installation.** Client shall provide and install all power, wiring and cabling required for the installation of any data collection devices.
- c) **Client Review.** Upon completion of any setup or other services referenced in this section, Client shall review the Client data included in the Attendance service by APS. APS shall have no liability to Client for any errors or inaccuracies in Client data, including but not limited to, the calculation of regular time, overtime, or any other compensatory time included in such service by APS.

3.2 HR and Benefits. The terms of this section shall apply only to the extent Client is receiving HR and/or Benefits products and services pursuant to the Sales Order.

- a) **Initial Setup Services.** Client shall promptly deliver to APS the Client data required by APS to perform initial setup services. Such information and materials shall be in an electronic file format acceptable to APS.
- b) **Additional Configuration.** After completion of initial setup services, any subsequent changes Client requests to the configuration of the Client data related to HR and/or benefits will be charged at APS's then current maintenance or professional services fees.
- c) **Client Review.** Upon completion of any setup services or services referenced in this section, Client shall review the Client data included in the HR and/or Benefits service by APS. APS shall have no liability to Client for any errors or inaccuracies in Client data included in such service by APS.

3.3 APS Carrier Connections. If Client is receiving the HR and Benefits products and services and elects the APS Carrier Connections service, APS, or its authorized agent(s), will electronically transmit

employee data, including employee benefits enrollment data, to Client's carriers or other third parties authorized by Client, and Client authorizes APS and its authorized agent(s), to provide such transmission on Client's behalf. Additionally, commencement of the Carrier Connections service is subject to Client completing the configuration setup of Client data and the format of such transmission to the designated carriers. The terms for setup services and subsequent setup services set forth above will apply to setup for the Carrier Connections service. APS's ability to transmit Client's employee benefits enrollment data is subject to the provision by the designated carriers of a current functional interface between the APS benefits service and the designated carriers' systems. APS will not be obligated to transmit Client's data to the designated carriers if at any time Client's designated carriers fail to provide the proper interface as described above. If Client requires the development of any special interfaces in order to transmit such data to the designated carriers, all work performed by APS to create such interfaces will be at APS's then current fees for such services. Client is responsible for promptly reviewing all records of carrier transmissions and other reports prepared by APS for validity and accuracy according to Client's records, and Client will notify APS of any discrepancies promptly after receipt thereof. In the event of an error or omission in the Carrier Connections services caused by APS, APS will correct such error or omission, provided that Client promptly advises APS of such error or omission.

3.4 HR Support Center. Pursuant to the Sales Order, Client shall be provided with access to an online HR library containing human resource content and tools, which may also include an HR on-demand service that provides clients with access to HR Professionals. Warranties, if any, for the third party services shall be provided directly by the third party provider to the Client and Client acknowledges that neither the HR Support Center or related services are the responsibility of APS.

3.5 Tax Payment and Processing. APS agrees that upon its acceptance of this Agreement, it will (1) directly draft from the Client's designated Demand Deposit Account ("DDA"), hold in its Tax Trust Account ("Trust Account"), and deposit with an appropriate authorized depository on or before the statutory deadlines, the required Federal, State, and Local payroll tax amounts; (2) prepare and file required Federal, State, and Local payroll tax forms and reports; (3) provide electronic copies of the tax forms or equivalent reports of the data filled. APS is not a responsible party for payment of taxes to any Federal, State, or Local tax authority, except to the extent that APS is holding funds in trust for payment of said taxes. APS assumes responsibility only for interest charges and/or penalties, which result from the negligence of APS. APS does not accept responsibility for failure to make deposits or filings if it is not provided with adequate or timely information or sufficient funds. Client agrees to have APS fees directly drafted from their DDA for all services. As additional consideration, Client hereby assigns to APS any benefits, including interest, derived on the funds in the Trust Account.

APS is not a responsible party for the application of or the issuing of tax identification numbers with Federal, State and Local taxing authorities. APS is not responsible for any pre-existing errors or similar matters arising prior to commencement of the Services by APS or for any errors that may occur as a result of the Client not providing APS with the necessary or accurate information to provide the Services. Client is responsible for providing proof of accurate tax identification numbers from a reliable source document as defined in Exhibit C.

3.6 Funding. Client agrees to submit and release payroll batches to APS on or before 3:00 p.m., Central Standard Time, at least two (2) banking days prior to the payroll check date. APS will ACH draft the Client's designated DDA one (1) banking day prior to the payroll check date. In the event that the total tax liability for any single payroll results in \$100,000 or more, APS may require the Client to initiate a reverse drawdown or direct wire one (1) day prior to the payroll check date.

Client agrees to have sufficient funds to cover its payroll tax liabilities, processing charges and any NSF charges in its designated DDA the day prior to check date, unless that day falls on a Saturday, Sunday, or bank holiday, then the client must fund their account on the first previous banking day. Client further agrees to instruct the Bank holding its DDA to honor these charges as initiated from time to time by APS. If the Bank upon Client's instructions or otherwise, refused to honor such charges, APS reserves the right to assess NSF charges, at the maximum amount allowable by law or \$250.00, whichever is less, per NSF. Should APS receive an NSF, we will call and request that the payroll tax liabilities and processing charges, along with the NSF fee, be wired to the APS Trust Account that day. In the event that the Client does not fund an NSF in a timely manner, APS reserves the right to immediately terminate this Agreement, whereupon Client will immediately become responsible for all payroll tax deposits and filings then and thereafter due and for all related penalties and interest.

3.7 Tax Notices. Client agrees to immediately provide APS with copies of any notices or correspondence received from any Federal, State, or Local authority with respect to any tax return or deposit made by APS. Client acknowledges that APS tax filing services are based upon information supplied by Client (including proof of Federal, State and Local tax identification numbers, deposit frequencies, and tax rates) and the results of APS payroll services.

3.8 Dormancy. In the event that Client discontinues processing payroll and requests that APS continues to file the applicable Federal, State, and Local tax returns, the Client will be charged a quarterly dormancy fee of \$150.00 per quarter.

3.9 IRS Tax Information Acknowledgment. As required by the Internal Revenue Service, the following information must be disclosed to taxpayers that utilize a third party to perform tax filing services on its behalf:

Client acknowledges that it is responsible for the timely filing and payment of all taxes and tax returns listed on Form 8655 and has authorized APS to file the returns and make the payments on behalf of the Client. Pursuant to Revenue Procedure 2012-32, it is recommended that the client enroll in and use EFTPS to verify the payments are made in an accurate and timely basis. Additionally, there may be state tax verification programs available that can be used in the same manner.

3.10 Third Party Sender (TPS) Acknowledgment. Client confirms and agrees that it has authorized APS to act as Client's Paying Agent in processing checks and/or ACH Entries, and that as a Third Party Sender (TPS) will establish one or more clearing accounts with, and submit check, drafts, items, or ACH Entries on behalf of the Client to First National Bank of Omaha as an originating depository financial institution ("ODFI").

Client: (i) assumes the responsibilities of and makes the warranties of an Originator under the Operating Rules of the National Automated Clearing House Association (the "Rules") and agrees to reimburse ODFI for returns, reversals, adjustments, reclamations, and warranty claims and responsibilities related to Client's ACH Entries; (ii) agrees to comply with the Rules, including but not limited to the requirements of Article Two (Rights and Responsibilities of ODFIs, Their Originators and Third Party Senders), Rule 2.15 (Obligations of Third-Party Senders, and of ODFIs and Originators that Use Third Party Senders), and warrants international ACH Entries will not be initiated or originated by Client, (iii) agrees to comply with all applicable state and federal laws, rules and regulations, including but not limited to sanction laws administered by the Office of Foreign Assets Control ("OFAC"), the Electronic Funds Transfer Act, the Unlawful Internet Gambling Enforcement Act and Federal Reserve Board Regulation E (the foregoing and the ACH Rules are, collectively, the "Applicable Rules"); and (iv) acknowledges that ACH Entries may not be initiated that violate the laws of the United States, including but not limited to the sanctions laws, regulations, and orders administered by OFAC, laws,

regulations, rules, and orders administered by the Financial Crimes Enforcement Network ("FinCEN") (as such terms are defined below), and any state laws, regulations, or orders applicable to the providers of ACH payment services.

Client represents and warrants as to each ACH Entry that it has obtained the necessary authorizations under the Rules and Applicable Rules and that it shall not initiate any funds transfer after the authorization for the same has been revoked (or the agreement between Client and TPS has been terminated).

Client understands that ODFI has the right to: (i) review, monitor, and audit Client's ACH transactions, processes, and procedures for compliance with this Agreement and the Rules; (ii) restrict or limit the amount or type of ACH Entries processed for Client; and (iii) suspend, discontinue, or terminate ACH processing based on its assessment of the risk posed to the ODFI and/or the breach or termination of its agreement with TPS.

Client ratifies and approves of each and every action or instruction which APS may take or give on its behalf or otherwise with respect to such account or items drawn on or deposited into the account, and ODFI shall have no responsibility or liability to Client with respect to the account or such items. Client is responsible for the results of using a TPS, the services, and for the accuracy and adequacy of the data Client or TPS provides. Client authorizes ODFI to act on any instruction which has been or reasonably appears to have been sent by TPS or Client, including but not limited to funds transfer instructions. ODFI is not obligated to take any further steps to confirm or authenticate such instructions and will act on them without getting further confirmation. Client understands that if it or the TPS provides ODFI with incorrect information or if there is any error in the instruction it accepts full responsibility for losses resulting from any of the errors, duplication, ambiguities, or fraud in the information that was provided to ODFI. ODFI is not responsible to third parties (such as, but not limited to, third party service providers and the third parties to whom wire or ACH debit or credits are transmitted hereunder) and Client shall defend, indemnify, and hold ODFI harmless from, the actions or omissions of TPS, or any claim made against ODFI arising out of Client's use of the services, breach of this Agreement, or breach of any warranty under the Rules.

This Acknowledgment shall survive the termination of the agreement between TPS and ODFI. Notwithstanding anything to the contrary elsewhere in the Agreement between TPS and Client, ODFI shall be considered an intended beneficiary of this Acknowledgment and is entitled to enforce its terms. This Acknowledgment is agreed to in consideration of ODFI's agreement to serve as ODFI. Client waives notice of the ODFI's acceptance of this Acknowledgment.

3.11 Notice with Respect to Non-Consumer ACH Wholesale Credit Transactions and UCC Article 4A. Client Entries may be transmitted through the Automated Clearing House; (2) The rights and obligations of the Originator with respect to such payments shall be construed in accordance with and governed by the laws of the State of Nebraska, unless it has been otherwise agreed that the law of some other state shall govern; (3) Credit given by a Receiving Depository Financial Institution (RDFI) with respect to an Automated Clearing House (ACH) credit entry is provisional until the RDFI receives final settlement for such entry through a Federal Reserve Bank or as otherwise provided for under Article 4A; and (4) If a RDFI does not receive such final settlement or payment, you are hereby notified and agree that the RDFI is entitled to a refund from the Receiver the amount of the credit to the Receiver's account, and the party making payment via such entry (i.e. the originator of the entry) shall not be deemed to have paid the amount of such entry.

4. MISCELLANEOUS

4.1 Limited Warranty

- a. APS warrants that it has the right to provide the use of the Products and Services, and that there are no pending liens, claims, or encumbrances against the software.
- b. APS warrants to the Client that it is solvent, not in bankruptcy proceedings or receivership, nor is it engaged in any proceedings, which would have an adverse effect on its ability to perform its obligations under this Agreement.
- c. APS WARRANTS THAT THE SERVICES RENDERED WILL CAUSE THE PRODUCTS AND SERVICES TO SUBSTANTIALLY PERFORM IN ACCORDANCE WITH THE APS DOCUMENTATION. APS WILL MAKE ALL NECESSARY CORRECTIONS TO FULFILL THE FOREGOING WARRANTY WITHOUT ADDITIONAL COST TO THE CLIENT. DURING THE TERM OF THIS AGREEMENT, THE CLIENT'S SOLE AND EXCLUSIVE REMEDY FOR ANY MATERIAL BREACH OF ANY PROVISION OF THIS AGREEMENT (EXCEPT FOR MATERIAL BREACHES: (I) RESULTING OR ARISING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF APS; OR (II) RESULTING OR ARISING OUT OF VIOLATIONS OF INTELLECTUAL PROPERTY RIGHTS, IN WHICH CASES ALL REMEDIES AT LAW OR IN EQUITY SHALL BE AVAILABLE TO Client) OR FOR ANY WARRANTY SHALL NOT, UNDER ANY CIRCUMSTANCES, EXCEED THE AMOUNT OF THE SERVICE FEE FOR THE TWELVE MONTH PERIOD PRIOR TO THE ALLEGED BREACH. REFERENCE TO BREACH OF THIS AGREEMENT SHALL INCLUDE ANY SUPPLEMENT, ADDITIONS OR AMENDMENTS TO THIS AGREEMENT. IN NO EVENT SHALL APS BE LIABLE FOR ANY LOST REVENUES OR LOST PROFITS, OR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF ANY NATURE WHATSOEVER. THIS DAMAGE EXCLUSION IS INDEPENDENT OF ANY REMEDIES PROVIDED FOR HEREIN.
- d. APS HEREBY DISCLAIMS ALL WARRANTIES, OTHER THAN THOSE SET FORTH IN THIS AGREEMENT, EXPRESSED OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. APS DISCLAIMS ALL WARRANTIES AND RESPONSIBILITY FOR THIRD PARTY SOFTWARE WHICH SHALL BE THE SOLE OBLIGATION OF THE PROVIDER OF THE THIRD PARTY SOFTWARE.

4.2 Insurance. Upon request APS shall provide Client with a Certificate of Insurance verifying insurance coverages below before providing service to the Client.

- a. **General Liability.** APS shall maintain a commercial general liability insurance policy with umbrella coverage with a limit of at least \$2,000,000.00 for each occurrence.
- b. **Worker's Compensation.** APS shall maintain such insurance as will protect APS from claims under the Worker's Compensation Acts.
- c. **Security and Privacy Liability.** APS shall maintain a "Cyber Policy" with a limit of at least \$5,000,000.00.
- d. **Employee Theft and Funds Transfer Fraud.** APS shall maintain a "Crime Policy" with a limit of at least \$1,000,000.00.
- e. **Professional Liability.** APS shall maintain such insurance policy with a limit of \$1,000,000.00.

4.3 Audits. APS will have, at a minimum, an annual audit of its General Controls including, but not limited to, information security controls, performed by a third-party audit firm based on the Service Organization Controls ("SOC") audit standard report or equivalent. Upon request, APS will make available to Client for review annually, its SOC audit report or equivalent. APS asserts that data included in the audit report is trade secret data and should be treated as Confidential Data pursuant to Section 2.6. Client agrees to treat such audit data as Confidential Data. Any control exceptions noted in the SOC report or equivalent will be addressed in the report with management's response or corrective action.

4.4 Indemnification. APS will defend and indemnify Client, its officers, agents, and employees and hold them harmless from and against all judgments, claims, damages, costs and expenses, including a reasonable amount as and for its attorney's fees paid, incurred or for which it may be liable resulting from claims arising out of its gross negligence or willful misconduct, personal injury, personal property damage, or intellectual property claims. Client will indemnify and hold APS harmless from and against any loss for injuries or damages arising out of the negligent acts of the Client, its officers, agents or employees.

4.5 Force Majeure. Any party hereto will be excused from performance under this Agreement for any period of time that the party is prevented from performing its obligations hereunder as a result of an act of God, war, utility or communication failures, or other cause beyond the party's reasonable control. Both parties will use reasonable efforts to mitigate the effect of a force majeure event.

4.6 Waiver. The failure of either party at any time to enforce any right or remedy available to it under this Agreement with respect to any breach or failure by the other party shall not be construed to be a waiver of such right or remedy with respect to any other breach or failure by the other party.

4.7 Headings. The headings used in this Agreement are for reference only and do not define, limit, or otherwise affect the meaning of any provisions hereof.

4.8 Severability. If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of Client and APS shall be construed and enforced accordingly.

4.9 Relationship of the Parties. The parties hereto expressly understand and agree that each party is an independent contractor in the performance of each and every part of this Agreement, and is solely responsible for all of its employees and agents and its labor costs and expenses arising in connection therewith.

4.10 Governing Law. This Agreement is governed by the laws of the State of Louisiana without giving effect to its conflict of law provisions.

4.11 Use of Agents. APS may designate any agent or subcontractor to perform such tasks and functions to complete any services covered under this Agreement, and any such agent or subcontractor shall be bound by the terms and conditions of this Agreement. However, nothing in the preceding sentence shall relieve APS from responsibility for performance of its duties under the terms of this Agreement.

4.12 Conflicts Clause. In the event of a conflict between the terms of this Agreement and any additional terms, the terms of this Agreement shall control, unless an Addendum to this Agreement is executed simultaneously herewith or subsequently hereto, in which case the terms of such Addendum shall control.

4.13 Amendment. APS reserves the right to amend the service terms provided in the Sales Quote at any time after the initial term, but never more often than once every twelve (12) months. Client and APS agree that any such increase shall never be more than five (5%) percent more than the prior effective rates. APS shall provide 60 days notice prior to the effective date of any such increase.

4.14 Additional Companies Covered by this Agreement. To the extent this Agreement applies to additional companies as "Client," such additional companies are listed on the attached Exhibit "D" and are made parties hereto by said Exhibit "D".

4.15 Entire Agreement. This Agreement, including Exhibits A-D, represents the entire understanding of the Parties with respect to the subject matter, and supersedes and extinguishes all prior oral or written representations, understandings or agreements.

This agreement may be considered as an application for credit and authorizes APS, to investigate the credit of the client or its principals including vendor references, bank account status and history.

Agreed and Accepted:

Automatic Payroll Systems, Inc.

Authorized Signature

Authorized Signature

Print Name

Print Name

Title

Title

Date

Date

EXHIBIT A

Implementation Services

Description of Implementation Services. The standard APS implementation services follow a proven repeatable process that enables implementation team members to stay on task and meet multiple client deadlines utilizing a project management driven system. The services to be provided include:

- Configuration of company profile and products contracted in the Sales Order.
- Client training via online class offerings.
- Custom development as defined in a signed Statement of Work (SOW).
- Data conversion of the Client's current and historical data as defined in the Sales Order and the *Data Assumptions* section of this Exhibit.
- Data validation of the Client's current payroll process by running an internal parallel payroll.

Project Phases. The implementation process consists of six (6) major phases. There are approximately 200 tasks in any given project that APS will perform in relation to the phases listed below which are intended to provide the Client with a basic understanding of each phase.

Review Call

Collaboration between Client, APS Sales, Implementation and stakeholders.
Confirmation of company configuration, including but not limited to incomes, deductions, accruals, departments and locations.
Determine processing for receiving employee demographic data.
Confirm key project dates.
Resolve project issues.

Limited Access

Client account administrator access to APS OnLine.
Client to confirm/approve income and deduction settings prior to data conversion.
Client to create additional APS OnLine user accounts.

Data Conversion

Employee demographic mapping and import into APS OnLine.
Payroll history mapping and import into APS OnLine.

Parallel Payroll

Processing of most recent Client payroll from previous system in APS OnLine.
Provide client communication of outcome.
Issue resolution.

Full Access

Client account administrator access to all features of APS OnLine.
Creation of managers user accounts for manager self service.
Invitation of employees to employee self service.
Processing of first live check date (beginning of Initial Term).

Success Phase

Review of Client objectives.
Planning and analysis of additional Product and Services rollout.
Identification of additional stakeholders and project managers.
The success phase is only provided to Clients that utilize the HR Products and Services.

Client Responsibilities. Client participation in the implementation process is crucial to the overall success of the project. Below are the expected Client responsibilities:

- Provide a payroll register. Payroll registers provide a tremendous amount of insight into how your current system is configured. In certain cases, additional reports may be needed if the payroll register or similar report does not contain the information needed to complete the company configuration.
- Provide data in a usable format or provide APS access to download data.
- Establish a Client Project Manager that channels client activities and communication to APS Project Manager.
- Supply the IT or technical resources needed for data conversion mapping and SOW approval.
- Review and approve company configuration including income and deduction codes.
- Setup users in APS OnLine and managers for manager self service.
- Input the GL mapping codes in APS OnLine or provide the GL mapping codes in the standard APS GL import spreadsheet.

Training.

Instructor Lead. Instructor lead training sessions are designed to be brief but thorough and are provided in conjunction with the project plan and services contracted. The Client users are expected to attend the appropriate session(s) to maximize the value of the services. APS will provide at a minimum the following initial training sessions to Admin and Standard Users of APS OnLine as well as Managers for manager self-service:

Session	Estimated Time
APS OnLine Overview	30-45 minutes
Attendance: Session 1	30 minutes
Attendance: Session 2	30 minutes
Attendance: Scheduling	30 minutes
MSS for Managers	30 minutes
Payroll: Session 1	30-45 minutes
Payroll: Session 2	30 minutes
GL/Reporting	30 minutes
HR: Session 1	30 minutes
HR: Session 2	30 minutes
HR: Benefits	30 minutes
HR: ACA	15-30 minutes
Hire: ATS	30 minutes
Hire: Onboarding	30 minutes

Self-Sourced. APS will provide training content through the Help Center which includes how-to guides, videos and PDF downloads that APS OnLine users can access at any time.

Automated Assistant. APS will provide a limited number of online walk throughs that can be accessed by any APS OnLine user at anytime. Walk throughs are typically used to guide the user in basic operations and functions of the application.

Data Assumptions. The standard data that APS will convert includes but is not limited to:

- Employee Master File - demographics, tax status, rates, deductions, accrual balances, EEO, dates, emergency contacts, events and custom fields.
- Payroll History - detailed check by check history including hour, income, deduction, and tax withholding details will be converted when provided in an acceptable electronic format for the current and previous years as indicated by the Sales Order.
- W2, 1099 and 1095 - only the data related to these forms are converted, the actual forms are not converted.

The standard data that APS will not convert includes but is not limited to:

- Performance reviews and scores.
- Applicants for applicant tracking and employee onboarding.
- Employee documents.
- Previous time and attendance data including time off request history and schedules.

The following are not included in the Implementation Services.

- Creation of customizations that are not defined in a signed SOW.
- Creation of non-standard reports, alerts or dashboards.
- Creation of non-standard interfaces or web services integrations.
- Conversion of additional data not otherwise included in the Implementation Services.

EXHIBIT B

Software Services

Description of Software Services. APS will provide sufficient data center capacity and infrastructure to implement the services described in this Agreement. Including but not limited to:

- Execute regular backup procedures.
- Maintain business continuity process and testing.
- Provide regular software updates and releases.
- Monitor the Systems environment twenty-four hours per day, every day.
- Conduct capacity planning and growth forecasting.
- Security implementation, testing and review.

Service Level Objectives.

Systems Availability. The service level objective for Systems availability is ninety nine and nine tenths (99.9%) percent of the time measured over three consecutive months. The following conditions do not apply to this objective:

- Scheduled maintenance.
- Force majeure event.
- Systemic Internet failures.
- Client's own ISP.
- Client's bandwidth restrictions.
- Client's hardware, software or network failure.
- Client's acts or omissions.
- Suspension or termination of Client's account.

Recovery Point Objective. The service level objective of the data replication and backup systems is to provide a recovery point of no more than fifteen (15) minutes. Therefore in the event of a disaster or disruption event, the potential of loss would be no more than 15 minutes of data preceding the event.

Restore Point Objective. The service level objective of the continuity plan is to provide a restore point of no more than three (3) hours. Therefore in the event of a disaster or disruption event, service would be restored within 3 hours.

Scheduled Maintenance. Maintenance times allow for patching, expansion, configuration, security enhancements and system testing. Routine maintenance is reserved twice per week during the hours of 12:30AM - 4:30AM (CST) Wednesday and Saturday mornings.

Maintenance Notices. In the event of intermittent connectivity or restricted access during periods of scheduled maintenance, APS will provide advance notice at least two weeks prior to the scheduled maintenance. Emergency maintenance requirements will be communicated to the Client with as much notice as possible as to minimize disruption to the Client.

EXHIBIT C

Tax ID Number Sources

TAX TYPE	Best Place or Document to Obtain Proofs																				
Federal	<p>Any current pre-printed IRS source document that includes the client's EIN and legal name can be used a proof. Proof of the client's EIN and legal name can be located on the following documents.</p> <table border="1" data-bbox="407 510 980 1608"> <thead> <tr> <th data-bbox="407 510 695 569">Recommended Proof</th> <th data-bbox="695 510 980 569">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="407 569 695 680">Forms 941, 941 PR, 941 SS</td> <td data-bbox="695 569 980 680">Employer's Quarterly Federal Tax Returns</td> </tr> <tr> <td data-bbox="407 680 695 791">Forms 940, 940 EZ, 940 PR</td> <td data-bbox="695 680 980 791">Employer's Annual Federal Unemployment Tax (FUTA) Returns</td> </tr> <tr> <td data-bbox="407 791 695 903">Forms 943, 943 PR, 943-A</td> <td data-bbox="695 791 980 903">Employer's Annual Tax Return for Agricultural Employees</td> </tr> <tr> <td data-bbox="407 903 695 989">Forms 944, 944 PR, 944 SS</td> <td data-bbox="695 903 980 989">Employer's Annual Federal Tax Return</td> </tr> <tr> <td data-bbox="407 989 695 1100">Forms 945</td> <td data-bbox="695 989 980 1100">Annual Return for Withheld Federal Income Tax</td> </tr> <tr> <td data-bbox="407 1100 695 1325">Form 9779</td> <td data-bbox="695 1100 980 1325">EFTPS Business Enrollment Form - With preprinted Taxpayer Information section</td> </tr> <tr> <td data-bbox="407 1325 695 1493">Other Source Documents</td> <td data-bbox="695 1325 980 1493">Pre-printed prior service provider document displaying the service provider name is acceptable.</td> </tr> <tr> <td data-bbox="407 1493 695 1556"></td> <td data-bbox="695 1493 980 1556"></td> </tr> <tr> <td data-bbox="407 1556 695 1608"></td> <td data-bbox="695 1556 980 1608"></td> </tr> </tbody> </table>	Recommended Proof	Description	Forms 941, 941 PR, 941 SS	Employer's Quarterly Federal Tax Returns	Forms 940, 940 EZ, 940 PR	Employer's Annual Federal Unemployment Tax (FUTA) Returns	Forms 943, 943 PR, 943-A	Employer's Annual Tax Return for Agricultural Employees	Forms 944, 944 PR, 944 SS	Employer's Annual Federal Tax Return	Forms 945	Annual Return for Withheld Federal Income Tax	Form 9779	EFTPS Business Enrollment Form - With preprinted Taxpayer Information section	Other Source Documents	Pre-printed prior service provider document displaying the service provider name is acceptable.				
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SIT/SUI	<p>State Income Tax and State Unemployment Identification Copies of recent most recently filed agency-generated tax forms. Preferred documents include the following information:</p> <ul style="list-style-type: none"> - Tax frequency - how often the client is required to deposit - Disbursement method - how the client is required to deposit taxes; e.g. check or EFT 																				
Local	Proofs of city/county ID numbers may be copies on the most recently filed agency-generated tax forms.																				

