

FOUNDER FRIENDLY STANDARD ADJUDICATION FORM

Adjudication Form for Founder Friendly Standard® Version 1.1

This form is to be completed by a licensed attorney (“Adjudicating Attorney”) on behalf of Client. This form is to help Client understand if Client's organizational paperwork meets the **Founder Friendly Standard**.

Adjudicating Attorney

Client

Adjudicating Attorney is reviewing the following “Agreements” for Client:

Agreements

1. _____
2. _____
3. _____
4. _____
5. _____
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10. _____
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19. _____

INSTRUCTIONS Adjudicating Attorney, check YES or NO to indicate if all Agreements collectively meet each section of the Founder Friendly Standard.

SECTION 1. VOTING

_____ Agreements meet Section 1.1 of the Founder Friendly Standard:

Individuals who work for the company and are instrumental in its inception (“Founders”) receive a class of equity such as Common Stock which provides no less than twenty-four (24) votes to one (1) vote of stock held by investors or employees.

_____ Agreements meet Section 1.2 of the Founder Friendly Standard:

Investors receive a class of equity such as Class A Preferred Stock which will have one vote per share with a higher par value justified by a liquidation preference.

_____ Agreements meet Section 1.3 of the Founder Friendly Standard:

Employees and contractors receive a class of equity such as Class B Common Stock which carries one vote per share and does not have a liquidation preference.

_____ Agreements meet Section 1.4 of the Founder Friendly Standard:

The first board consists only of Founders. The term of the board is one year. After the first year, a new board is elected by the equity holders at the annual meeting. Board decisions are made by a majority vote of the board. Board members cast no more than one vote each on any decision. Board committees are disallowed for at least the first two (2) years.

_____ Agreements meet Section 1.5 of the Founder Friendly Standard:

New equity of any kind, including stock option pools, dilutes all equity holders equally. Therefore, no investor in the company has anti-dilution rights of any kind.

SECTION 2. SWEAT EQUITY

_____ Agreements meet Section 2.1 of the Founder Friendly Standard:

Founders agree in writing they will give and receive performance reviews at the end of each fiscal quarter for the first four (4) years.

_____ Agreements meet Section 2.2 of the Founder Friendly Standard:

Sweat equity vests each month over a period of four (4) years with a one (1) year vesting cliff. Vesting begins on the date shares are issued.

_____ Agreements meet Section 2.3 of the Founder Friendly Standard:

Founders keep all information confidential and assign the company all intellectual property created within the scope of their work for the company.

_____ Agreements meet Section 2.4 of the Founder Friendly Standard:

Due to potentially devastating tax consequences, the company tells individuals receiving sweat equity in the United States to consult with a tax professional about making an election under

Section 83(b) of the Internal Revenue Code. Founders who live or pay taxes outside the United States are similarly advised to consult tax professionals about applicable local and national taxes.

_____ Agreements meet Section 2.5 of the Founder Friendly Standard:

Non-compete restrictions only apply to employee or independent contractor agreements and do not survive termination. The company's bylaws and other investor agreements are either silent on the issue of non-competition or expressly allow competition.

SECTION 3. LAW

_____ Agreements meet Section 3.1 of the Founder Friendly Standard:

For at least the first two (2) years of operations, the company will not agree to pay the legal expenses of any investor as a condition of investment.

_____ Agreements meet Section 3.2 of the Founder Friendly Standard:

For at least the first two (2) years of operations, the company does not agree to binding arbitration with any investor.

_____ Agreements meet Section 3.3 of the Founder Friendly Standard:

For at least the first two (2) years of operations, the company does not agree to binding arbitration with any Founder.

SECTION 4. TRANSFERS

_____ Agreements meet Section 4.1 of the Founder Friendly Standard:

Upon any transfer or sale of Founders' super-voting equity, the portion of equity transferred converts to the class of equity described in Section 1.3. This also includes any transfer to a Founder's estate, spouse, or heirs.

_____ Agreements meet Section 4.2 of the Founder Friendly Standard:

The company has the right of first refusal on any transfer or sale of equity for up to forty-five (45) days, but it cannot veto a transfer or sale. This provision is void after a company's stock is listed on a public exchange such as the NASDAQ, OTCBB, New York Stock Exchange, etc.

SECTION 5. USAGE

_____ Agreements meet Section 5.1 of the Founder Friendly Standard:

The company's equity, financing, corporate governance, and Founder labor agreements invoke the Founder Friendly Standard as follows: **Intention of the Parties**. The Parties agree that the enclosed exhibit, "The Founder Friendly Standard" captures the intent of the parties in creating

this Agreement. In the event of any discrepancy between this Agreement and the Founder Friendly Standard, the Founder Friendly Standard will prevail. The enclosed exhibit is an exact copy of version 1 retrieved from <https://eisaiah.blog/founder-friendly-standard/>.

_____ Agreements meet Section 5.2 of the Founder Friendly Standard:

By using The Founder Friendly, you agree that the Founder Friendly Standard LLC is not providing you with legal or tax advice and is not a party to any agreement where this work is invoked. Founder Friendly Standard is a registered trademark of Founder Friendly Standard LLC in Dallas, TX, USA. This work is licensed to you under CC BY-ND 4.0 which can be found online at <https://creativecommons.org/licenses/by-nd/4.0/>.

RESULT If all checkboxes above are marked YES and there are zero checkboxes marked NO, then Adjudicating Attorney finds that Agreements meet the Founder Friendly Standard.

By signing this form, Adjudicating Attorney declares that the above findings are accurate.

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