

CRI PAYROLL SERVICES

Computer Reports Inc.
208 Meadow Ave, Scranton, PA 18505

PAYROLL SERVICES AGREEMENT

This Payroll Services Agreement ("Agreement") is entered into as of the date signed below ("Effective Date") by and between:

CRI Payroll Services / Computer Reports Inc., a Pennsylvania corporation ("CRI"), and

_____ ("**Client**")

located at: _____

collectively referred to as the "Parties."

1. SERVICES

CRI agrees to provide payroll processing services to Client as mutually agreed upon, which may include but are not limited to:

- (a) Processing of regular and off-cycle payroll runs
- (b) Direct deposit processing and ACH transactions
- (c) Tax filing and remittance services
- (d) Payroll reporting and recordkeeping
- (e) W-2 and year-end tax form preparation and distribution
- (f) Such other services as the Parties may agree to in writing

CRI processes payroll using ADP RUN via ADP wholesale services. Client acknowledges that certain services may be subject to ADP's own terms and conditions.

2. CLIENT RESPONSIBILITIES

Client agrees to:

- 2.1.** Provide accurate, complete, and timely payroll data and instructions necessary for CRI to perform services.
- 2.2. Payroll Submission Deadline.** Client must submit all payroll data and instructions no later than 2 business day(s) prior to the scheduled payroll check date. CRI is not responsible for delays, penalties, late fees, or failed transactions resulting from late submission of payroll data or funding.
- 2.3.** Maintain adequate funds in designated payroll accounts sufficient to cover all payroll obligations, taxes, and fees prior to each payroll processing date.
- 2.4.** Review all payroll reports and disbursements promptly and notify CRI of any errors or discrepancies within five (5) business days of receipt. Client's failure to report errors within this review period shall constitute acceptance of the payroll as processed.

2.5. Maintain the security and confidentiality of all login credentials, email accounts, and communication systems used to transmit payroll instructions to CRI. Client is solely responsible for any unauthorized access to or compromise of Client's own communication systems.

2.6. Promptly notify CRI of any changes to authorized personnel who may submit payroll instructions.

2.7. Comply with all applicable federal, state, and local laws and regulations governing payroll, employment, and taxation.

2.8. Tax Notice Forwarding. Client must promptly forward any payroll-related tax notices, correspondence, or inquiries from federal, state, or local tax authorities to CRI within five (5) business days of receipt. CRI is not responsible for penalties, interest, or adverse actions resulting from Client's failure to timely forward tax notices.

2.9. Employer of Record. Client remains the employer of record and retains ultimate legal responsibility for all payroll taxes, filings, and compliance obligations. CRI acts solely as a service provider and does not assume employer status or liability.

3. INSTRUCTION VERIFICATION & FRAUD PREVENTION

Given the sensitive financial nature of payroll services, the following protocols are a material part of this Agreement:

3.1. Authorized Instructions. CRI will process payroll instructions received from Client's designated authorized contacts via agreed-upon communication channels. Client is responsible for ensuring that only authorized individuals transmit payroll instructions to CRI.

3.2. Verification of Banking Changes. Any request to change employee banking information, direct deposit accounts, or payroll funding accounts must be verified by CRI via a direct telephone call to a known Client contact prior to processing. CRI will not process banking changes based solely on email instructions, regardless of the apparent source of the email.

3.3. Verification of Off-Cycle or Bonus Payments. Any request for off-cycle payroll runs, bonus payments, or unusual disbursements that deviate from Client's established payroll pattern may, at CRI's discretion, be subject to telephone verification before processing.

3.4. Client Email Security. Client acknowledges that email is an inherently insecure communication medium and accepts full responsibility for the security of Client's own email systems and accounts. CRI is not responsible for losses arising from fraudulent instructions transmitted via compromised Client email accounts.

3.5. Good Faith Reliance. When CRI follows the verification protocols set forth in this Section, CRI shall not be liable for processing fraudulent instructions that appeared authentic despite CRI's reasonable verification efforts. If Client requests that CRI waive or bypass verification protocols, Client assumes full responsibility for any resulting loss.

4. FEES AND PAYMENT

4.1. Client agrees to pay CRI's fees as set forth in the fee schedule provided separately, which may be updated by CRI upon sixty (60) days' written notice.

4.2. Invoices are due upon receipt. Accounts more than thirty (30) days past due may be subject to a late fee and suspension of services.

4.3. Returned Payments. Client is responsible for all bank fees, wire transfer fees, ACH return fees, and any penalties or administrative costs resulting from insufficient funds, returned or failed ACH transactions, or Client-provided errors.

4.4. Minimum Processing Fee.* CRI's standard payroll processing fee shall be applied each scheduled pay period regardless of whether Client submits a payroll for processing. This ensures Client's account remains active and all tax filing and compliance obligations are maintained on Client's behalf.

5. YEAR-END PROCESSING

5.1. Year-end services, including preparation and distribution of W-2 forms and any applicable 1099 forms, will be performed based on payroll information contained in the system as of December 31 of the applicable tax year.

5.2. Client is responsible for reviewing all year-end reports and notifying CRI of any discrepancies or corrections needed before final forms are issued. CRI is not responsible for errors on year-end forms resulting from inaccurate or incomplete payroll data provided by Client throughout the year.

6. DATA SECURITY & BREACH NOTIFICATION

6.1. Security Measures. CRI shall maintain reasonable administrative, technical, and physical safeguards to protect the confidentiality, integrity, and security of Client and employee payroll data in CRI's possession.

6.2. Breach Notification. In the event CRI becomes aware of a security breach that results in unauthorized access to Client's or Client's employees' personally identifiable information held by CRI, CRI shall notify Client in writing within seventy-two (72) hours of discovering the breach and shall cooperate with Client in investigating and remediating the incident.

6.3. Client Data Security. Client is responsible for the security of payroll data transmitted to CRI, including the use of secure communication methods for transmitting sensitive information such as Social Security numbers and banking details.

7. LIMITATION OF LIABILITY

7.1. CRI's liability to Client for any claim arising out of or related to this Agreement shall not exceed the total fees paid by Client to CRI in the six (6) months immediately preceding the event giving rise to the claim.

7.2. CRI shall not be liable for: (a) errors resulting from inaccurate or incomplete information provided by Client; (b) losses arising from Client's failure to maintain adequate payroll account funding; (c) losses arising from fraudulent instructions transmitted via compromised Client email or communication systems; (d) tax penalties

resulting from Client's failure to timely provide required information or forward tax notices; or (e) any indirect, consequential, incidental, or punitive damages.

7.3. CRI is not responsible for the acts or omissions of third-party service providers, including ADP, financial institutions, or government agencies.

8. INDEMNIFICATION

Client agrees to indemnify, defend, and hold harmless CRI and its officers, employees, and agents from and against any claims, damages, losses, and expenses (including reasonable attorney fees) arising out of or related to: (a) Client's breach of this Agreement; (b) Client's failure to secure its own communication systems; (c) inaccurate or fraudulent instructions provided by or through Client's systems; or (d) Client's violation of any applicable law or regulation.

9. CONFIDENTIALITY

Each Party agrees to maintain the confidentiality of the other Party's non-public business information and to use such information only for purposes of performing under this Agreement. This obligation shall survive termination of this Agreement for a period of three (3) years.

10. TERM AND TERMINATION

10.1. This Agreement shall commence on the Effective Date and continue until terminated by either Party upon thirty (30) days' written notice.

10.2. Either Party may terminate this Agreement immediately upon written notice if the other Party materially breaches this Agreement and fails to cure such breach within ten (10) days of written notice.

10.3. Post-Termination Obligations. Upon termination, Client shall pay all outstanding fees, including any applicable transition fees. CRI shall provide Client with reasonable access to payroll records and shall cooperate in the orderly transition of payroll services to a successor provider, including processing any final payroll runs and providing necessary tax reconciliation documents.

10.4. Transition Fees. Upon termination, CRI may charge reasonable fees for transition services including, but not limited to, final payroll processing, report generation, tax reconciliation, data export, and year-end form preparation for the partial year.

11. RECORD RETENTION

11.1. CRI will maintain payroll records for a minimum of seven (7) years from the date of creation, in accordance with applicable federal and state record retention requirements.

11.2. After the retention period, records may be archived or securely destroyed at CRI's discretion. Client may request copies of records during the retention period, subject to reasonable administrative fees.

12. FORCE MAJEURE

CRI shall not be liable for any delay or failure to perform its obligations under this Agreement to the extent that such delay or failure is caused by events beyond CRI's reasonable control, including but not limited to: natural disasters, pandemics, acts of government, utility or telecommunications failures, cyberattacks, failures of third-party service providers (including ADP), labor disputes, or any other force majeure event. CRI shall notify Client promptly of any such event and shall resume services as soon as reasonably practicable.

13. DISPUTE RESOLUTION

13.1. Negotiation. The Parties agree to attempt to resolve any dispute arising under this Agreement through good faith negotiation within thirty (30) days of written notice of the dispute.

13.2. Mediation. If the dispute is not resolved through negotiation, the Parties agree to submit the dispute to non-binding mediation before a mutually agreed-upon mediator in Lackawanna County, Pennsylvania, before pursuing any legal action. The costs of mediation shall be shared equally by the Parties.

13.3. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania. Any legal action arising under this Agreement shall be brought in the appropriate courts of Lackawanna County, Pennsylvania.

14. GENERAL PROVISIONS

14.1. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior oral or written understandings.

14.2. Amendments. This Agreement may only be modified by a written amendment signed by both Parties.

14.3. Severability. If any provision of this Agreement is found to be unenforceable, the remaining provisions shall remain in full force and effect.

14.4. Waiver. The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver of that Party's right to enforce it in the future.

14.5. Independent Contractor. CRI is an independent contractor and not an employee, partner, or joint venturer of Client.

14.6. Electronic Communications. The Parties agree that electronic communications, including email, electronic forms, and electronic signatures, shall be legally binding and constitute valid written notice under this Agreement.

SIGNATURES

By signing below, the Parties agree to be bound by the terms of this Agreement.

CRI PAYROLL SERVICES / COMPUTER REPORTS INC.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

CLIENT

Signature: _____

Printed Name: _____

Title: _____

Company Name: _____

Date: _____