PROFIT SHARING AGREEMENT

PARTIES

This Profit Sharing Agreement (hereinafter referred to as the "**Agreement**") is entered into and made effective as of _________________ (the "**Effective Date**"), by and between:

COMPANY: _________________________, a [corporation/limited liability company/partnership] organized and existing under the laws of the State of _________________, with its principal place of business located at _________________ (hereinafter referred to as the "**Company**")

AND

REPRESENTATIVE/PARTNER: _________________, an individual residing at _________________ OR a [corporation/limited liability company] organized and existing under the laws of the State of _________________, with its principal place of business located at _________________ (hereinafter referred to as the "**Representative**" or "**Partner**")

(Collectively referred to as the "**Parties**" and individually as a "**Party**")

RECITALS

WHEREAS, the Company has developed and owns [describe product/service/business venture] (hereinafter referred to as the "**Product**" or "**Business Venture**");

WHEREAS, the Company desires to engage the Representative to [describe role: market, sell, promote, develop] the Product;

WHEREAS, the Representative possesses the necessary skills, expertise, and resources to contribute to the success of the Business Venture;

WHEREAS, the Parties wish to establish a profit sharing arrangement whereby the Representative will receive a percentage of the profits generated from the Product in exchange for their services and contributions;

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to establish clear terms and conditions for the sharing of profits generated by the Business Venture among the Parties based on their respective contributions, roles, responsibilities, and interests. This Agreement aims to ensure fairness, transparency, and mutual understanding between all Parties involved.

2. TERM

2.1 Initial Term: This Agreement shall commence on the Effective Date and shall remain in full force and effect for an initial period of ________________ [specify: months/years] (the "**Initial Term**"), unless earlier terminated in accordance with the provisions of this Agreement.

2.2 Renewal Term: Upon expiration of the Initial Term, this Agreement shall automatically renew for successive periods of ________________ [specify: months/years] (each a "**Renewal Term**"), unless either Party provides written notice of non-renewal to the other Party at least ________________ [30/60/90] days prior to the expiration of the then-current term.

2.3 Termination Date: The term "**Term**" as used in this Agreement shall refer to the Initial Term together with any Renewal Terms.

3. PROFIT SHARING

3.1 Profit Share Percentage: The Parties hereby agree that the Representative is entitled to receive ________________% of the Profits generated from the Product or Business Venture.

3.2 Profit Calculation Method: Profits shall be calculated as follows:

Profits = Net Revenue - Cost of Goods Sold - Operating Expenses - [Other agreed deductions]

Specifically:

- Net Revenue: $_____________
- Less: Cost of Goods Sold: $_____________
- Less: Operating Expenses: $_____________
- Less: [Other deductions]: $_____________
- **= Net Profits: $_____________**

Representative's Share (_%): $___________

3.3 Attribution of Sales: For a sale to be attributed to the Representative and included in profit calculations:

- The Representative must have initiated or substantially contributed to the customer relationship
- The Representative must have been the primary contact throughout the sales process, OR
- The sale must have resulted directly from marketing materials, referrals, or contacts provided by the Representative
- Documentation or records must support the Representative's involvement

3.4 Distribution Schedule: Profit distributions shall be made [monthly/quarterly/semi-annually/annually] on or before the ________________ day of the [month/quarter] following the period in which the Profits were earned.

3.5 Minimum Thresholds: [Optional] Profit distributions shall only be made when the total amount payable to the Representative exceeds $_________________ in any given distribution period. Amounts below this threshold shall be carried forward to the next distribution period.

3.6 Payment Method: All profit distributions shall be made via [wire transfer/check/ACH/other method] to the account or address designated by the Representative in writing.

4. RESPONSIBILITIES AND DUTIES

4.1 Representative's Responsibilities: The Representative agrees to perform the following duties in good faith and in a professional manner:

a) Conduct research, prospecting, and lead generation activities to identify potential customers for the Product;

b) Market, promote, and represent the Product to potential customers in accordance with the Company's guidelines and brand standards;

c) Maintain regular communication with the Company regarding sales activities, customer feedback, and market conditions;

d) Complete all necessary paperwork, reports, and documentation required by the Company in a timely manner;

e) Attend training sessions, meetings, and events as reasonably requested by the Company;

f) Maintain accurate records of all customer contacts, sales activities, and communications;

g) Provide monthly/quarterly reports detailing sales activities, leads generated, and other relevant metrics;

h) Comply with all applicable laws, regulations, and industry standards in the performance of duties;

i) Perform other such duties and services as may be reasonably assigned by the Company to accomplish the objectives of this Agreement.

4.2 Company's Responsibilities: The Company agrees to:

a) Provide the Representative with necessary training, product information, marketing materials, and support;

b) Deliver the Product to customers in a timely and professional manner;

c) Handle customer service, support, and fulfillment operations;

d) Maintain accurate financial records and provide transparent profit calculations;

e) Make timely profit distributions in accordance with Section 3;

f) Provide the Representative with access to necessary systems, tools, and resources;

g) Maintain the quality and integrity of the Product;

h) Notify the Representative of any material changes to the Product, pricing, or business operations.

4.3 Mutual Cooperation: Both Parties agree to cooperate fully and work in good faith to maximize the success of the Business Venture and to resolve any issues or disputes that may arise.

5. RELATIONSHIP OF THE PARTIES

5.1 Independent Contractor Status: The Parties acknowledge and agree that the Representative is an independent contractor and not an employee, agent, partner, or joint venturer of the Company. Nothing in this Agreement shall be construed to create an employment relationship, partnership, joint venture, or agency relationship between the Parties.

5.2 No Authority to Bind: The Representative shall have no authority to bind the Company to any contract, agreement, or obligation, or to make any representations or warranties on behalf of the Company, except as expressly authorized in writing by the Company.

5.3 Tax Obligations: Each Party shall be solely responsible for all taxes, contributions, and obligations imposed or required under applicable local, state, and federal laws, including but not limited to income taxes, self-employment taxes, and social security contributions.

5.4 No Benefits: The Representative acknowledges that as an independent contractor, they are not entitled to any employee benefits, including but not limited to health insurance, retirement benefits, paid time off, or workers' compensation.

6. FINANCIAL REPORTING AND RECORD KEEPING

6.1 Financial Records: The Company shall maintain complete and accurate financial records related to the Business Venture, including all revenues, expenses, and profit calculations.

6.2 Access to Records: The Representative shall have the right to inspect and review financial records related to the calculation of Profits upon reasonable written notice during normal business hours. Such inspection shall be limited to once per [quarter/year] unless there is reasonable cause to believe discrepancies exist.

6.3 Profit Statements: The Company shall provide the Representative with detailed profit statements [monthly/quarterly/annually] showing:

- Gross Revenue
- Itemized expenses and deductions
- Net Profits
- Representative's profit share
- Any adjustments or corrections from prior periods

6.4 Audit Rights: [Optional] The Representative shall have the right to conduct an independent audit of the Company's financial records related to this Agreement at the Representative's expense, provided that if such audit reveals a discrepancy of more than __% in the Representative's favor, the Company shall reimburse the Representative for the reasonable costs of the audit.

6.5 Record Retention: All financial records and supporting documentation shall be retained for a minimum of ________________ [specify years] years following the termination of this Agreement.

7. CONFIDENTIALITY

7.1 Confidential Information: During the Term of this Agreement and for a period of ________________ years thereafter, the Representative agrees to maintain in strict confidence all Confidential Information of the Company that is disclosed, identified as confidential, or acknowledged to be confidential at the time of disclosure.

7.2 Non-Disclosure Obligations: The Representative shall not, without the prior written consent of the Company:

- Use the Confidential Information for any purpose other than performing their obligations under this Agreement;
- Disclose or grant access to the Confidential Information to any third party;
- Copy, reproduce, or create derivative works based on the Confidential Information;
- Remove or alter any proprietary notices or labels on the Confidential Information.

7.3 Exceptions: The obligations set forth in this Section shall not apply to information that:

- Is or becomes publicly available through no breach of this Agreement by the Representative;
- Was rightfully in the Representative's possession prior to disclosure by the Company;
- Is rightfully received by the Representative from a third party without breach of any confidentiality obligation;
- Is independently developed by the Representative without use of or reference to the Confidential Information;
- Is required to be disclosed by law, regulation, or court order (provided the Representative gives prompt notice to the Company).

7.4 Return of Information: Upon termination of this Agreement or upon request by the Company, the Representative shall promptly return or destroy all documents, materials, and other tangible items containing or reflecting Confidential Information, and shall certify in writing compliance with this obligation.

8. INTELLECTUAL PROPERTY

8.1 Ownership: The Company retains all right, title, and interest in and to the Product, including all intellectual property rights, patents, trademarks, copyrights, trade secrets, and proprietary information.

8.2 License: The Company grants the Representative a limited, non-exclusive, non-transferable license to use the Company's trademarks, trade names, logos, and marketing materials solely for the purpose of performing their duties under this Agreement.

8.3 Work Product: Any work product, materials, innovations, or improvements created by the Representative in connection with this Agreement shall be the sole property of the Company, and the Representative hereby assigns all rights, title, and interest in such work product to the Company.

8.4 No Challenge: The Representative agrees not to challenge or contest the Company's ownership of any intellectual property rights during the Term and following termination of this Agreement.

9. NON-COMPETE AND NON-SOLICITATION

9.1 Non-Compete: [Optional] During the Term of this Agreement and for a period of _________________ [months/years] following termination, the Representative agrees not to directly or indirectly engage in any business that competes with the Company's business in [specify geographic area or market segment].

9.2 Non-Solicitation of Customers: During the Term and for _________________ [months/years] following termination, the Representative agrees not to directly or indirectly solicit, contact, or attempt to do business with any customers of the Company with whom the Representative had contact during the Term, for purposes of offering products or services competitive with those of the Company.

9.3 Non-Solicitation of Employees: During the Term and for _________________ [months/years] following termination, the Representative agrees not to directly or indirectly solicit, recruit, or hire any employees or contractors of the Company.

9.4 Reasonableness: The Parties acknowledge that the restrictions contained in this Section are reasonable and necessary to protect the legitimate business interests of the Company.

10. REPRESENTATIONS AND WARRANTIES

10.1 Company Representations: The Company represents and warrants that:

- It has the full right, power, and authority to enter into this Agreement;
- It owns or has the right to use all intellectual property associated with the Product;
- The Product complies with all applicable laws and regulations;
- There are no pending or threatened legal actions that would materially affect this Agreement.

10.2 Representative Representations: The Representative represents and warrants that:

- They have the full right, power, and authority to enter into this Agreement;
- They are not bound by any agreement that would prevent them from performing their obligations hereunder;
- They possess the necessary skills, experience, and qualifications to perform their duties;
- They will comply with all applicable laws and regulations in performing their duties.

10.3 Disclaimer: EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11. INDEMNIFICATION

11.1 By Company: The Company agrees to indemnify, defend, and hold harmless the Representative from and against any claims, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising from:

- Product defects or failures;
- The Company's breach of this Agreement;
- The Company's gross negligence or willful misconduct.

11.2 By Representative: The Representative agrees to indemnify, defend, and hold harmless the Company from and against any claims, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising from:

- The Representative's breach of this Agreement;
- The Representative's gross negligence or willful misconduct;
- The Representative's violation of any applicable laws or regulations.

11.3 Indemnification Procedure: A Party seeking indemnification must promptly notify the indemnifying Party of any claim, cooperate in the defense, and allow the indemnifying Party to control the defense and settlement.

12. LIABILITY AND INSURANCE

12.1 Limitation of Liability: Neither Party shall be liable to the other for any indirect, incidental, consequential, special, or punitive damages, including lost profits, even if advised of the possibility of such damages.

12.2 Maximum Liability: [Optional] In no event shall either Party's total liability under this Agreement exceed _________________ [specify amount or formula].

12.3 Insurance: [Optional] The Representative shall maintain, at their own expense, adequate insurance coverage, including [general liability/professional liability/errors and omissions] insurance with minimum limits of $_________________ per occurrence and $_________________ aggregate.

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13. TERMINATION

13.1 Termination for Convenience: Either Party may terminate this Agreement for any reason upon _________________ [30/60/90] days' prior written notice to the other Party.

13.2 Termination for Cause: 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 _________________ [specify days] days after receiving written notice;
- The other Party becomes insolvent, files for bankruptcy, or makes an assignment for the benefit of creditors;

- The other Party engages in fraud, gross negligence, or willful misconduct.

13.3 Effect of Termination: Upon termination of this Agreement for any reason:

a) **Continuing Profit Rights:** The Representative shall continue to receive their profit share from any sales or revenues that are the Direct Result of the Representative's efforts made prior to the termination date, for so long as such revenues continue to be generated [specify duration or conditions];

b) **Final Accounting:** The Company shall provide a final accounting and profit distribution within ________________ [30/60/90] days following the termination date;

c) **Return of Property:** The Representative shall immediately return or destroy all Company property, including Confidential Information, marketing materials, customer lists, and any other materials in their possession;

d) **Customer Referrals:** The Representative shall direct all customer inquiries, questions, and requests related to the Product to the Company;

e) **Survival of Obligations:** The provisions of Sections [specify sections that survive, e.g., 7 (Confidentiality), 8 (Intellectual Property), 11 (Indemnification), etc.] shall survive termination of this Agreement.

13.4 No Waiver of Rights: Termination of this Agreement shall not affect any rights or obligations that have accrued prior to the termination date.

14. FORCE MAJEURE

Neither Party shall be liable for any failure or delay in performance under this Agreement due to causes beyond their reasonable control, including but not limited to acts of God, war, terrorism, civil unrest, labor disputes, epidemics, pandemics, government actions, natural disasters, or failures of telecommunications or internet services ("**Force Majeure Event**"). The affected Party shall promptly notify the other Party of the Force Majeure Event and shall use reasonable efforts to minimize the impact. If a Force Majeure Event continues for more than ________________ [30/60/90] days, either Party may terminate this Agreement upon written notice.

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15. AMENDMENTS AND MODIFICATIONS

15.1 Written Amendments Required: No amendment, modification, or waiver of any provision of this Agreement shall be effective unless made in writing and signed by both Parties.

15.2 Effect of Amendments: Any amendments made by the Parties shall be incorporated into and become part of this Agreement.

15.3 No Oral Modifications: Oral agreements or understandings shall have no force or effect and shall not modify or amend this Agreement.

16. SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be modified to the minimum extent necessary to make it valid and enforceable, or if such modification is not possible, such provision shall be severed from this Agreement. The invalidity, illegality, or unenforceability of any provision shall not affect the validity, legality, or enforceability of the remaining provisions, which shall continue in full force and effect.

17. DISPUTE RESOLUTION

17.1 Negotiation: In the event of any dispute, controversy, or claim arising out of or relating to this Agreement or the breach, termination, or validity thereof (a "**Dispute**"), the Parties shall first attempt to resolve the Dispute through good faith negotiations between senior representatives of each Party.

17.2 Mediation: If the Parties are unable to resolve the Dispute through negotiation within ________________ [30/60] days, the Parties agree to submit the Dispute to non-binding mediation administered by [specify mediation service or organization] in accordance with its rules and procedures.

17.3 Arbitration: [Optional] If mediation is unsuccessful, any remaining Dispute shall be resolved by binding arbitration administered by [specify arbitration organization, e.g., American Arbitration Association] in accordance with its Commercial Arbitration Rules. The arbitration shall take place in ________________ [specify location]. The decision of the arbitrator shall be final and binding upon the Parties and may be entered as a judgment in any court of competent jurisdiction.

17.4 Litigation: [Alternative to Arbitration] If mediation is unsuccessful, either Party may pursue litigation in accordance with Section 18.

17.5 Costs: Each Party shall bear its own costs and expenses in any Dispute resolution process, except that the prevailing Party in any arbitration or litigation may be entitled to recover reasonable attorneys' fees and costs as determined by the arbitrator or court.

17.6 Continued Performance: During any Dispute resolution process, both Parties shall continue to perform their obligations under this Agreement to the extent possible.

18. GOVERNING LAW AND JURISDICTION

18.1 Governing Law: This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of ________________, without regard to its conflict of laws principles.

18.2 Jurisdiction: [If not using mandatory arbitration] Subject to Section 17, the Parties hereby consent to the exclusive jurisdiction of the state and federal courts located in ________________ [specify county and state] for any legal action arising out of or relating to this Agreement.

18.3 Waiver of Jury Trial: [Optional] The Parties hereby waive any right to a jury trial in connection with any action or litigation in any way arising out of or related to this Agreement.

19. NOTICES

19.1 Notice Requirements: All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given:

- Upon personal delivery;

- Three (3) business days after being sent by certified or registered mail, return receipt requested, postage prepaid;
- One (1) business day after being sent by recognized overnight courier service;
- Upon confirmed receipt when sent by email (provided a copy is also sent by one of the other methods).

19.2 Notice Addresses:

To Company: [Company Name] [Address] [City, State, ZIP] Attention: [Name and Title] Email: [Email Address]

To Representative: [Representative Name] [Address] [City, State, ZIP] Email: [Email Address]

19.3 Change of Address: Either Party may change its notice address by providing written notice to the other Party in accordance with this Section.

20. ENTIRE AGREEMENT

20.1 Complete Agreement: This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, between the Parties relating to such subject matter.

20.2 No Reliance: Each Party acknowledges that it has not relied upon any representation, warranty, or statement made by the other Party that is not expressly set forth in this Agreement.

21.3 Course of Performance: The express terms of this Agreement control and supersede any course of performance or usage of trade inconsistent with any of the terms hereof.

21. WAIVER

No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

22. ASSIGNMENT

22.1 No Assignment: Neither Party may assign, transfer, or delegate its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

22.2 Permitted Assignments: Notwithstanding the foregoing, either Party may assign this Agreement without consent to:

- A successor or acquirer of substantially all of its business or assets, whether by merger, sale, or otherwise;
- An affiliate or subsidiary.

22.3 Effect of Assignment: Any permitted assignment shall not relieve the assigning Party of its obligations hereunder unless the other Party expressly agrees in writing.

23. COUNTERPARTS AND ELECTRONIC SIGNATURES

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Electronic signatures and facsimile signatures shall have the same force and effect as original signatures.

24. HEADINGS

The headings and captions used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

25. FURTHER ASSURANCES

Each Party agrees to execute and deliver such additional documents and take such additional actions as may be reasonably necessary or desirable to carry out the provisions of this Agreement and the transactions contemplated hereby.

SIGNATURE AND DATE

The Parties hereby acknowledge that they have read, understood, and agree to be bound by the terms and conditions set forth in this Agreement, as demonstrated by their signatures below:

COMPANY

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

REPRESENTATIVE/PARTNER

By: ________________________________

Name: ________________________________

Title (if applicable): ________________________________

Date: ________________________________