Brain Balance®
ACHIEVEMENT CENTERS

FRANCHISE DISCLOSURE DOCUMENT

BB FRANCHISING LLC
(A Delaware Limited Liability Company)

1320 North Route 59, Unit 110
Naperville, IL 60563
Tel. (510) 817-2786
Email: Ownership@brainbalancecenters.com
www.brainbalance.com

We grant franchises the right to operate Brain Balance™ Centers that offer an effective and replicable non-medical, non-pharmaceutical program designed to help people become more focused, improve their academic performance, and exhibit positive behavior, resulting in enhanced communication and social interaction skills. The Brain Balance Program® is a comprehensive, individualized program that integrates physical and cognitive exercises with nutrition guidance in order to promote optimum brain and body function. The goal of the Brain Balance Program® is to strengthen connections within the brain that improve a range of negative symptoms and behaviors.

The total investment necessary to begin operation of a Brain Balance™ Center ranges from \$339,486 to \$583,431. This includes \$64,846 in initial fees that must be paid to the franchisor. The total investment necessary to begin operation of a Brain Balance™ Satellite Center ranges from \$242,711 to \$353,761. This amount includes \$32,746 in initial fees that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this disclosure at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or any affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Zoraida Krell at 1320 North Route 59, Unit 110, Naperville, IL 60563 and 510-240-1261.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. Information comparing franchisors is available. Call your state agency or conduct research on the Internet for sources of information. More information on franchising, such as the "Consumer's Guide to Buying a Franchise," is available from the Federal Trade Commission (FTC). You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

You should also know that the terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contract and this Disclosure Document to an advisor, such as a lawyer or an accountant.

The issuance date is: April 28, 2023

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How to Use This Franchise Disclosure Document

Here are some questions that you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Brain Balance™ Achievement Center business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Brain Balance™ Achievement Center unit franchisee?	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals, and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

4. **Turnover Rate.** In the last 2 years, a high percentage of franchised outlets were terminated, not renewed, reacquired or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

5. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

6. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may results in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

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ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

BB Franchising LLC ("BBF", "we", or "us"), a Delaware limited liability company, was organized on November 13, 2007, and conducts its business under that name. Our principal business address is 1320 North Route 59, Unit 110, Naperville, IL 60563. We do business under the name Brain Balance® and Brain Balance® Achievement Centers. Our business is limited to offering franchises for operating learning centers that offer an effective and replicable non-medical, non-pharmaceutical program designed to help people become more focused, improve their academic performance, and exhibit positive behavior, resulting in enhanced communication and social interaction skills. The Brain Balance Program® is a comprehensive, individualized program that integrates sensory motor stimulation, cognitive exercises, physical exercises, academic protocols, and nutrition guidelines. The goal of the Brain Balance Program® is to strengthen connections in the brain that improves a range of negative symptoms and behaviors and to promote optimum brain and body function.

BBF does not grant franchises in other lines of business. We have not offered franchises in any other line of business, except as follows. From January 2008 to December 31, 2014, we allowed licenses for the operation of Brain Balance Centers that provided the Brain Balance Program® but did not use our name.

Our parent company Brain Balance Holdings, Inc. will offer cognitive services in connection with sports skills, including football, baseball, basketball, hockey, and other sports under the trade name Mastermind Sports Performance Training. As of the date of this Disclosure Document, Brain Balance Holdings, Inc. has no plan to offer franchises in connection with this line of business. These will not be offered under the Brain Balance marks and will not be a part of the franchise offered to you.

Our agents for service of process are listed in Exhibit D.

Our Parents, Predecessors, and Affiliates

We have two parent companies. BB InvestCo, L.P. is a Delaware limited partnership. The principal business address of BB InvestCo., L.P., is 1320 North Route 59, Unit 110, Naperville, IL 60563. BB InvestCo., L.P. controls Brain Balance Holdings, Inc., a Delaware corporation, which owns BBF. The principal business address of Brain Balance Holdings, Inc. is 1320 North Route 59, Unit 110, Naperville, IL 60563

Our predecessor is Brain Balance, Inc. ("BBI"). BBI was a New York corporation, incorporated on August 24, 2006. BBI's principal business address was 1091 Further Rd., North Woodmere, NY 11581. The predecessor opened the first Brain Balance™ Center in 2006 and had, between December 2006 and November 2008, licensed the protocols used in the Program to independently owned licensees that operated Brain Balance™ Centers. As of December 31, 2011, there were no BBI licensees in operation. Pursuant to an Asset Purchase Agreement entered into in July 2008, our predecessor sold substantially all of its business assets related to the operation of its company-owned Brain Balance™ Center to BBF. As part of that transaction, BBI had granted to BBF a non-exclusive perpetual license to use and develop the Brain Balance Program® protocols and trademarks, including Brain Balance Program®. On October 7, 2011, BBF entered into an Asset Purchase Agreement, which supersedes and replaces the prior license agreement, pursuant to which BBF purchased from BBI all of the intellectual property owned by BBI, including Brain Balance Program® protocols and trademarks, Brain Balance Program®, and ®, franchised to you hereunder. Effective January 1, 2015, BBF entered into a Trademark Assignment Agreement, pursuant to which BBF assigned to Brain Balance Holdings, Inc. all of its rights to the trademarks, including Brain Balance™ & Design and Brain Balance Program®.

Except as described above, BBI has not offered franchises for Brain Balance™ Centers or any other business or has engaged in any other business. As of the date of this Disclosure Document, we do not operate any company-owned Brain Balance™ Centers, however, since April 2020, our Affiliate, BB Corporate LLC has provided direct to consumer virtual programs outside of territories owned and operated by franchisees. This will continue on a permanent basis going forward.

The Franchise Offered

BBF sells franchises to operate Brain Balance™ Centers that offer a replicable non-medical, non-pharmaceutical program designed to help people become more focused, improve their academic performance, and exhibit positive behavior, resulting in enhanced communication and social interaction skills (the "Franchised Business"). The Brain Balance Program® is a comprehensive, individualized program that integrates several protocols (the "Licensed Technology") including sensory-motor stimulation, cognitive exercises, physical exercises, academic components, and nutritional guidance. The goal of the Brain Balance Program® is to strengthen connections in the brain to minimize a "communication breakdown" that may result in a range of negative symptoms and behaviors. The goal of the Brain Balance Program® protocols (the "Licensed Technology") is to promote optimum brain and body function. We offer the Brain Balance Program® to both children and adults, although children make up the majority of our enrolled students.

The Brain Balance Program® does not rely on drugs, medical procedures, or psychotherapy. The Brain Balance Program® is an integrated approach – one that is designed to help people suffering from a range of learning and behavioral disorders. Today, there is an epidemic rise in people being labeled with severe attention deficit disorders and behavioral and learning problems. The Brain Balance Program® was developed based on the concept that these disorders are the manifestation of an underlying brain connectivity breakdown. In plain terms, when there is immaturity or differences in whole-brain connectivity or synchronization there can be an impact on brain communication and function.

The Brain Balance Program® assesses functional abilities of a person and applies its unique, multi-pronged approach (sensory-motor stimulation, cognitive exercises, physical exercises, academic components, and nutritional guidance). The Program improves each function individually, and then progressively integrates it with the other brain functions. As such, we provide a holistic approach to address brain connectivity issues with a comprehensive program created to address issues that people may face as a result.

You may also offer this program virtually, using an online meeting platform, in addition to the services you provide within your Center. Virtual program sales are limited to your designated territory.

If we offer a franchise to you (we will refer to an individual, partnership, limited liability company, or corporation as "you"), you will sign a franchise agreement ("Franchise Agreement") that will grant you the right to establish and operate a Brain Balance™ Center at a location approved by us and specified in the Franchise Agreement.

A satellite center concept ("Brain Balance™ Satellite Center") is available to Franchisees who currently own at least one franchise location for a minimum of 12 months, are in good standing with no franchise agreement defaults, and have a minimum of $400,000 in revenue per franchise location during the prior 12-month period. A satellite location can only be located within the Franchisee's existing market. Brain Balance™ Satellite Centers are facilities that only deliver programming and do not handle lead intake or assessment of prospective enrolling families, post-Program assessments, or administrative functions, so they are smaller and have fewer features. The initial franchise fee for a Brain Balance™ Satellite Center is $25,000.

Industry-Specific Regulation

We operate within the Supplemental Education and Services Industry, which is a subset of the global education and training market, primarily in the form of diverse public and private after school programs. There are federal, state, and local education authority laws that regulate school services, such as the federal No Child Left Behind "NCLB" Act, the People's Online Privacy Protection Act of 1998, as amended ("COPPA"), and the Family Educational Rights and Privacy Act of 1974, as amended ("FERPA"). If you become eligible for funding from certain government programs, you will be required to provide extensive reports regarding your activities and your compliance with these laws and regulations.

As a Supplemental Education Service, your Center is subject to regulations similar to those for schools, such as fire safety and other building code requirements. For example, your state or municipality may require a fire exit or panic bars on exit doors, separate male and female restrooms, water fountains, sprinklers, or alarm systems. You are also required to operate your Franchised Business in accordance with the provisions of federal, state, and local laws and regulations governing wages, working conditions, health, sanitation, smoking, fire and safety, employment, discrimination, taxes, and environmental requirements.

Competition

The market for the services provided by your Center consists of people who may or may not be diagnosed with developmental delays resulting from neurological and physiological delays and adults who struggle with inattention. Although we are not aware of any other programs that combine sensory stimulation, cognitive training and nutritional modification with an educational focus, presently, there are some other programs that provide similar services to the ones that will be provided by your Center. They may also help people overcome symptoms and succeed academically. As an alternative to these programs, parents may seek help from Supplemental Learning Centers (SLCs), which focus primarily on academic tutoring and have varying degrees of expertise in Autism, AD/HD, Dyslexia, and other issues with neurological and physiological connectivity. They may also try occupational therapy, physical therapy, nutritional counseling, speech counseling, or other specialized therapies. Although we do not provide academic tutoring or psychological or physiological therapy, these other specialized therapists are also direct market competitors.

Although we do not believe that the programs discussed above are direct competitors, besides other BBF franchisees and our Center(s), there are a handful of educational programs and SLCs that specifically address learning difficulties or behavioral disorders. We believe that this is a developing market, but most of the approaches utilized by our competitors address only certain aspects of our integrated brain and body approach.

Indirect Competitors

Our primary indirect competitors are SLCs focused on basic academic skills, test preparation, and tutoring for K-12. The leading companies do not offer specific intervention for people with issues of brain connectivity, provide tutoring only, and do not address the combination of nutritional programs, sensory-motor stimulus, and learning and behavioral exercises.

ITEM 2. BUSINESS EXPERIENCE

Chairman: ALEEM CHOUDHRY

Aleem Choudhry co-founded Crane Street Capital in 2009 and serves as the managing partner. He has had over 21 years of private equity and transaction experience. Prior to Crane Street, Mr. Choudhry was Principal and Co-Founder of the North American office of Englefield Capital, a London based middle market private equity firm. Prior to Englefield, he was a Vice President at FFL, a San Francisco based middle market private equity firm. Before private equity, Mr. Choudhry worked as an investment banker at Goldman Sachs and Wasserstein Perella, where he began his career.

Director: DR. BEN LITALIEN, CFE

Dr. Litalien has served as a Director of Brain Balance Holdings, Inc. since June 2016. He is also the founder and President of Franchise Well, LLC and has been since October 2008. Ben is an Adjunct Instructor at Georgetown University in Washington, DC since September 2008. He is also an Adjunct Associate Professor at The University of Maryland Global Campus in Adelphi, Maryland and has been since October 2010. Ben is Chief Development Officer of Daddy’s Franchising and a Director since August 2021. Ben has served as Chief Development Officer for fit20 USA Franchising, LLC since January 2018 and for BidExecs Franchising, LLC from September 2019 to December 2021. He was the Chief Development Officer of Zerorez Franchising System, Inc. from September 2012 to August 2017, and he has been a Director of that company from September 2017 to December 2021. He has been a Director of JIBU Holdings, LLC since January 2014. He served as Chief Development Officer of Malawi’s Franchise Development Company, LLC from January 2014 to November 2018, and President of that company from October 2017 to November 2018. He was the Chief Development Officer of SWAT Franchise Development, LLC from September 2017 to January 2019 and was the Chief Development Officer of XD Holdings, LLC from November 2016 to December 2017. He was a

Director of the Cleaning Authority, LLC from November 2015 to November 2016 and was on the Board of Directors of the Institute of Certified Franchise Executives (ICFE) from November 2015 until September 2019. Except as otherwise stated, Ben has served in the above positions from his offices in Stafford, Virginia.

<u>Director: PATRICIA B. MILLER</u>

Ms. Miller has served as a Board Director of Brain Balance Holdings, Inc., since January 2015. She has served on the Board of KSS Preschools since January 2020. Ms. Miller also serves on the Board of Chancelight Behavior Health, Therapy and Education since October 2021. She was the Chief Operating Officer then President of Spring Education Group, Inc. (formerly Nobel Learning Communities, Inc.) from January 2004 to March 2020. Nobel Learning was acquired by Spring Education July 2018. From January 2018 to present, she also serves on the Board for The Ohio State University School of Communications Development as well as PathwaysPA since 2009.

<u>Director: CATHERINE MONSON, CFE</u>

Ms. Monson has served as a Director of Brain Balance Holdings, Inc. since June 2016. She has been the Chief Executive Officer, President and a Director of the franchisor FASTSIGNS International, Inc., since January 2009 (in October 2022, she was appointed a President of FASTSIGNS International and since that time remains as CEO and a Director of FASTSIGNS International) and is CEO of the multi-brand franchisor platform company Propelled Brands since September 2020. Since February 2008, Ms. Monson has been on the International Franchise Association Board of Directors and was the Chair of the International Franchise Association from February 2020 through February 2022. Since February of 2019, she has been on the Board of Directors of the Big Blue Swim School, a swim school franchise. From March of 2015 to June of 2018, she was on the Board of Directors of the franchisor The Learning Experience.

<u>Chief Executive Officer: DOMINICK FEDELE</u>

Mr. Fedele has been the Chief Executive Officer of Brain Balance since July 2018. Before joining Brain Balance, he served from March 2015 through July 2018 as Group President, and later as Executive Vice President, for Education Corporation of America, which acquired Kaplan Higher Education Corporation in March 2015. From February 2008 to March 2015, he worked for Kaplan Higher Education Corporation, originally as Group Vice President and from October 2011 to March 2015 as Senior Vice President of Operations. Dominick also worked with Career Education Corporation from April 2001 to February 2008 ultimately serving as the Vice President, Managing Director of the Le Cordon Bleu culinary division.

<u>Chief Operating Officer: MICHAEL MILLER</u>

Mr. Miller has been the Chief Operating Officer since June 2022. He joined Brain Balance as the Vice President of Enrollment in December 2018. Mr. Miller previously served as the Sr Vice President of Admissions Operations and Strategy for Education Corporation of America from June 2016 to November 2018. Mr. Miller served with the Concorde Education Group from June 2015 to June 2016 as Sr Vice President of Admissions, Vice President of Admissions and later COO for Medtech from October 2012 to May 2015. Prior to that, Mr. Miller worked for Kaplan Higher Education from November 2000 to October 2012. Serving as the Sr. Vice President of Admissions from October 2011 to October 2012, Regional Vice President of Admissions from October 2002 to October 2011 and as Director of Admissions from November 2000 to September 2002.

Chief Financial Officer: KIMBERLY MALANDRINO

Mrs. Malandrino has been the Chief Financial Officer of Brain Balance since November 2022. She joined Brain Balance as the Controller in November 2021. Before joining Brain Balance, Mrs. Malandrino served from February 2015 through August 2020 as Business Unit Controller for Martindale-Nolo, an Internet Brands company, which acquired Total Attorneys in February 2015. From January 2007 to February 2015, she worked for Total Attorneys, originally as the Controller and from March 2012 to February 2015 as the Chief Financial Officer.

VP, Program and Outcomes: REBECCA R. JACKSON

Dr. Jackson took on the role of VP of Program and Outcomes in October of 2018. Prior to stepping into this role, Dr. Jackson and her husband were the owner-operators of three Brain Balance centers in North Carolina and Virginia beginning in 2010.

VP, Brand and Public Relations: KAREN RUSSELL

Karen Russell joined Brain Balance in September of 2022 as Vice President of Brand and Public Relations. Before Brain Balance, Karen was the marketing director, brand and creative strategy, for Adtalem Global Education from March 2019 to September 2022 where she was responsible for building and activating their portfolio of healthcare education brands (Chamberlain University, Ross University School of Medicine, Ross University School of Veterinary Medicine, Walden University). Prior to Adtalem, she ran her own brand consultancy from June 2017 to September 2019 serving clients in the healthcare, professional services and education sectors.

VP, Digital Marketing: JENNIFER IRWIN

Jenn Irwin joined Brain Balance in September 2020 as the Director of Digital Marketing and transitioned into her current Vice President of Digital Marketing role in July 2022. Before Brain Balance she was the Director of Digital Delivery and CRO at Adtalem Global Education from May 2018 to August 2020, working across a portfolio of education and ecommerce companies (Chamberlain University, Ross Medical University, Ross Veterinary University, Becker Professional Educational, DeVry University, and ACAMS) to strengthen brands, increase leads and improve profitability. Between June 2011 and May 2018 she worked solely for Chamberlain University as the Interactive Marketing Manager and then later as the Senior Manager of User Experience.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

U.S. Bankruptcy Court Eastern District of North Carolina, Raleigh Division, Bankruptcy Petition Case No. 30-0289805-DMW. On August 21, 2020, Rebecca R. Jackson and her spouse filed a voluntary petition as debtors for Chapter 7 bankruptcy protection in the state of North Carolina. Rebecca Jackson is an officer, the Vice President of Programs and Outcomes, of the franchisor. Her business address is 1320 North Route 59, Unit 110, Naperville, IL 60563. The court issued a discharge of debtors on February 23, 2021.

Except for the foregoing, no bankruptcy information is required to be disclosed in this item.

ITEM 5. INITIAL FEES

Standard Brain Balance™ Center

The initial uniform franchise fee for a Brain Balance™ Center is $45,000 and is payable in a lump sum at the time you sign the Franchise Agreement. You are also required to license the proprietary software ("Software") from the Franchisor pursuant to the Application License Agreement pay the Franchisor $15,000 for the Software license, and pay the Franchisor a prorated amount of the $1,596 annual software maintenance fee and Customer Relationship Management System (CRM) License Fee for the balance of the first year of operation at the time the Software is activated, plus a prorated amount of the $3,250 in software fees you will pay to us for annual third party software program access.

If you are a party to an existing Franchise Agreement with us for a Brain Balance™ Center and wish to acquire an additional franchise to open additional standard Center(s), we will reduce the franchise fee based on the following scale:

Units	Initial Fee	Software Fee	Annual Software Maintenance Fees and CRM License Fee
2-5	**38,000**	**10,000**	**4,846**
6-10	**35,000**	**7,500**	**4,846**
11 or more	**32,000**	**3,000**	**4,846**

Brain Balance™ Satellite Center

A satellite center concept ("Brain Balance™ Satellite Center") is available to Franchisees who currently own at least one Standard franchise location for a minimum of 12 months, are in good standing with no franchise agreement defaults, and have a minimum of $400,000 in revenue per franchise location during the prior 12-month period. A satellite location can only be located within the Franchisee's existing market. Brain Balance™ Satellite Centers are facilities that only deliver programming and do not handle lead intake or assessment of prospective enrolling families, post-Program assessments, or administrative functions, so they are smaller and have fewer features. The initial franchise fee for a Brain Balance™ Satellite Center is $25,000. You are also required to license the proprietary software ("Software") from the Franchisor pursuant to the Application License Agreement and pay the Franchisor $5,000 for the Software license, both of which will be prorated based upon the remaining term of the Standard Center's Franchise Agreement. You would also pay the Franchisor a prorated amount of the $1,596 annual software maintenance fee and CRM License Fee for the balance of the first year of operation at the time the Software is activated, plus a prorated amount of the $1,150 in software fees you will pay to us for annual third party software program access.

We refer to both types of centers collectively as “Centers” in this Disclosure Document.

For all Centers, the initial fee, including the Software Fee, is fully earned and non-refundable when paid.

ITEM 6. OTHER FEES

OTHER FEES

Name of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	8% of Gross Revenue with a minimum of $1,000 (subject to annual cost of living increases) per calendar month, prorated for a partial month, payable monthly, commencing the month the Center opens. If you do not hold your Soft Opening within nine (9) months following the date of your Franchise Agreement, you will be required to pay the minimum royalty.	Payable monthly on or about the 7th day of the month.	Gross Revenue ("GR") includes all revenue received (including cash, cash equivalents and credit) relating directly or indirectly to the Franchised Business, excluding transactional credit card service fees (which will be deducted at a fixed, set rate at the percentage rate we have negotiated with a credit card clearing house service provider), loan provider fees, and less refunds ("GR"). (Note 2) Royalty payments will be taken from your bank account, based upon the Customer Relationship Management System ("CRM") information, via electronic funds transfer, pursuant to an automated clearing house agreement attached as Exhibit 2 to the Franchise Agreement ("ACH Agreement"). Upon request, you must provide an electronic copy of the accounting records that support the Royalty payment. You must bear any costs associated with establishing these funds transfers, which typically range from $5 to $10 per month, but your bank may provide them free of

Name of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
			charge if you maintain a minimum balance. This is an estimate and your bank may impose other expenses associated with this service.
Local Advertising	9% of anticipated Gross Revenue, not to fall below a minimum of $5,000 per calendar month, allocated among various marketing channels and using approved vendors for all advertising placement. (Note 3)	As incurred	Your minimum expenditure per calendar month is to be spent on local media, and you are encouraged to spend more as you see fit per the particularities of your market.
National Advertising Fund	2% of Gross Revenues with a minimum of $200 (subject to annual cost of living increases) per calendar month, per the same schedule as Royalties above. (Note 4)	Payable monthly on or about the 7th day of each month	Minimum of $200 per month. National Advertising Fund contributions will be made electronically pursuant to the ACH Agreement.
Additional training fee	If: (1) requested by Franchisee, (2) required by us in the event you fail to master the principles and objectives of the Licensed Technology, (3) System development results in new principles or protocols, or (4) you replace either your Center Director or Program Director (Note 5), additional consultation services at your center will be charged at a half-day rate of $500 (less than 4 hours of training) and full-day rate of $1,000,	Due one (1) week prior to the start of consultation/ training	These fees are debited via ACH.

Name of Fee (Note 1)	Amount	Due Date	Remarks
	plus airfare, lodging, and travel expenses; Advanced Training, includes on-going training through webinars, courses within the Brain Balance Training Site and workshops, is required for all franchisees related to enrollment enhancement, Sensory Motor and academic administration and marketing, up to two (2) times per year for a period of between one (1) and five (5) days, with attendance mandatory for either the Center Director or Program Director, would be of an additional cost to you for travel expenses, if we offer it.		
Email and other collaboration tools	First 3 users are free of charge; additional users are charged at the then-current rate (currently $94/year).	Payable annually, prorated by start date in your first year.	Gmail and Google applications. Fees are debited via ACH.
Workplace	$35/year per user	Payable annually, prorated by start date in your first year.	Meta Workplace integrated with Gmail. Fees are debited via ACH.
Accounting Software	Franchisee must purchase a license for QuickBooks. Amount varies based on if you purchase the software or use an online license. Prices can range from	One-time purchase or monthly depending on what package you choose.	QuickBooks. You may elect to purchase additional software features.

Name of Fee (Note 1)	Amount	Due Date	Remarks
	$10-$25/month or $300-$500 for software purchase depending on your package.		
Taxes	Will vary	As required by law	These are payable to the Franchisor if the Franchisor is required to pay any taxes (other than income tax) on any fees that you pay to the Franchisor.
Software License Fee	$15,000 for each Standard Brain Balance Center $5,000 for each Brain Balance Satellite Center	Paid at the same time as the Franchise Fee.	Payable to the Franchisor pursuant to the Application License Agreement.
Software Maintenance Fee (Note 6)	$1,200 per year for each Center	Payable annually, prorated by start month in the first year.	Payable to the Franchisor pursuant to the Application License Agreement and debited via ACH.
Brain Balance Program® CRM Third Party Platform License (Note 7)	Each Center license will cost $396 annually	Payable January 1, prorated by start month in the first year.	These fees are debited via ACH and payable to the Franchisor.
Third Party Software License Fees (Note 8)	Currently $3,250. Collected annually or bi-annually, depending upon the platform	Payable annually or bi-annually.	These fees are passed through to you and cover the annual costs of existing technologies licensed by third parties.
Audit	Cost of audit plus out-of-pocket Disbursements, amount can vary from $750 to $10,000 based on the work required to complete the audit.	Upon completion of audit.	Payable if an audit shows an understatement equal to or greater than 5% of either the royalty or advertising fund contributions, which should have been debited via ACH for the audited period. Amount unpaid plus compounded interest will also be due upon completion of the audit.

Name of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Annual Convention	Franchisee: $600 Staff: $550	At the point of registration, prior to Convention date.	This cost is subject to increase. This is the current cost for our Annual Convention. Travel, lodging, and food expenses will be in addition to the registration fee, some of which will be discounted or subsidized by the Franchisor.
Interest	2% per month compounded	Upon demand	Payable on all payments that are 15 or more days overdue.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon termination of the Franchise Agreement, in an action to collect unpaid amounts owed to us and if we need to enforce the Franchise Agreement by injunctive relief.
Relocation Fee	Then-current fee Presently, $3,000	As incurred	The Franchisor must approve any relocation of your Center and you must pay the Franchisor its then current relocation fee. As of the date of this Disclosure Document, the relocation fee is $3,000.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your operations and under certain circumstances set forth in the Application License Agreement.
Insufficient funds	$35 charge per incident	As incurred	Payable to Franchisor if an ACH transaction cannot be completed for any reason
Renewal fee	$10,000	Upon approval of renewal by Franchisor each time you renew.	$10,000

Name of Fee (Note 1)	Amount	Due Date	Remarks
Soft Opening date change expenses	Will vary under circumstances	Payable as soon as Franchisee's change to Soft Opening date results in non-refundable expenses.	Payable to Franchisor when Franchisor incurs non-refundable expenses due to Franchisee changing Soft Opening date.
Transfer fee	$10,000 (Note 9)	Upon completion of transfer.	Payable to the Franchisor when franchise is transferred; there is no charge if transfer is to your spouse or adult child.

Note 1: Except as otherwise noted, all fees are imposed uniformly by and are payable to BBF via ACH debit and are non-refundable unless otherwise specified. The Initial Franchise Fee was waived for former licensees of BBI and BBF. Based upon the Licensee's substantial contributions to the development of the Program Software, the Software Licensing Fee was waived for Centers in Peachtree City, Roswell, and Suwanee, Georgia, when they became franchised locations.

Note 2: We expect that the merchant services agreement transaction fee will be no greater than 2% generally, 2.5% for debit cards and 2.9% for American Express. If you do not participate in this program and you pay credit card servicing transaction fees that are higher than the set percentage, we will deduct only the set percentage for credit card transactions from your GR; conversely, if you are able to negotiate a lower credit card servicing transaction fee than what we have negotiated for all Brain Balance™ Centers, you will be permitted to retain the differential for the GR on which the Royalty is based.

Note 3 You will determine what channel mix in your area works best for your Center and Market. Franchisor may provide resources to determine the best market mix for your center location(s). Franchisor will provide a list of approved marketing agencies you may choose from to engage in advertising. If you do not work with an approved marketing agency, you may be subject to a penalty.

Note 4: All Franchisees make the same percentage contribution. We are required to keep Advertising Fund contributions in a separate fund to be used only for purposes related to advertising and the promotion of BBF and its services, as more fully described in Item 11.

Note 5: Alternatively, you may send a new Center Director or Program Director to the next regularly scheduled Initial Training session at a cost of $500.

Notes 6 & 7: We provide you with a comprehensive and proprietary software CRM platform which manages leads and customer information. The Software Maintenance Fee allows us to maintain and periodically revise this software. We collect the Third-Party Platform License fee and pay it to the third party which hosts our CRM software platform (currently Salesforce as of the date of this Disclosure Document).

Note 8: We provide you with licenses to use software for some of the programming available through our Centers. This covers the current third-party software used in our system. If we change systems or adopt new technology platforms, this amount could increase. We pass through the cost of these licenses to you with no mark up.

Note 9: The transfer fee compensates us for the cost of training the Transferee and other related costs.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Standard Brain Balance Center Estimate

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (Note 1)	$45,000	Lump Sum	Upon signing of Franchise Agreement	Franchisor
Computer Software program license fee	$15,000	Initial lump sum payment	Before Opening	Franchisor
In Center Program kits (Note 2)	$1,750 (7 kits)	Initial lump sum payment	Before Opening	Third party vendor
Virtual Program Kits	$1,275 each (3 kits)	Per virtual enrollment	As needed	
Third-party Program Pass Through Fees (Note 3)	$3,250	Lump sum payment	Before Opening	Franchisor
Business license, if necessary, incorporation, etc. (Note 4)	$500 to $2,500	As incurred	Before Opening	Your attorney, accountant, and/or other third parties

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Commercial Space (2 months security) (Note 5)	$6,000 to $20,835	Lump Sum	Before Opening and ongoing	Landlord
Utility deposits and fees	$3,000	Monthly	Before Opening and ongoing	Utility companies
Insurance (Note 6)	$4,200 to $6,000 per calendar year, depending upon location	As arranged	Before Opening and ongoing	These monies are payable to insurance carriers with which a third-party vendor designated by the Franchisor has negotiated rates for all franchisees
Construction and remodeling, including architect design (Note 7)	$60,000 to $160,000	As incurred	Before Opening	Contractors, architect
Furniture, inventory, and equipment (lease deposit and installation) (Notes 8 and 9)	$50,000 to $65,000	As incurred	Before Opening	Your suppliers and telephone company
Technology Costs (Note 10)	$24,000 to $27,000	As incurred	Before Opening and ongoing	Suppliers
Start-up supplies (Note 11)	$4,500 to $5,000	As arranged	Before Opening	Suppliers
Signage	$9,000 to $15,000	As arranged	Before Opening	Suppliers
Call Center (Note 12)	$1,500 to $2,000	Lump sum	Before Opening	Designated vendor

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Brain Balance Program® CRM System and annual maintenance (Note 13)	Each Center License will cost $1,596 per year	Debited via ACH	Annually	Franchisor
Credit Card System	$0 - $350 (Note 14)	Initial lump sum payment, monthly fees and annual PCI compliance fee	Before opening and the day of the month designated by the clearing house services company	System vendor or your vendor
Email and other collaboration tools	$0 (First 3 users are free of charge; additional users are $94/year.)	Debited via ACH	Payable annually, prorated by start date in the first year.	Franchisor (only if more than 3 are requested)
Workplace	$70 - $105 ($35/year per user)	Debited via ACH		
Accounting Software & Bookkeeping (Note 15)	$1,500 - $1,800	One-time purchase and bookkeeping service for the 1st 6 months of operation.	You may elect to purchase additional software features	Third-party vendor designated by the Franchisor or an approved service company.
Additional Funds (Note 16)	$100,000 to $150,000	As incurred	As incurred	Landlord, suppliers, and employees
Pre-Opening travel and training costs (Note 17)	$5,000 to $7,000	As arranged	Before Opening	Suppliers of transportation, food, and lodging

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Pre-Opening Advertising (Note 18)	$10,000 to $15,000	As arranged	Before Opening	Advertising media, grand opening activities
Total of all Initial Investment Costs:	$345,141 to $598,461			

Note 1: The initial non-refundable franchise fee is discussed in greater detail in Item 5.

Note 2: You are required to purchase a minimum supply of Program kits as initial inventory. We recommend that you purchase, example, three virtual program kits and 7 in center kits As you enroll families you will need to purchase more as every enrollment requires a program kit.

Note 3: You will pay us $1,596 annually for our proprietary software system, plus additional fees for third party software. Our estimate is the amount we will collect before you open.

Note 4: This estimate covers the cost of a business license, formation of an entity, and related professional fees if you hire someone to help you with these.

Note 5: At least 1,500 square feet of usable square footage will be needed to operate your Franchised Business (see Item 11). You do not need a space larger than 2,500 square feet, and our estimate is based on a space between 1,500 and 2,500 square feet. The cost per square foot of leasing commercial space varies considerably depending upon the Center location and market conditions. The cost of leasing commercial space is estimated to be between $10 and $50 per square foot but may be higher in major metropolitan areas. Non-commercial space would need to be approved through us.

Note 6: The figures in the chart are based upon the estimated average premiums calculated by the insurance brokers designated by us who have negotiated rates with carriers nationally as first years' premium for Commercial general liability and Professional Liability coverage, including, but not limited to, education services ($1,000,000 per occurrence and $3,000,000 in the aggregate), commercial automobile liability insurance covering vehicles that are owned, non-owned, or hired by the Franchised Business, providing bodily injury and property damage, Employment Practices Liability Insurance ("EPLI"), and workers compensation and disability insurance, if required. (See Item 8.)

Note 7: Our estimate for construction costs is based on you following our recommended build-out guidelines for a leased space of the square footage we recommend (see Note 5, above). If you choose to upgrade to more luxurious building finishes than we recommend, or if you lease and build out a significantly larger space, your cost may exceed our estimate. These estimates are based on build out costs as reported to us by franchisees for centers that opened 2019-2021. During this time franchisees received an average of approximately $61,000 in Tenant Improvement Credits ("TI"), and we have factored that into our costs. Franchisees reported TI ranging from zero to $165,000. Our estimates also removed abnormally low outliers caused by conditions such as a family member being a contractor, or build-outs completed at no cost by the landlord, as these are unusual circumstances we do not expect to be replicated in our estimates. The cost per square foot, during this time had both an average and median of $35/sq. foot (excluding TIs), and the range was as low as $6 and as high as $70. Approximately 32% of all build-outs were less than $20 per square foot. 24% were $20-$40 per square foot, 32% were $40-$60 per square foot, and 12% of franchisees chose to spend more than $60 per square foot.

Note 8: This expense includes, copier/scanner/fax, telephone equipment, desks, chairs, file cabinets, program inventory, supplies, the Customer Relationship Management Invoicing System and miscellaneous equipment, and estimated telephone company deposits. The items associated with the program inventory and supplies will need to be purchased; most cannot be leased.

Note 9: Assumes all furniture and equipment is purchased.

Note 10: This estimate includes all your hardware costs, software license fees paid to third parties, and costs for assistance from an information technology (IT) service to help with initial set up of your network, firewall, and internet access, and for annual maintenance agreement with that IT service. The annual maintenance agreement is optional, but we recommend it. You may obtain your office computer hardware from any reputable supplier. You must ensure that all programs and applications running on your computer are legally licensed and that you have up-to-date anti-virus software installed on each machine. We will provide support regarding any IT issue related to the Software you are using in connection with the Brain Balance Program® (CRM or email, for example), but you will be responsible for computer hardware, Internet access, other software installed, and security, which includes ensuring that your location is PCI compliant.

Note 11: We estimate that the range given will be sufficient to cover general office supplies, such as files, folders, paper, and writing utensils for the first three (3) months of the operation of the Franchised Business, including marketing and advertising materials that must be purchased from an approved vendor.

Note 12: You may use an approved third-party call center, or employ an experienced sales person, who will be solely responsible for responding to incoming leads, provided you obtain our prior written approval. Our estimate includes only the cost of monthly enrollment in a Call Center. Costs for leads and assessments are included in our estimate of Additional Funds.

Note 13: The Brain Balance Program® Customer Relations Management System enables you to track leads, assessments, enrollments, and customer service inquiries and to prepare operations reports and to access a centralized helpdesk.

Note 14: The cost to implement a credit card processing system varies based on the vendor you choose. Some vendors will waive fees to acquire the hardware, while others will charge you an implementation fee and an annual PCI compliance fee. In addition to the cost to set up your credit card processing system, you will incur transaction fees when you accept credit card payments. We expect that the merchant services agreement transaction fee will be no greater than 2% generally, 2.5% for debit cards and 2.9% for American Express. If you do not use our recommended supplier and you pay credit card servicing transaction fees that are higher than the set percentage, we will deduct only the set percentage for credit card transactions from your GR; conversely, if you are able to negotiate a lower credit card servicing transaction fee than what we have negotiated for all Brain Balance™ Centers, you will be permitted to retain the differential for the GR on which the Royalty is based.

Note 15: You are required to acquire and use an accounting software that meets our standards (currently QuickBooks), which you may either purchase or license on a monthly basis. In addition, we will require you to use the services of a professional bookkeeper for at least the first six months of operation that must be approved by the Franchisor. In our discretion, we can continue to require you to use a professional bookkeeping service.

Note 16: This is an estimate of the capital you will need to support additional expenses, such as payroll to cover required personnel including a Center Director (if you are not serving in this role) and a Program Director, cleaning service and supplies, repairs and maintenance, postage, credit card fees, supplies, and related expenses for the first three months, to the extent your collected revenue does not cover these costs. Amounts will vary depending on the salaries, provisions of various leases, and utilities' policies. New businesses often generate a negative cash flow. This is an estimate of your expenses during the first three (3) months of the operation of your Franchised Business. It is based on recent franchisee experiences in our system. The numbers provided are only estimates, and it is possible that additional working capital will be necessary during this time period.

Note 17: These costs will vary significantly depending on the distance traveled and the type of accommodations selected.

Note 18: Prior to opening the Franchised Business, you will need to advertise for available staff positions as well as the opening of your franchise Center within your community.

Brain Balance™ Satellite Center Estimate

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (Note 1)	$25,000	Lump Sum	Upon signing of Franchise Agreement	Franchisor
Computer Software program license fee	$5,000	Initial lump sum payment	Before Opening	Franchisor
In Center Program kits (Note 2) (Purchased by main center)	N/A			
Third-party Program Pass Through Fees (Note 3)	$1,150	Lump sum payment	Before Opening	Franchisor
Business license, if necessary, incorporation, etc. (Note 4)	$500 to $2,500	As incurred	Before Opening	Your attorney, accountant, and/or other third parties
Real Property (2 months security) (Note 5)	$4,000 to $12,000	Lump Sum	Before Opening and ongoing	Landlord
Utility deposits and fees	$1,000 to $3,000	Monthly	Before Opening and ongoing	Utility companies
Insurance (Note 6)	$2,000 to $4,000 per calendar year, depending upon location	As arranged	Before Opening and ongoing	These monies are payable to insurance carriers with which a third-party vendor designated by the Franchisor has negotiated rates for all franchisees

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Construction and remodeling, including architect design (Note 7)	$50,000 to $120,000	As incurred	Before Opening	Contractors, architect
Furniture, inventory, and equipment (lease deposit and installation) (Notes 8 and 9)	$25,000 to $40,000	As incurred	Before Opening	Your suppliers and telephone company
Technology Costs (Note 10)	$15,000 to $20,000	As incurred	Before Opening	Suppliers
Start-up supplies (Note 11)	$1,500 to $2,000	As arranged	Before Opening	Suppliers
Signage	$9,000 to $15,000	As arranged	Before Opening	Suppliers
Call Center (Note 12)	N/A			
Brain Balance Program® CRM System and Annual Maintenance (Note 13)	Each Center License will cost $1,596 per year	Debited via ACH	Payable monthly	Franchisor
Credit Card System	N/A			
Email and other collaboration tools	$0 (First 3 users are free of charge; additional users are $94/year).	Debited via ACH	Payable annually, prorated by start date in the first year.	Franchisor (only if more than 3 are requested)
Workplace	$35/year per user			
Accounting Software & Bookkeeping (Note 15)	N/A			

Type of Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Is to Be Made
Additional Funds (Note 16)	$50,000 to $75,000	As incurred	As incurred	Landlord, suppliers, and employees
Pre-Opening travel and training costs (Note 17)	$1,000 to $2,000	As arranged	Before Opening	Suppliers of transportation, food, and lodging
Pre-Opening Advertising (Note 18)	$5,000 to $7,500	As arranged	Before Opening	Advertising media, grand opening activities
Total of <u>all</u> Initial Investment Costs (Notes 19 and 20)	$196,781 to $335,781			

Note 1: The initial non-refundable franchise fee is discussed in greater detail in Item 5. This non-refundable satellite location franchisee fee only applies to existing franchisees wanting to open a satellite location in their existing market. Also, all other fees outlined in Item 7 apply to a satellite location.

Note 2: You are required to purchase a minimum supply of in center enrollment kits as initial inventory. We recommend that you purchase one demonstration virtual kit and 7standard kits for people enrolling in center. As you enroll families you will need to purchase more as every enrollment requires an Program kit.

Note 3: You will pay us fees for annual access to third party software. Our estimate is the amount we will collect before you open.

Note 4: This estimate covers the cost of a business license, formation of an entity, and related professional fees if you hire someone to help you with these.

Note 5: At least 1,000 square feet of usable square footage will be needed to operate your Franchised Business (see Item 11). You do not need a space larger than 1,750 square feet, and our estimate is based on a space between 1,000 and 1,750 square feet. The cost per square foot of leasing commercial space varies considerably depending upon the Center location and market conditions. The cost of leasing commercial space is estimated to be between $10 and $50 per square foot but may be higher in major metropolitan areas. Non-commercial space would need to be approved through the home office.

Note 6: The figures in the chart are based upon the estimated average premiums calculated by the insurance brokers designated by us who have negotiated rates with carriers nationally as first years' premium for Commercial general liability and Professional Liability coverage, including, but not limited to, education services ($1,000,000 per occurrence and $3,000,000 in the aggregate), commercial automobile liability insurance covering vehicles that are owned, non-owned, or hired by the Franchised Business, providing bodily injury and property damage, Employment Practices Liability Insurance ("EPLI"), and workers compensation and disability insurance, if required. (See Item 8.)

Note 7: Our estimate for construction costs is based on you following our recommended build-out guidelines for a leased space of the square footage we recommend (see Note 4, above). If you choose to upgrade to more luxurious building finishes than we recommend, or if you lease and build out a significantly larger space, your cost may exceed our estimate. These estimates are based on build out costs as reported to us by franchisees for centers that opened 2019-2021. During this time franchisees received an average of approximately $61,000 in Tenant Improvement Credits ("TI"), and we have factored that into our costs. Franchisees reported TI ranging from zero to $165,000. Our estimates also removed abnormally low outliers caused by conditions such as a family member being a contractor, or build-outs completed at no cost by the landlord, as these are unusual circumstances we do not expect to be replicated in our estimates. The cost per square foot, during this time had both an average and median of $35/sq. foot (excluding TIs), and the range was as low as $6 and as high as $70. Approximately 32% of all build-outs were less than $20 per square foot. 24% were $20-$40 per square foot, 32% were $40-$60 per square foot, and 12% of franchisees chose to spend more than $60 per square foot.

Note 8: This expense includes, copier/scanner/fax, telephone equipment, desks, chairs, file cabinets, program inventory, supplies, the Customer Relationship Management Invoicing System and miscellaneous equipment, and estimated telephone company deposits. The items associated with the program inventory and supplies will need to be purchased; most cannot be leased.

Note 9: Assumes all furniture and equipment is purchased.

Note 10: This estimate includes all your hardware costs, software license fees paid to third parties, and costs for assistance from an information technology (IT) service to help with initial set up of your network, firewall, and internet access, and for annual maintenance agreement with that IT service. The annual maintenance agreement is optional, but we recommend it. You may obtain your office computer hardware from any reputable supplier. You must ensure that all programs and applications running on your computer are legally licensed and that you have up-to-date anti-virus software installed on each machine. We will provide support regarding any IT issue related to the Software you are using in connection with the Brain Balance Program® (CRM or email, for example), but you will be responsible for computer hardware, Internet access, other software installed, and security, which includes ensuring that your location is PCI compliant.

Note 11: We estimate that the range given will be sufficient to cover general office supplies, such as files, folders, paper, and writing utensils for the first three (3) months of the operation of the Franchised Business, including marketing and advertising materials that must be purchased from an approved vendor.

Note 12: A Satellite Center will rely on its related standard center to process leads.

Note 13: The Brain Balance Program® Customer Relations Management System enables you to track leads, assessments, enrollments, and customer service inquiries and to prepare operations reports and to access a centralized helpdesk.

Note 14: The cost to implement a credit card processing system varies based on the vendor you choose. Some vendors will waive fees to acquire the hardware, while others will charge you an implementation fee and an annual PCI compliance fee. In addition to the cost to set up your credit card processing system, you will incur transaction fees when you accept credit card payments. We expect that the merchant services agreement transaction fee will be no greater than 2% generally, 2.5% for debit cards and 2.9% for American Express. If you do not use our recommended supplier and you pay credit card servicing transaction fees that are higher than the set percentage, we will deduct only the set percentage for credit card transactions from your GR; conversely, if you are able to negotiate a lower credit card servicing transaction fee than what we have negotiated for all Brain Balance™ Centers, you will be permitted to retain the differential for the GR on which the Royalty is based.

Note 15: You are required to acquire and use an accounting software that meets our standards (currently QuickBooks), which you may either purchase or license on a monthly basis. In addition, we will require you to use the services of a professional bookkeeper for at least the first six months of operation that must be approved by the Franchisor. In our discretion, we can continue to require you to use a professional bookkeeping service.

Note 16: Capital will be needed to support on-going expenses, such as payroll, office rental expenses, cleaning service and supplies, repairs and maintenance, postage, credit card fees, advertising – beyond the minimum $5,000 local advertising minimum, supplies, phones, utilities, and miscellaneous expenses, to the extent your collected revenue does not cover these costs. Amounts will vary depending on the salaries, provisions of various leases, and utilities' policies. New businesses often generate a negative cash flow. As shown in Item 6, the Call Center setup requires an initial fee of $250. The amount should be sufficient to cover your expenses during the first three (3) months of the operation of your Franchised Business. The numbers provided are only estimates, and it is possible that additional working capital will be necessary during this time period.

Note 17: These costs will vary significantly depending on the distance traveled and the type of accommodations selected.

Note 18: Prior to opening the Franchised Business, you will need to advertise for available staff positions as well as the opening of your franchise Center within your community.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases from Us

Our program offers your clients two complimentary sessions with a nutrition coach and access to a program portal with educational materials supplied by us. You are required to offer and comply with this program. If you want to provide additional nutrition sessions to clients, you are required to use our nutrition coach.

We are the only supplier of our proprietary software which you must license from us and use in your Center.

You will be required to purchase and provide program kits to your enrolled students. These are distributed by our designated vendor which produces and distributes them on our behalf.

If you want to sell The Brain Balance Program® to clients who will participate virtually, rather than in person at your Center, and you do not want to provide virtual coaching services yourself, you may outsource your virtual coaching to us.

We are the only approved supplier for these goods and services and we do not approve alternate suppliers for the goods or services you acquire or license from us.

Required Purchases from Specified Vendors

We require you to license and use a specific accounting software, our CRM system which is a customized program adapted for the Brain Balance Program,® and to license and use Gmail email addresses that we will provide to you. You will pay us a license fee for access to these programs.

With the exception of workers compensation and disability insurance or where otherwise required by law, you must obtain all of your insurance policies through the insurance broker that we have selected as our preferred vendors. Our current, specific insurance requirements are listed at the end of this Item 8. If, based on local law or regulation, it is necessary for you to obtain your insurance from an insurance company or broker other than the brokers we designate, the company or broker you use must meet our required limits and the carrier must have a rating of at least A in Best's Insurance Reports, as well as be reviewed through Standard and Poor's Website and Moody's. If we approve your use of an insurance company or broker other than a broker we designate for reasons other than local law or regulation, you will be required to pay one of our recommended insurance brokers an audit fee to review the policies for compliance with our requirements prior to your binding coverage.

We have created brand identity for marketing and advertising materials that must be purchased from our approved vendor. You are required to purchase all of the printed materials used in your Center and in connection with your marketing activities from this vendor.

You must purchase certain equipment that is used in your Center for sensory testing and remediation, physical exercises and visual stimulation from vendors we have specified.

No officer or any person with management or policymaking authority owns an interest in a required supplier (other than an interest in the franchisor).

Alternate Suppliers

Although we generally do not approve alternate vendors for the above-listed goods and services, you may request our approval of an alternate supplier. You must provide us with a description of the item or service and identify the alternate supplier from whom you would like to purchase it. We have the right to require you to provide us with a sample of the item, or access to the service, at your cost, to enable us to evaluate it. We also have the right to require you to provide us with sufficient information about the proposed supplier to be able evaluate whether the supplier meets our criteria for having the capacity to meet out standards, adequate quality control, sound financial condition and business reputation, and capacity to adequately meet potential demand as a supplier. We will evaluate the proposed supplier when you have provided us with sufficient information. We will also evaluate whether it makes business sense to approve an alternate supplier for the item or service you have identified. If we choose to, at our sole discretion, we will run the proposal past our franchisee advisory board. We will notify you within 30 days regarding whether we have approved your request for an approved supplier. There is no fee for our review.

We share the following criteria for approving suppliers with franchisees: We consider suppliers (i) who demonstrate to our continuing reasonable satisfaction the ability to meet our standards, specifications, and requirements for such items regarding quality, variety, service, safety, and health; (ii) who possess adequate quality control and capacity to supply the needs of all franchisees promptly and reliably; (iii) who are of a sound financial condition and business reputation; (iv) who will supply such items to a sufficient number of franchise owners to enable us economically to require compliance by the supplier with our standard specifications and requirements; and (v) who have been approved for such items in writing by us and not thereafter disapproved.

For goods or services for which we do not name required suppliers, you may purchase from any supplier, provided that the goods or services meet any criteria we have established. Our criteria for goods and services is listed in our Operations Manuals and may be modified by us through an update to the Operations Manuals at any time and for any reason.

Our Revenue from Franchisee Purchases

Based upon our most recent annual audited financial statement, the Franchisor's total revenues for 2022 were $6,124,985. Our total revenue from all required purchases in 2022 was approximately $1,891,908 or 30.9% of revenue. No affiliate collected revenue from these purchases.

The vendor that provides the enrollment kits pays us between 27% - 57% of the revenue, depending on the type of kit and its contents.

We believe that the total amount of your expenditures from all required purchases as described above will be approximately 10%-15% of your total costs in establishing and operating the

Franchised Business, and represents 10% - 15% of your expenses while operating the Franchised Business on an ongoing basis.

We do not negotiate purchasing arrangements with any of the listed approved suppliers, nor do we have any purchasing or distribution cooperatives. We do not provide any material benefits to franchisees based on their purchase of particular products or services or the use of any specific suppliers, although your refusal to use a required supplier could be a material default.

Insurance

Unless otherwise required by law, you must obtain the following insurance coverage through our designated Insurance broker: Comprehensive Commercial General Liability Insurance in the amount of at least $1,000,000 per occurrence and $3,000,000 in the aggregate including Business Personal Property and Improvements and Betterments at the suggested minimum amounts, higher limits may be Insured as per your Center's needs; Professional Liability coverage, including, but not limited to education services ($1,000,000 per occurrence and $3,000,000 in the aggregate, which must include coverage for contingent bodily injury and property damage in the amount of $1,000,000); Abuse & Molestation coverage ($1,000,000 per occurrence; $3,000,000 in the aggregate); Employment Practices Liability Insurance ("EPLI") in the amount of $1,000,000 per occurrence, and Commercial automobile liability insurance covering vehicles that are owned, non-owned, or hired by the Franchised Business with a combined single limit of $1,000,000. You must also obtain workers compensation, disability, and any other insurances, in such form and in such amounts, as may be required by law in the state in which your Franchised Business operates.

We and our parent and affiliate companies must be named as an additional insured on all lines of coverage; (except for workers compensation). Upon request BBF must be provided with Certificates of Insurance in place at your Center. You are required to obtain insurance through one of our approved insurance vendors and you are required to give us at least 30 days prior notice before you terminate, non-renew or materially alter any of the insurance coverages we require. As of the date of this FDD, we have approved two insurance vendors and we will not approve other insurance vendors this year. If you fail to procure or maintain the insurance coverage required by the Franchise Agreement, we have the right to procure such insurance for you and you shall be responsible for reimbursing us for all costs, including premiums and any applicable administrative costs. If you fail to procure or maintain the required insurance coverage or fail to reimburse us, then we may consider such failure a default of the Franchise Agreement, which will expose you to penalties associated with such default, as set forth in the Operations Manual.

The insurance coverage requirements contained in the Franchise Agreement are required minimums. You should consult with your attorney, landlord, and any other insurance professional to determine whether any additional insurance coverage should be established, or amended for your Franchised Business. If any lawsuit, action, proceeding, claim, demand, investigation, or injury resulting from or arising out of the operations of the Franchised Business is asserted against BBF, which is either not covered by insurance, in excess of policy limits, or below the deductible minimums of the policy, you will be required to indemnify us. You acknowledge that BBF may modify or increase the insurance limits of liability required for all Centers during the term of this agreement due to changes in experience, market conditions, and regulatory or legal changes that could increase exposure, and you agree to comply with the new standards.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and Acquisitions/Lease	Sections 3 & 10	Items 7, 8 & 11
b. Pre-opening Purchases/Leases	Section 14.03	Items 5, 7, 8 & 11
c. Site-Development and Other Pre-Opening Requirements	Sections 9.01 & 14.03	Items 8 & 11
d. Initial Training and Ongoing Training	Sections 9 & 10	Item 11
e. Opening	Sections 9, 10 & 14	Item 11
f. Fees	Sections 5 & 6 Application License Agreement: Section 3	Items 5 & 6
g. Compliance with Standards and Policies/Operations Manual	Sections 9.01(b) & (d), 10, 13 & 14	Items 8, 11, 14 & 15
h. Trademarks and Proprietary Information	Sections 10, 12 & 13	Items 13 & 14
i. Restrictions on Products/Services Offered	Sections 1 & 10	Items 8 & 16
j. Warranty and Customer Service Requirements	Section 10	Item 7
k. Territorial Development and Sales Quota	Sections 13 & 17	Items 5, 12 & 17
l. Ongoing Product/Service Purchases	Section 10.18	Item 8
m. Maintenance, Appearance, and Remodeling Requirements	Sections 10.05 and 13.01	Item 7
n. Insurance	Sections 11 and 19	Items 7 & 8
o. Advertising	Sections 3, 6.02, 10	Items 6, 7, 8 & 11

Obligation	Section in Agreement	Disclosure Document Item
p. Indemnification	Section 19 Application License Agreement: Section 9	Item 6
q. Owner's Participation/Management/Staffing	Sections 10.01, 10.04, 10.09, 14.04 & 14.06	Item 15
r. Records/Reports	Section 7	Items 6 & 17
s. Inspections/Audit	Sections 7, 11.02 & 17.02	Items 6 & 11
t. Transfer and Assignment	Sections 10.10, 16, 17.02 & 17.04 Application License Agreement: Section 13(b)	Items 6 & 17
u. Renewal	Section 4 Application License Agreement: Section 5	Items 6 & 17
v. Post-termination Obligations	Sections 10.17, 10.18, 12.04, 16.04, 17 & 18.04 Application License Agreement: Section 6	Item 17
w. Non-competition Covenants	Section 18 Application License Agreement: Section 1(b)	Item 17
x. Dispute Resolution	Sections 20 & 21 Application License Agreement: Section 19	Item 17

All sections are the same in the Standard Franchise Agreement and the Satellite Franchise Agreement.

ITEM 10. FINANCING

The Franchisor does not offer direct or indirect financing. The Franchisor does not guarantee your note, lease, or obligation.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

Except as listed below, we need not provide any assistance to you.

Pre-Opening Obligations

Before you open your Franchised Business, BBF will provide the following assistance and services to you:

(a) Provide advice and counsel regarding Center location and layout and, as set forth in the Operations Manual, details regarding the selection of office furnishings and equipment for your Center (Franchise Agreement §9.01(b)).

(b) Establish basic methods and procedures for you to follow in operating your Franchised Business and license to you the customized Software for database management (Franchise Agreement §9.01(b)).

(c) Provide you with a list of equipment and services required for use at the Center (Franchise Agreement §9.01(b)).

(d) Provide you with (i) approximately 31 hours of online training; (ii) up to ten (10) days at a specified training location approved by BBF; (iii) and three (3) to five (5) days at your Center location for site inspection and a brief operations overview. In addition, you will have approximately 10 hours of telephone or webinar training before you open and start to have students participate in the program. We will make shadow training available to you and your staff at an approved regional Center for 2-3 days, depending upon that Center's staff availability. (Franchise Agreement §9.01(d)). Satellite centers are provided (i) approximately 24 hours of online training; (ii) the option (not mandatory) of up to (5) days at a location approved by BBF. More detailed information about training programs appears in this Item 11 under the subheading "Training Programs." It is important to note that these hours may change based on disruptions in travel and operations (for example, the COVID pandemic).

(e) Make available to you one (1) copy of the Operations Manual, and form templates for the term of your Franchise Agreement. We will also provide you with access to the Brain Balance Training site, our online training portal (Franchise Agreement §9.01(e)).

(f) License you the Software under the Application License Agreement (Franchise Agreement §6.04, 9.01(g), 15).

(g) Provide advice regarding the initial selection and hiring of your Center staff (Franchise Agreement §9.01(f)).

BBF is not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services prior to the opening of the Franchised Business.

Continuing Obligations

During the operation of the franchised business:

(a) We will make additional training and consulting services available to you and your employees we deem necessary and appropriate. Such services will be provided at your cost and expense: (1) if you request additional training or consulting services; (2) if you fail to master the principles and objectives of the Licensed Technology; (3) if new principles or protocols are developed for the System; or (4) if you replace your Center Director or Program Director (Franchise Agreement §9.02(a) and (b)).

(b) We will provide Advanced Training which will include on-going training through webinars, courses within the Brain Balance Training Site, and workshops to all franchisees, at your cost and expense, which may be related to enrollment enhancement, Sensory Motor and academic administration, and marketing, up to two (2) times per year (Franchise Agreement §6.05).

(c) We will provide to you methods for development of the Franchised Business, including marketing and methods to obtain clients (Franchise Agreement §9.02(c)).

(d) We will provide you with modifications, additions, and deletions to the Operations Manual (Franchise Agreement §9.02(f)) as we deem necessary in our discretion.

(e) We will provide you with modifications, additions, and deletions to the Software (Application License Agreement §1(a) A) as we deem necessary in our discretion.

(f) We will provide continuing advisory assistance to you as we deem appropriate (Franchise Agreement §9.02(d)).

(g) We will make available to you, from time to time, advertising and promotional materials for use by your Center prepared by our advertising agencies and marketing company (Franchise Agreement §9.02(h)).

(h) We will provide you with specifications and resources for selecting the services of a Call Center to assist your Center with sales calls and enrollment enhancement (Franchise Agreement §6.10).

(i) We will arrange for a sales lead management and data system platform (CRM) at a cost of $1,596 per year for use throughout the System (Franchise Agreement §6.06).

(j) We will provide forms and other required documents electronically (Franchise Agreement §9.02(e)).

(k) We will employ a Nutrition Coach to operate the nutrition component of our program.

BBF is not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services in connection with the ongoing operation of the Franchised Business.

Advertising

Prior to implementing any advertising or promotional materials, engaging in any advertising or promotional activities, or advertising or promoting in any print, broadcast, cable, electronic, computer, or other media (including the Internet), you are required to obtain written approval from our marketing department. Before engaging in any of these activities, or using these materials or media, you must first submit them with a description of their use to us for our approval. If we do not approve the activities, materials, media, or use in writing within ten (10) days, the activity, material, media, and use will be deemed disapproved. All materials on which the Marks (as defined in Item 12) appear will include the designation or notice required in the Operations Manual or by us in writing. You must utilize all hyperlinks or other links that we require, including but not limited to, hyperlinks to our homepage and/or the homepage of other Franchisees. You must list any other information that we require on your Website. Please refer to Item 8 for a discussion regarding Website and email requirements and specifications. You must utilize approved marketing vendors for all marketing activity. If you do not utilize approved marketing vendors for all marketing activity, you may be subject to a penalty.

Advertising Fund

We have created a national advertising fund ("Advertising Fund"). All Corporate and Franchise Centers must contribute 2% of Gross Revenue to the Advertising Fund payable on a monthly basis (Franchise Agreement Section 6.02.) The National Advertising Fund expenditures are designed to establish and promote the Brain Balance™ Brand through the collective design, development, implementation and maintenance of marketing and advertising programs. In addition, the Advertising Fund expenditures may be spent on market and consumer research, advertising production, brand positioning and messaging, parent facing materials, photography, television, video and radio production, client testimonial success, public relations, Website development, maintenance, and optimization that benefit all Centers nationally. The cost of local advertising or media placement is not covered by the Advertising Fund and will require significant local media investment by you to generate revenue.

BBF is not obligated to make expenditures for any specific Franchisee that are equivalent or proportionate to its contributions to the Advertising Fund or to ensure that any specific Franchisee will benefit directly or pro rata from the Advertising Fund. BBF reserves the right to determine the nature, scope, content, and form of the advertising, the territory in which it appears, the medium used for advertising, the budget, and all other matters related to the Advertising Fund.

Your contributions are payable to the Advertising Fund, will be maintained in an account separate from our other monies, and will not be used to defray any of our expenses. Separate bookkeeping accounts will be maintained for the Advertising Fund. We will use any unused monies in the Advertising Fund at the end of the year in the next fiscal year(s). We do not use any money from the Advertising Fund for marketing that is principally a solicitation for the sale of franchises (Franchise Agreement Section 6.02).

While the BB Franchising annual financial audit includes the Advertising Fund, Franchisees will not receive a copy of the audit, although we do provide an annual summary of Advertising Fund expenditures to each franchisee.

In 2022, we collected $856,495.41, and spent it as follows:

Media Radio & Public Relations	3%
Digital Advertising	72%
Website updates/maintenance	12%
Software & Maintenance	10%
In-Center Collateral materials	3%

Local and Regional Advertising

Your local marketing and promotional activities are crucial. Therefore, you should assume that significant expenditures on local advertising are necessary to achieve profitability. In addition to any contribution to the Advertising Fund, when you enter into a Franchise Agreement, we will determine jointly the appropriate monthly expenditure for local marketing and promotional activities, which will be no less than 9% of your Gross Revenue or $5,000 per month, whichever is higher. You will be required to allocate these expenditures in accordance with our recommendations for levels of spending by marketing channels. Required expenditures must be made on a continuing and reasonably level basis throughout the year. You are required to use locally the national advertising materials that we have produced. If you wish to produce your own local marketing materials, we must preapprove all of your local marketing and promotion and the manner in which you plan to implement them. To obtain approval, you must submit samples of the proposed materials and information and implementation plans to the marketing department. If we do not approve the activities, materials, media, or use in writing within ten (10) days, the activity, material, media, and use will be deemed disapproved. Within 15 days of our request, you must provide us with information about the nature and amount of your local advertising expenditures.

You may maintain an electronic link to the BBF Website only as set forth in the Operations Manual. We will create and maintain the Brain Balance® Website and will create a page within our Website for your Center. You will be able to edit some of the text and pictures for your own local use and to publicize local events. Before use, you are required to submit to BBF for approval all proposed HTML documents (and documents using any other hypertext markup language), including, without limitation, all proposed links, frames and meta tags, and true and correct printouts of all pages you propose to use, and you may only use material approved by us**.** You must provide all links that we require, including but not limited to, links to our homepage and/or the homepage of other Franchisees. You must list any other information that we require on your Website.

As of the date of this Disclosure Document, we have established a Website at www.brainbalancecenters.com.

We do not have a franchisee advertising council; however, we do have a Franchise Advisory Board (the "BFAB") that may provide input on marketing and advertising strategy, as requested.

If a local and/or regional co-op has been established in your area, and bylaws exist, you are required to participate in it. The regional co-ops at Brain Balance are entirely self-governed by owners, and the Franchisor does not have any involvement other than ensuring brand standards are met or in cases where they have a vote as a corporate owned Center. Typically, every member of your Regional Co-op gets one vote per Center that they own within the region, and together, the members of the Regional Co-op including franchisor-owned centers will vote on how to collectively advertise the Brain Balance™ brand and all the Centers in the region. Your contribution to the Regional Co-op counts toward satisfying your Local Advertising requirement.

Technology Requirements

The Franchise Agreement requires you, at your expense, to purchase or lease, and maintain, the computer hardware and software, dedicated telephone, cable, and communications capabilities, and power lines, modem(s), printer(s), tablet(s), and other computer related accessories or peripheral equipment that we specify in the Operations Manual. The computer hardware is not proprietary property of BBF and may be purchased from any supplier, provided it meets BBF's specifications. You will need a Google Chrome box (preferably) or iPad/Android tablet(s) with a minimum screen size of 10.2" and not older than 5 years to access our applications with Wi-Fi or Ethernet connectivity. You will need a Google Chrome Web Browser in its most recent version (note: Google Chrome is the only web browser we support, other web browsers may or may not work). You need to have access to the Internet with a minimum download speed of 50 MB per second. You also are required to have up to date virus protection software on all PC or Mac computers. Any associated costs with connectivity, router, wireless access point, firewall, anti-virus software, and hardware are your responsibility. Specific details regarding hardware and software requirements are included in the Operations Manual. We do not have any obligation, nor have we contracted with any third parties, to provide any ongoing maintenance, repairs, upgrades, or updates to your computer hardware system.

Computer(s) and tablet(s) are used for recording client data and other recordkeeping and central functions. We maintain a central application into which information from all Centers' computers are transmitted. You must also install, maintain, and upgrade during the term of the Franchise Agreement an Internet connection and a Brain Balance Center domain email account for your Center. You must use the email address for all email communication between you and your staff and us. At your option, you may use this email address for all other Center business. The Software Agreement specifies that you use the most recent version of Google Chrome. We are not required to provide or assist in your obtaining, installing or maintaining of the hardware, local area network (LAN), or Internet connectivity. You further understand that without these properly functioning, you may not be able to access our applications.

All franchise operations must be PCI-DSS-compliant in order to accept credit card payments. You may not store any credit card or bank information in our systems. For more information regarding PCI-DSS compliance please refer to the Operations Manual.

We have the right at any time, to independently retrieve, poll, and use for any purpose all data and information from your computer system as we, in our sole discretion, deem necessary or desirable, with the costs of such retrieval to be borne by us. This will include client information that is collected by us in a central location and may be transmitted to an approved research facility, with which we have a cooperative data sharing arrangement, for coordination, analysis, and publication. There are no contractual limitations on our right to access the information and data. To ensure full operational efficiency and optimum communication capability among computer systems installed by you, us, and other franchisees, you must, at your own expense, keep the computer system in good maintenance and repair, and promptly install such upgrades, additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, networking/connectivity devices and configurations, telephone and power lines, and other computer-related facilities as we may direct. There is no contractual limitation on the frequency and cost of these obligations (Franchise Agreement Section 18). We cannot estimate the cost of maintaining, updating, or upgrading your computer system or its components because it will depend on your repair history, local costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time.

You may obtain your office computer hardware from any reputable supplier. You are not required to secure a computer maintenance contract, but you must ensure that all programs and applications running on your computer are legally licensed. We estimate the cost of purchasing the computer system will range from $24,000 to $27,000 for a Standard Center and range from $15,000 to 20,000 for a Satellite Center.

We retain the right to data ownership for everything related to the Brain Balance systems and operations.

Application License Agreement

You must license the Software/Application required for your Center by executing the Application License Agreement attached as Exhibit 1 to this Disclosure Document when you execute your Franchise Agreement. The Application performs administrative functions for your Center, including collection of data relating to your customers and transmission of the data to our research facility affiliate.

The Application License Agreement requires payment to us of an initial license fee and annual maintenance fees and its term is for the term of the Franchise Agreement. The Application License Agreement entitles you to multiple users at your Center. Presently, the Software and Applications are being developed exclusively for BBF, but if we change the operating system and contract with a third-party software vendor, you may be required to pay the software vendor directly for multiple users. We will provide support and maintenance of the proprietary Software/Application only, and you will be responsible for maintenance of your own hardware and communication software. (See Items 5 and 6 for the cost of the annual Software Maintenance fees.) We will also provide necessary upgrades to the Software/Applications on an ongoing basis, and, if any upgrade is provided to you, you must implement it. The upgrades will be provided at no additional cost to you (Application License Agreement §1(a) A). You must permit the Franchisor access to the Software/Application and its data and must perform the actions required to permit the Franchisor to communicate with the Software/Application and to access and record it and its data, including, for example, the purchase, installation, and maintenance of appropriate communication hardware and software as set forth above (Franchise Agreement §15; Application License Agreement §2(a)).

In order to access Brain Balance's™ email system, you will be assigned an email address for your Center and two (2) additional email accounts, one of which will be designated for the owner of your Center for sensitive communications.

Manuals

Before you open your Brain Balance™ Center, the Franchisor will make the Operations Manual, the training manual, and form templates available to you via download. The Franchisor will provide you with any modifications, additions, and deletions to the Operations Manual as it determines in its sole discretion (Franchise Agreement 9.02(f)). BBF reserves the right to amend or modify the Operations Manual from time to time, at our sole discretion, and you agree to abide by all such revisions at your own expense. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements under the Franchise Agreement.

The table of contents of the Operations Manual is attached as Exhibit I. Our Operations Manual is 155 pages long.

Site Selection

You must identify a location for your Center, obtain our approval for the location and the lease, sign the lease for the Center within 120 days of the execution of your Franchise Agreement, and open the Center within nine (9) months after the date of the Franchise Agreement. Within ten (10) days after you execute any lease for the premises, you must deliver a copy of the lease to us. Other than the specific provisions we require, we do not review your lease or its business terms. We may recommend a real estate services company that can assist you with your lease negotiation and work letter, which may increase the likelihood of receiving review more quickly.

We consider traffic patterns, demographics, available parking, and other factors when deciding whether to approve a proposed Center location. Ideally, your Center should be in a safe, approved location with well-lighted parking areas, located close to a highly visible area near a major roadway. There should be enough parking to accommodate at least 15 Center related cars. You are not permitted to share your Center space with any other business entity. Our approval is not a guarantee or assurance that your Center will be profitable or successful.

Time to Open

Franchisees should be able to set up a Center within three (3) to six (6) months of site approval. If you do not begin operations within nine (9) months from the date of the execution of your Franchise Agreement, we reserve the right to terminate your Franchise Agreement (see Item 17) and retain your franchise fee (Franchise Agreement §14.02).

Training Programs

We conduct an initial mandatory training program for all new Franchisees, whether purchasing a new or operating center, prior to the opening of their Franchised Business at our sole cost and expense. Your only expenses in connection with this training will be the cost of your transportation, living, and other incidental expenses you incur to attend the training. This initial training program is held for up to ten (10) days (which may be split into two (2) separate weeks), at our specified training location at any U.S. Center location we mutually agree to use. In addition, prior to in person training, you, the Franchisee, must complete approximately 24 - 31 hours of online training. The total time commitment will depend on what type of Center you open and your background in the areas covered and your familiarity with the substantive concepts. Online training must be completed prior to coming to our specified training location, which will be in Chicago, Illinois, or a location you and we mutually agree on. You will also be required to travel with your staff to an approved regional Center to complete shadow training by their staff for two to three days, depending upon the availability of the local Center's staff. A BBF representative will travel to your Center an additional three (3) to five (5) days for site inspection, an operations overview, and to provide reinforcement prior to your official opening (Franchise Agreement §9.01). Prior to our sending a representative to finalize training and assisting, you must demonstrate that each pre-opening checklist item specified in the Operations Manual has been completed. The outlined hours and travel commitments may change based on travel restrictions or business disruption (for example, the COVID pandemic).

The initial training program consists of a comprehensive program of Brain Balance Program® training, management training, including leadership responsibilities, performance planning, the selection and retention of clients, client relations, marketing and advertising techniques, and financial planning and controls. We have the right to determine the curricula, standards, direction, manner of instruction, and all other aspects of all training that we conduct. The instructional materials consist of our Operations Manual, online videos, teleconferences, and quizzes and hands on activities to ensure comprehension. The Table of Contents of our Operations Manual as of the date of this Disclosure Document is attached as Exhibit I.

The satisfactory completion of the initial training program by you, the Franchisee, is mandatory. as part of our training process, you will become certified in the separate programs we offer. You must complete each certification prior to enrolling any participants in that program. We do not pay any compensation to you or to your staff for any on-the-job training in which you or they participate. If you fail to satisfactorily complete the initial training program, BBF reserves the right to terminate your Franchise Agreement and retain all fees you have paid to us.

Our training programs are under the direction of an experienced franchise training team. Trainers and consultants have a minimum of three (3) years of experience in the educational business, the franchising business, or both. The instructional materials for our training programs include Program materials, the Operations Manual, demonstrations, sample exercises, and simulations.

The initial training program for franchisees is described in the "Training Program" table below.

Additional training and consultation are available at your sole cost and expense via conference calls and through visits to your Center. We will provide, in the event you fail to master the principles and objectives of the Licensed Technology, System development results in new principles or protocols upon your request at your Center or, if you replace either your Center Director or Program Director, at your sole cost and expense, additional training and consultation. If you replace either your Center Director or Program Director, the replacement employee must attend the next scheduled initial training for a flat fee of $500. In any of the other circumstances listed above that require additional training at your location, you will be charged a per day payment of $1,000, plus airfare, lodging, and travel expenses. These consulting services will include business development, marketing, organization, operation of the first or additional Centers, and promotion of the Franchised Business. Any consulting services that last more than four (4) hours are to be considered a "full day." Consulting services lasting more than one-half hour and less than four (4) hours are considered to be "half day," for which $500 will be charged. Time spent by a consultant lasting less than one-half hour will not be considered consultation services. Services shall conform to those set forth above or as we mutually agree. If you request consulting services be performed specifically by a particular corporate Brain Balance employee, the per diem rate shall be $1,500, and the half-day rate shall be $750. We are under no obligation to provide the services of a particular individual.

Advanced Training is required for all franchisees – related to enrollment enhancement, Sensory Motor and academic administration, and marketing – up to two (2) times per year with attendance mandatory for either the Center Director or Program Director plus travel expenses, if we offer it.

The Franchise Agreement does not require you to complete the required initial training within a specific date of signing the Franchise Agreement or opening the Franchised Business; however, you must complete the initial training to our satisfaction prior to beginning to operate your Franchised Business, which you must open within nine (9) months of signing the Franchise Agreement.

The subjects covered in the initial training program are described as follows:

Training Topic	**Online Training Hours**	**Corporate Center Training Hours**	**On-Site Self-Directed Training**
Business (Standard Brain Balance Center only)	3 hours	1 hours	3 hours
Marketing (Standard Brain Balance Center only)	4 hours	4 hours	5 hours
Inquiry and Enrollment	4 hours	11 hours	9 hours
Assessment	2 hours	6 hours	10 hours
Program: In-Center ages 4-17	4 hours	20 hours	12 hours
Re-Enrollment and Mastery Phase	2 hours	2 hours	5 hours

Training Topic	Online Training Hours	Corporate Center Training Hours	On-Site Self-Directed Training
Program: Virtual, Hybrid, and Adult Offerings	10 hours	12 hours	10 hours
Balance 360	2 hours	1 hours	2 hours
Total Hours – Standard Brain Balance Center	**31 hours**	**57 hours**	**56 hours**
Total Hours – Satellite Brain Balance Center	**24 hours**	**52 hours**	**48 hours**

We may recommend pricing for programs, but we do not establish the price at which you must sell your services.

ITEM 12. TERRITORY

We grant you the right to operate a Brain Balance™ Center at a specific location or, if you do not have a location when you sign the Franchise Agreement, then at a location you select to be approved by us. If you do not have a location when you sign the Franchise Agreement, then at the time you sign the Franchise Agreement, you will agree to locate your Center within a specified distance from a particular intersection. When you have identified space suitable for a Center you will request approval for this location from us and submit a proposed lease.

You will receive an exclusive area that consists of the geographic area within which your Franchised Business must be operated. We will not establish or operate, or franchise any entity to establish or operate, a Brain Balance™ Center within a certain radius of your Center (the "Territory"). You and we determine the exclusive area. The radius may be smaller, if, for example, your approved location is in or near a metropolitan area or a densely populated area. This Territory is not conditional on a certain sales volume, market penetration, or other similar condition except as follows: (i) beginning in the first month following the date your Center opened or at the tenth month following the date of your Franchise Agreement if you have not yet opened, your minimum monthly royalty will be at least $1,000; (ii) your gross sales, meaning total sales excluding sales tax and any refunds, must equal at least $350,000 for each twelve (12) month period following the third anniversary of the Franchise Agreement date; and (iii) if you are a transferee of a BBF Franchise Agreement, your gross sales must equal at least $350,000 for each twelve (12) month period following the second anniversary of the date the Franchise Agreement was transferred to you. If you fail to meet this requirement, we have the right to terminate the Franchise Agreement. Other than the foregoing, there are no circumstances that would permit us to modify your territorial rights.

The Territory granted is for a specified area, which may be delineated by boundary streets, highways and other physical boundaries, zip codes, county lines, and/or by governmental lines. The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within your Territory or contiguous territories.

You must operate your Center from one business location and must receive our written permission before relocating. The location or relocation of your Franchised Business must be approved by us. The considerations for approval of your Center site are described in Item 11. If you wish to relocate your Center, you will be required to pay a relocation fee and sign a general release if a release is permitted by state law. We can refuse to approve your request for relocation.

Except for this Territory, the Franchise is non-exclusive, and we and our affiliates retain the right, among others:

1. To establish or operate, and grant franchises for others to establish or operate, Brain Balance™ Centers or other businesses offering the Brain Balance Program® or other products or services under the Marks (as defined in Item 13) or any other marks, at any location outside the Territory, regardless of proximity to your Center.

2. Within and outside the Territory, to market, sell, or distribute, or to contract with others to market, sell, or distribute, any services of any kind (including books, audio tapes, video tapes, computer software, and computerized instruction), to any person, organization, or public or private entity, using the Marks or other marks, through any channel of distribution, including through any computer service, email, the Internet, or any computer, television or other electronic device, bookstores or any other retail Centers, mail order, or counseling center.

3. Within the Territory (a) to offer, sell, and provide (and to contract with, or license others to offer, sell, and provide), any products (including, but not limited to nutritional and food products that coordinate with the Brain Balance Program®), and services of any kind (other than Brain Balance™ Center services), under the Marks or other marks; (b) to develop and establish other businesses and systems using marks other than the Marks for any products and services (other than Brain Balance™ Center services), and (c) to grant licenses thereto, without providing any rights to you.

4. Within and outside the Territory to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any supplemental education service business, including any business that offers products or services that are the same as or similar to those that you provide at your Brain Balance® Center, or any other system or trademarks or service marks. Additionally, BBF, and its affiliates reserve the right to engage in a business other than a supplemental education service business offering programs for individuals with developmental delays. This business can be located within your Territory and can include a business you are prohibited from operating under the Franchise Agreement.

5. Outside the Territory, to offer, sell, and provide (and to contract with, or license, others to offer, sell, and provide), any products and services of any kind (including Brain Balance™ Center services), under the Marks or other marks; and to develop and establish other businesses

and systems using marks other than the Marks for any products and services, and to grant licenses, without providing any rights therein to you.

As provided above and in the next paragraph, we and our affiliates can use alternative channels of distribution to offer products or services within your Territory under the Marks or under trademarks different from the Marks you will use under the Franchise Agreement, but we and our affiliates have not yet offered any services of this type. We are not required to pay you any compensation for soliciting or accepting services from inside your Territory.

Although we are not currently in this business, we intend to offer software products in Brain Balance™ Centers using the Marks as soon as they have been developed by BBF that will be designed to provide interactive components of the Brain Balance Program® for use by customers at home.

Other franchises may solicit and accept customers for their Centers from within the Territory and will not be required to pay compensation for soliciting or accepting customers from within your Territory.

You may solicit and accept customers from outside your Territory. You may not use other channels of distribution that we have not approved including catalog sales, telemarketing, other direct marketing, or remote coaching other than as we specifically permit. You will not be entitled to establish or maintain an independent Website via the Internet.

ITEM 13. TRADEMARKS

Prior to October 2011, we had operated under a License Agreement with BBI for the rights to use the trademarks utilized in the Brain Balance Program®. On October 7, 2011, we entered into an Asset Purchase Agreement, (which, as described in Item 1, superseded and replaces the prior License Agreement), pursuant to which BBF purchased all of the intellectual property owned by BBI, including Brain Balance Program® protocols and trademarks, Brain Balance Program® and Brain Balance™ & Design franchised to you hereunder. Effective January 1, 2015, BBF entered into a Trademark Assignment Agreement, pursuant to which BBF assigned to Brain Balance Holdings, Inc. all of its rights to the trademarks, including Brain Balance™ & Design and Brain Balance Program®. We have entered into an exclusive License Agreement with Brain Balance Holdings, Inc. for the rights to use the trademarks utilized in the Brain Balance Program®. The License Agreement has a perpetual term and can only be terminated by Brain Balance Holdings, Inc. if BBF files for bankruptcy, breaches its representations in the License Agreement, or materially breaches the License Agreement and fails to cure within a reasonable period of time.

The Franchise Agreement grants to you the non-exclusive right and license to use the proprietary marks (the "Marks") and any other proprietary marks that we may use during the term of the Franchise Agreement in operating the Brain Balance Program®. The Marks are the only trade names that can be used in connection with the operation of your Franchised Business. "Marks" include all trade names, trademarks, service marks, logos, and other marks used to identify your Franchised Business, including those listed below.

The following Marks have been registered with the United States Patent and Trademark Office on the principal register.

Registration Number	Mark	Status	Registration Date
3563062	**Brain Balance™ & Design (Mixed Type)**	**Principal Register**	**January 20, 2009**
3369340	**Brain Balance Program®**	**Principal Register**	**January 15, 2008**
5664232	**Brain Balance®**	**Principal Register**	**January 29, 2019**

All the required affidavits of use to maintain the Brain Balance™ & Design and the Brain Balance Program® registrations have been filed.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, Trademark Administrator of this or any other state, or any Court, no pending infringement, opposition or cancellation proceedings, or pending material litigation involving the Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any Mark. No agreements are currently in effect that significantly limit our rights with respect to the Marks that would materially affect the operation of your Franchised Business. We do not know of either superior prior rights to those of Brain Balance Holdings, Inc. or infringing uses that could materially affect your use of the Marks or the Brain Balance™ name in any state.

The name and mark "BRAIN BALANCE®" must always be written, as . Franchisees are required to adhere to our rules when utilizing the Marks in any printed form, including, but not limited to, stationery, business cards, invoices, signs, advertisements, promotional literature, and email addresses. The Marks cannot be used as part of your corporate name and may be used only in connection with the Franchised Business.

The Marks can be used in electronic mediums, including use in an email address, with our express written consent and in accordance with our rules.

BBF must be notified immediately if you learn about an infringement of, imitation of, or suspected unauthorized use of – or challenge to use – the Marks. Any judicial, arbitration, or administrative proceedings and actions involving the Marks will be controlled by us. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

We have the right, but not the obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Marks. Our current policy is to take appropriate action when a potential infringement of our name or the Marks has occurred. We are not obligated to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to an administrative or judicial proceeding involving the Marks.

You must modify or discontinue the use of a Mark if BBF modifies or discontinues it. If this happens, you will not be compensated by us in any manner as a result of this discontinuation or modification, and you will be responsible for all costs associated with it. We reserve the right to substitute different marks for the Marks for use in identifying Centers.

You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

BBF does not own any rights in or to any patents or copyright registrations that are material to the Franchised Business. We claim copyright protection for our printed literature, Software, including our proprietary Eyelearn and Eyelisten technologies, and our Operations Manual.

We have obtained licenses from third parties to use and to permit you to use certain technologies that are protected by patents, including the Rhythmicity software, but these are not our patents.

Confidential Operating Manual

Your Franchised Business must be operated in accordance with the standards, methods, policies, and procedures specified in our Operations Manual ("Operations Manual"). We will make the Operations Manual available to you via download for the term of your Franchise Agreement and any extension thereof. BBF reserves the right to revise the Operations Manual to reflect new developments and approaches in clinical research, sales, marketing, operational techniques, and other procedures relevant to the Franchised Business. You must comply with any such revisions, but revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement. The Operations Manual must remain current at all times. In the event of any dispute regarding the contents of the Operations Manual, the information in the master copy maintained by BBF at our home office will be controlling.

The information contained in the Operations Manual, and in any other document created for use in the operation of your Franchised Business is confidential, and you must use reasonable efforts to maintain this information as secret and confidential and must not disclose, copy, duplicate, record, or otherwise reproduce the Operations Manual, in whole or in part, or otherwise make it available to an unauthorized third party. The Operations Manual will remain our property and must be kept in a secure place in your Center.

Confidential Information

During the term of the Franchise Agreement and at all times thereafter, neither you nor any of your officers, directors, shareholders, members, or partners, as the case may be, may communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation, any confidential information, knowledge, trade secrets, proprietary information, or private processes concerning the methods of operation of the Franchised Business that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement (including, but not limited to, confidential information, knowledge, trade secrets, proprietary information, or private processes and protocols obtained in the course of operating your Center or contained in the computer software and software manuals we provide you). Any and all confidential information, knowledge, trade secrets, proprietary information, or private processes that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

Throughout the term of the Franchise Agreement, and for a period of one year after either termination –regardless of cause of the termination – expiration, or non-renewal, neither you nor any of your officers, directors, shareholders, members, or partners, as appropriate, shall engage in the supplemental education services business within a fifty (50) mile radius of your Center. To the extent you are currently using certain Brain Balance™ techniques involving hemispheric integration methodology, or brain connectivity techniques, we will limit appropriately the applicability of the post-term non-competition provisions contained in Section 18 of the Franchise Agreement.

Throughout the term of the Franchise Agreement, and for a period of two (2) years after either the termination, regardless of the cause of the termination, expiration or non-renewal of the Franchise Agreement, neither you, nor any of your officers, directors, shareholders, members or partners, as appropriate, shall directly or indirectly employ, seek to employ, or attempt to employ any person employed by BBF or any of its Franchisees or affiliates or otherwise directly or indirectly induce such persons to leave their employment.

Throughout the term of the Franchise Agreement, and for a period of one (1) year after either termination – regardless of the cause of the termination – expiration, or non-renewal, neither you nor any of your officers, directors, shareholders, members, or partners, as appropriate, shall divert or attempt to divert, any business of, or any clients of, the Franchised Business or any other Franchisee or affiliate of BBF to any other competitive establishment, by direct or indirect inducement or otherwise.

You also agree that upon termination, expiration, or non-renewal of the Franchise Agreement, all records contained in all of your databases, and other data secured as part of your Center operation, are the property of BBF and will be electronically transferred to us within ten (10) days of termination.

All of your employees, including your Center Director and Program Director, if any, and all officers and directors or members who are not Franchisees, are required to execute a Confidentiality Agreement as provided in the Operations Manual and a signed copy must be filed in a secure location in your Center and provided to us if we request it. The current form is attached as Exhibit 3.

We retain the right to data ownership for everything related to the Brain Balance systems and operations.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Franchisees are required to have satisfactorily completed all aspects of the training program and attend any training sessions determined required by BBF. If the Franchisee will not be managing daily operations of the center, they must include a dedicated Center Director in any and all training sessions determined required by BBF.

You must, at all times, starting from the opening of your Center, employ a (1) Center Director, (2) Program Director, and (3) an appropriate number of Program Coaches to deliver the program as prescribed.

All of your employees, including your Center Director and Program Director, and all officers, directors, members, and partners who are not Franchisees, are required to execute a Confidentiality Agreement as provided in the Operations Manual (see Item 14) and upon our demand you are required to show us proof of compliance with this requirement. You, your spouse, and your officers, directors, shareholders, partners, and members are also required to enter into a Confidentiality and Non-Compete Agreement that prohibits these individuals from competing with the Franchised Business during the term of the Franchise Agreement and for one (1) year after termination. (See Exhibit 3.)

We do not require you to grant an equity interest to any employee.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide the Brain Balance Program® and the services specified in the Operations Manual or otherwise specified by us in writing. Your Brain Balance™ Center may be used only to operate the Franchised Business and may not be used for any activity other than as specified in your Franchise Agreement and the Operations Manual. You must keep the Center open and in normal operation between 9:30 AM and 8:00 PM Monday through Friday, and on Saturday from 9:00 AM to 2:00 PM, or as BBF may specify in the Operations Manual or otherwise in writing. You must also refrain from using or permitting others to use your Center location for any purpose other than the operation of your Franchised Business. You may not deliver any aspects of the Brain Balance program at a location outside of your center unless approved in writing. You must adhere to all standards, policies, and procedures in strict conformity with the specifications contained in the Franchise Agreement, Operations Manual, or other otherwise communicated by us in writing.

You will not offer certain services, including lead assessments, post program assessments, and administrative services at a Brain Balance™ Satellite Center and you will instead perform those services at your standard Brain Balance Center.

We may modify the Brain Balance Program® and the Operations Manual in accordance with research and other developments. You must abide by any additions, deletions, and modifications we make, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
a.	Term of the Franchise	4.01	10 years
b.	Renewal or Extension of the Term	4.02	The Franchise Agreement may be extended for an additional term of 5 years unless you give written notice at least 3 months but not more than 6 months prior to expiration of the current term.
c.	Requirements for You to Renew or Extend	4.02	Execute the current form of the Franchise Agreement and pay a renewal fee equal to $10,000 You may be asked to sign a contract with materially different terms and conditions than your original agreement. Must be re-approved by BBF.
d.	Termination by You	4.03	Franchisee may terminate for any grounds permitted by law. Franchisee does not have the right to terminate prior to the end of the 10 year term for convenience.
e.	Termination by Us Without Cause	None	N/A
f.	Termination by Us with Cause	17	Default under the Franchise Agreement that is not cured within 15 days, bankruptcy, default under another agreement with the Franchisor, and other grounds set forth in Section 17.
g.	"Cause" Defined – Defaults that Can Be Cured	17	Defaults that can be cured include the following: failure to comply with any non-material term of the Franchise Agreement or Operations Manual; failure to submit financial or operational information required under the Franchise

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
			Agreement; failure to pay Royalty, advertising fees, or other amounts due to us; failure to comply with applicable law or regulation; marketing services under a name or mark that is confusingly similar to the Marks; failure to properly train your staff; failure to spend the minimum requirements on local advertising; failure to maintain required insurance; failure to operate from an approved, dedicated center facility; violation of Section 18.01 in-term non-competition provisions; breach of any of the agreements with supplier(s) designated by the Franchisor. Under the Satellite Franchise Agreement, the closure, termination or abandonment of the standard Center with which your Satellite Brain Balance Center is associated is also grounds for termination, unless you request and we approve your conversion of your Satellite Brain Balance Center to a standard Center, which will require paying the difference in initial franchise fee. Upon the occurrence of an Event of Default that continues for thirty (30) or more days after notice of such default, the Franchisor shall have the absolute right without additional notice, to cease providing or making available any or all services and benefits provided for hereunder to you until you are current in the payment of fees and the filing of reports and have cured all other defaults.
h.	"Cause" Defined – Defaults that Cannot Be Cured	17.01	Failure to satisfactorily complete initial training; non-payment of fees for more than 15 days; bankruptcy, etc.; failure to

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
			pay judgment within 15 days; conviction of a felony, etc.; damage to BBF's reputation or goodwill; maintenance or submission of false reports; denial to the Franchisor of the right to inspect or audit; underreporting of GR by 2% or more for any 1 year; failure to achieve $350,000 of GR in any 12-month period following the third anniversary of the date of the Franchise Agreement, or if you are the transferee of a BBF Franchise Agreement, your GR must equal at least $350,000 for each twelve (12)-month period following the second anniversary of the date the Franchise Agreement was transferred to you; disclosure of confidential information in violation of the Franchise Agreement; receipt of three (3) or more notices of default in the same 12 month period; any Transfer or attempt to Transfer in violation of the Franchise Agreement; breach of the Software Agreement (Note 1).
i.	Your Obligations on Termination/Non-renewal	17.04	Cease and desist all operations and use of our name and all Marks and all other marks names or logos of the Franchisor; change the name of your business; assign all rights in your Website to us; payment of all amounts due; deliver all files and records and confidential information and manuals to us within 10 days of termination; assign lease and telephone numbers (also see "q" and "r" below for provisions of non-compete and non-solicitation).
j.	Assignment of Contract by BBF	8.02(f); 16.01	There are no limits on our assignment rights.
k.	"Transfer" by You – Definition	16.02; 16.05	Transfer of contract or assets or ownership changes.

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
l.	BBF's Approval of Transfer by You	16.02	BBF has the right to approve all transfers. Consent will not be unreasonably withheld.
m.	Conditions for BBF's Approval of Transfer	16.03	Assignment of entire interest; payment of money owed; undertaking of transferee to take training; new franchisee qualifies; transfer fee paid and transfer franchise fee paid, if required; release signed by you; assignee executes a new 10-year Franchise Agreement; you pay all outstanding debts to BBF; you do not retain security interest in Franchise and agree to honor non-compete (see "r" below). You cannot transfer a Satellite Brain Balance Center separate from the associated Standard Brain Balance Center. In order to transfer a Satellite Brain Balance Center, you must also transfer the standard Center to the same transferee.
n.	BBF's Right of First Refusal to Acquire Your Business	16.02	BBF has between 30 and 120 days to match any offer for your business.
o.	BBF's Option to Purchase Your Business	None	N/A
p.	Your Death or Disability	16.09	BBF must approve continued operation of the Franchise or the Franchise must be transferred within 6 months.
q.	Non-Competition Covenants During the Term of the Franchise and upon Termination or Expiration	18	Includes prohibition against supplemental education services business during the term of the Franchise Agreement anywhere. Following termination or expiration of the Franchise Agreement, two (2) year non-compete in the supplemental education services business within a 50-mile radius of the Center.

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
r.	Non-Solicitation Covenants After the Franchise Is Terminated or Expires	18	Includes a two (2)-year non-solicitation of customers of the Franchised Business or the business of other franchisees, the Franchisor or Franchisor affiliates and two (2)-year non-solicitation of employees of the Franchised Business or of other franchisees or Franchisor affiliates.
s.	Modification of the Agreement	13.01; 21.05	The Operations Manual is subject to change. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement. Modifications of the Franchise Agreement must be in writing executed by both parties.
t.	Integration/Merger Clause	21.06	The Franchise Agreement supersedes all prior agreements. Any other promises may not be enforceable (subject to federal and state law). However, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute Resolution by Arbitration or Mediation	20	Except for certain claims, all disputes must be arbitrated before the American Arbitration Association located in San Francisco, California.
v.	Choice of Forum	21.01	Subject to applicable state law, Arbitration under the Federal Arbitration Act at the American Arbitration Association in San Francisco, California. * Litigation must be in any court located in Contra Costa County in the State of California. (Note 3)
w.	Choice of Law	21.01	Subject to applicable state law, California.

	Provision	Section in Franchise Agreement (or Satellite Franchise Agreement, if different)	Summary
x.	Statute of Limitations	21.10	Must commence any action relating to the Franchise Agreement, the relationship between you and us, or your operation of the Franchised Business within 1 year except for BBF's rights under Section 7 of the Franchise Agreement

Note 1: The provisions in the Franchise Agreement that provide for termination upon your filing for bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C., et seq.)

THE FRANCHISE RELATIONSHIP
Application License Agreement

This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	**Section in Agreement**	**Summary**
a.	Length of the franchise term	5	Same term as the Franchise Agreement
b.	Renewal or extension of the term	None	
c.	Requirements for the Franchisee to renew or extend	None	
d.	Termination by Franchisee	None	
e.	Termination by Franchisor without cause	6	Upon termination or expiration of the Franchise Agreement for any reason; termination for convenience with prorated refund of maintenance fees

	Provision	Section in Agreement	Summary
f.	Termination by Franchisor with cause	6	We can terminate if you default.
g.	"Cause" defined – curable defaults	None	
h.	Cause defined – defaults that cannot be cured	N/A	N/A
i.	Franchisee's obligations on termination/non-renewal	6(c)	Obligations include non-use of Software, return of or destruction of Software and items containing confidential information, and payment of all amounts due.
j.	Assignment of contract by Franchisor	13(c)	No restriction on our right to assign
k.	Transfer of Agreement	13(b)	You may Transfer the Application License Agreement only in connection with a simultaneous Transfer of the Franchise Agreement to the same transferee in accordance with the transfer provisions contained in the Franchise Agreement, which include an Application License Agreement transfer fee of $2,500.
l.	BBF's Approval of Transfer by You	N/A	N/A
m.	Conditions for BBF's Approval of Transfer	N/A	N/A
n.	Franchisor's right of first refusal to acquire franchisee's business	None	
o.	Franchisors option to purchase franchisee's business	None	
p.	Your Death or Disability	N/A	N/A

	Provision	Section in Agreement	Summary
q.	Non-competition covenants during the term of the Franchise	1	Use of Software only for Franchisee's operation of its Center.
r.	Non-competition covenants after the Franchise is terminated or expires	6(c)	You have no right to use the Software after your Franchise Agreement terminates.
s.	Modification of the Agreement	26	Modifications must be in writing executed by the parties. Software may change.
t.	Integration/Merger clause	26	Only the terms of the Agreement and references to the Franchise Agreement are binding. The Franchise Agreement supersedes all prior agreements. Any other promises may not be enforceable (subject to federal and state law). However, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	22	Arbitration
v.	Choice of forum	22	Subject to applicable state law, Arbitration under the Federal Arbitration Act at the American Arbitration Association in San Francisco, California
w.	Choice of law	22	Subject to applicable state law, The Application License Agreement will be interpreted and construed in accordance with the laws of the State of California, except for its conflict-of-law rules.

ITEM 18. PUBLIC FIGURES

BBF does not use any public figure to promote its franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned Centers if there is a reasonable basis for the information and the information is included in the Disclosure Document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Center you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We are providing historical revenue information (without including expense items) for all franchisee-owned Centers. In 2021, we included one center that opened in January 2021, so not technically open the entire year.

In 2022, we included one Center that closed in December 2022, so it was not technically open the entire year. We also excluded one Center that closed during the year and did not operate a full year. Finally, we separated four Centers that operated almost entirely virtually during 2022 as a result of challenges emerging from the pandemic and then closed at the end of December 2022 into a separate chart shown in the first group of charts below. We did not include these four Centers in the second or third groups of charts because they did not operate in the manner we will require your Center to operate.

We have five Brain Balance™ Satellite Centers which operated for a full year as of the date of this Disclosure Document. We have included these Centers in the same data set as our standard Centers. Although a Satellite Center outsources some of its administrative tasks to its related standard Center, it has the same capacity for enrollments and revenue as a standard Center.

The first chart shows the highest performing Center, the lowest performing Center, the average performance of the full group, and the median Gross Revenue number for the group for the year. The total number of Centers that were open for the entire year is shown as "# Total Centers." The group of centers that operated under a unique set of circumstances, as described above, are shown separately.

The second chart shows the top and bottom five performing Centers by Gross Revenue for the year.

The third chart shows each group for the year, divided into performance categories.

Chart One:

2021* Gross Sales	
Max	$1,137,103
Min	$91,944
Average	$440,774
Median	$429,670
# Total Centers	80
# exceed/meet average	38

2022* Gross Sales	
Max	$1,583,148
Min	$115,257
Average	$573,624
Median	$546,437
# Total Centers	75
# exceed/meet average	33

2022 Virtual Centers Gross Sales	
Max	$190,878
Min	$70,860
Average	$129,881
Median	$128,892
# Total Centers	4
# exceed/meet average	2

Chart Two:

2021* Gross Sales	**Rank**	
Top 5 Gross:	**1**	$1,137,103
	2	$913,709
	3	$891,795
	4	$874,286
	5	$847,573
Bottom 5 Gross:	**1**	$91,944
	2	$104,749
	3	$109,543
	4	$124,098
	5	$134,646

2022 Gross Sales	**Rank**	
Top 5 Gross:	**1**	$1,583,148
	2	$1,363,516
	3	$1,193,260
	4	$1,126,727
	5	$1,071,661
Bottom 5 Gross:	**1**	$115,257
	2	$136,052
	3	$180,390
	4	$186,292
	5	$188,433

Chart Three:

2021* Gross Sales		
Top Third		
	Max	$1,137,103
	Min	$529,327
	Average	$692,350
	Median	$640,076
	# Total Centers	27
	# exceed/meet average	11
2nd Third		
	Max	$526,256
	Min	$314,739
	Average	$423,447
	Median	$427,507
	# Total Centers	27
	# exceed/meet average	14
3rd Third		
	Max	$304,939
	Min	$91,944
	Average	$197,517
	Median	$196,835
	# Total Centers	26
	# exceed/meet average	13

2022 Gross Sales		
Top Third		
	Max	$1,583148
	Min	$671,559
	Average	$900,137
	Median	$830,631
	# Total Centers	25
	# exceed/meet average	9
2nd Third		
	Max	$664,963
	Min	$392,874
	Average	$545,088
	Median	$546,437
	# Total Centers	25
	# exceed/meet average	13

2022 Gross Sales		
3rd Third		
	Max	$390,540
	Min	$115,257
	Average	$275,647
	Median	$281,999
	# Total Centers	24
	# exceed/meet average	13

*The precautions of the COVID-19 pandemic resulted in some state and local mandates in 2021 that caused a reduction in capacity for some of our Centers, as well as differing levels of local community COVID-19 vigilance.

The numbers provided in this Item 19 were compiled from the voluntary reporting information that the Franchisees provided to us pursuant to the Franchise Agreement, data we pulled from our required Customer Relations Management System or, in a few instances, from the results of an audit we conducted of a particular Center's financials. In general, these revenue numbers have not been verified by us or independently audited. Written substantiation for the financial performance representation will be made available upon reasonable request. A new franchisee's individual financial results may differ from the results provided.

Some Centers have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

The earnings claim figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this Disclosure Document may be one source of this information.

Other than the financial performance provided in this Item 19, we do not authorize our employees or representatives to make any such representation either orally or in writing. If you are purchasing an existing Center, however, we may provide you with the actual records of that Center. If you receive any other financial performance information or projections of your future income, you should report it the Franchisor's management by contacting Dominick Fedele at 1320 North Route 59, Unit 110 Naperville IL 60563 the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. CENTERS AND FRANCHISEE INFORMATION

Table No. 1

System Wide Outlet Summary for Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	100	82	-18
	2021	82	82	0
	2022	82	74	-8
Company-Owned*	2020	1	1	0
	2021	1	0	-1
	2022	0	0	0
Total Outlets	2020	101	83	-18
	2021	83	82	-1
	2022	82	74	-8

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2020 to 2022

State	Year	Number of Transferees
FL	2020	1
	2021	0
	2022	0
GA	2020	0
	2021	1
	2022	0
ID	2020	0
	2021	1
	2022	0
MN	2020	0
	2021	1
	2022	0
MO	2020	0
	2021	1
	2022	0

State	Year	Number of Transferees
NE	2020	0
	2021	0
	2022	1
OH	2020	1
	2021	0
	2022	0
SC	2020	1
	2021	1
	2022	0
TX	2020	0
	2021	1
	2022	0
Totals	2020	3
	2021	6
	2022	1

Table No. 3

Status of Franchised Outlets for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AZ	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
CA	2020	10	0	1	0	1	0	8
	2021	8	1	1	0	0	0	8
	2022	8	0	0	0	0	0	8
CO	2020	4	0	0	0	0	2	3
	2021	3	0	0	0	0	1	3
	2022	3	0	0	0	0	3	0
CT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
DE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	9	0	1	0	0	0	7
	2021	7	0	0	0	0	1	7
	2022	7	0	0	0	0	0	7
GA	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
IA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
ID	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IN	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KS	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
KY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
MN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MO	2020	6	0	1	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	2	0	0	0	3
NC	2020	6	0	0	0	0	1	5
	2021	5	0	1	0	0	1	3
	2022	3	0	0	0	0	0	3
NE	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
NJ	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NV	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OH	2020	5	0	1	1	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
OK	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
OR	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	2	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
PA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
SC	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	1	0	0	0	3
TN	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TX	2020	15	0	0	0	0	5	10
	2021	10	1	0	0	0	0	11
	2022	11	0	0	0	0	0	11
UT	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3*
VA	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
WI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Totals	2020	100	1	4	1	1	13	82
	2021	82	3	2	0	0	1	82
	2022	82	1	3	1	0	5	74

*The Bountiful, UT Brain Balance Center is in the process of a relocation and is currently operating solely offering the Brain Balance Program through Virtual Program delivery.

Table No. 4

Status of Company-Owned Outlets for Years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2020	1	0	0	1	0	0
	2021	1	0	0	0	0	1
	2022	0	0	0	0	0	0
Total	2020	2	0	1	1	1	1
	2021	1	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2022

State	Franchises for Which Agreement Signed But Franchise Not Opened	Projected Franchises to Be Opened in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
Arizona	2	1	0
Florida	1	1	0
Illinois	0	1	1
Texas	1	1	0
Oregon	1	0	0
TOTALS	5	4	1

The names and contact information of all Franchisees as of December 31, 2022 are identified on Exhibit G. The names and contact information of all Franchisees who closed or sold a unit in the last fiscal year are identified on Exhibit H.

In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with Brain Balance. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C are the audited balance sheets of BBF as of December 31, 2022, December 31, 2021, and December 31, 2020; the related audited statements of operations and members' equity (deficits); and cash flows for each of the years then ended. These financial statements have been prepared in accordance with generally accepted accounting principles.

ITEM 22. CONTRACTS

Attached as Exhibit A is a copy of the Franchise Agreement to be signed in connection with the Franchised Business offered in this Disclosure Document.

EXHIBITS TO THE FRANCHISE AGREEMENT (Both Standard and Satellite agreements)

Attached as Exhibit 1 to Exhibit A is a copy of the Application License Agreement to be signed in connection with the Franchised Business offered in this Disclosure Document.

Attached as Exhibit 2 to Exhibit A is a copy of the ACH Agreement to be signed in connection with the Franchised Business offered in this Disclosure Document.

Attached as Exhibit 3 to Exhibit A is a copy of the Confidentiality and Non-Competition Agreement to be signed by your employees and all officers, directors, members, and partners who are not Franchisees.

Attached as Exhibit 4 to Exhibit A is a copy of the Conditional Assignment of Telephone Numbers to be signed in connection with the Franchised Business offered in this Disclosure Document.

Attached as Exhibit 5 to Exhibit A is a copy of the Conditional Assignment of Lease to be signed in connection with the Franchised Business offered in this Disclosure Document.

Attached as Exhibit 6 to Exhibit A is a copy of the Owner's Guaranty and Assumption of Franchisee's Obligations to be signed in connection with the Franchised Business offered in this Disclosure Document.

ITEM 23. RECEIPTS

Two (2) copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of this document. Please return one signed copy and retain the other for your records.

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EXHIBIT A

FRANCHISE AGREEMENT AND RELATED MATERIALS

<u>BB FRANCHISING LLC</u>
<u>FRANCHISE AGREEMENT</u>

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FRANCHISE AGREEMENT

Franchise Agreement made in the State of California, this ____ day of _________, 20___, by and between BB FRANCHISING LLC, a Delaware limited liability company, with offices located at 1320 North Route 59, Unit 110 Naperville IL 60563 ("BBF"), Franchisor or "COMPANY"), and _______________________________________, a ___________________________ located at ____ ("FRANCHISEE") (the "Franchise Agreement").

W I T N E S S E T H:

WHEREAS, COMPANY has expended time, effort, and money to develop a uniform and standardized system (the "System") for the operation of Brain Balance® Centers (the "Center(s)"), which offer the Brain Balance Program®, a non-medical method of assessment and program development for individuals with developmental delays resulting from neurological and physiological imbalances using certain technology (the "Licensed Technology") (the "Business"), under the trade names and service marks "Brain Balance Program®", "Brain Balance®" with logo, and Brain Balance®" " ("Brain Balance Program®", "Brain Balance®" with logo, and Brain Balance®", and such other trade names, trademarks, service names, logos, copyrights, and other service marks now or hereafter used by COMPANY in connection with the System are hereinafter referred to as the "Marks"); and

WHEREAS, COMPANY's System includes a business strategy utilizing training methods, methodology, protocols, Licensed Technology, promotional programs, uniform standards, a confidential Operations Manual (as hereinafter defined), and other information, items, and experience that benefit the operation of the Business; and

WHEREAS, FRANCHISEE acknowledges that the Business, operated in accordance with the System and utilizing the Marks has acquired distinctive and valuable goodwill among the public; and

WHEREAS, FRANCHISEE desires to enter into the Business, to be operated in accordance with the System and utilizing the Marks, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, it is agreed:

1. GRANT OF FRANCHISE

1.01. COMPANY hereby grants to FRANCHISEE and FRANCHISEE hereby accepts the right, license, privilege, and franchise of utilizing the Marks, the Licensed Technology, and System to establish a single Brain Balance® Center and to operate the Business therein, all, subject to the terms and conditions of this Agreement solely within the territory described in Schedule I attached hereto (the "Territory"), at a specific location to be approved in writing by COMPANY, which approval shall not be unreasonably withheld (the "Franchise"). The operation of the Business pursuant to the Franchise is hereinafter referred to as the "Franchised Business."

1.02. The Franchise granted herein is for the operation of a Brain Balance® Center franchise under the trade names and service marks "Brain Balance Program®" and "Brain Balance®" with logo, which shall specialize in a non-medical program designed to help children with developmental delays resulting from neurological and physiological imbalances.

1.03. The Franchise granted herein does not grant FRANCHISEE the right to engage in any business other than the Franchised Business, whether said business is conducted within or without the Territory or under the Marks or under any other name or mark.

2. USE OF NAME

2.01. FRANCHISEE is granted the right to use, and FRANCHISEE agrees to use, the words "Brain Balance®" as part of its trade or business name, in the exact manner and style set forth on Schedule I (the "Business Name") and as directed by COMPANY. COMPANY reserves the right to direct a change in the manner of use of the Marks by FRANCHISEE, and FRANCHISEE agrees to comply with such directions. FRANCHISEE shall not use the Marks as part of its corporate or limited liability company name without the prior written consent of COMPANY.

2.02. FRANCHISEE agrees to obtain COMPANY's prior written approval for all content used by FRANCHISEE on FRANCHISEE's link to COMPANY's Web site.

3. TERRITORY

3.01. FRANCHISEE is granted an exclusive right to establish a single location for the Franchised Business in the city, town, or village identified on Schedule I that is located within the Territory. FRANCHISEE may not without COMPANY's prior written consent relocate its Center or open additional centers for the Franchised Business within the Territory.

3.02. COMPANY agrees that throughout the term of this Agreement and provided that FRANCHISEE is not in default hereunder, COMPANY will neither operate nor franchise others to operate a Brain Balance® Center within the Territory, or within a designated radius of FRANCHISEE'S Brain Balance® Center. FRANCHISEE acknowledges that COMPANY may market to clients located inside of the Territory or advertise inside of the Territory.

3.03. FRANCHISEE acknowledges that the Franchise granted hereunder is limited to the establishment and operation of the Franchised Business in a single location within the Territory. FRANCHISEE may not operate the Franchised Business from an additional location or outside of the Territory unless a separate franchise agreement is signed by the parties and an additional Initial Franchise Fee (as hereinafter defined) is paid by FRANCHISEE to COMPANY.

3.04. FRANCHISEE acknowledges that other franchisees and/or affiliates of COMPANY who conduct businesses similar or identical to the Franchised Business under the Marks may market to clients located inside of the Territory or advertise inside of the Territory.

3.05. In the event FRANCHISEE leases office space for the Franchised Business, such lease shall contain a conditional assignment clause, substantially similar to the template provided in Exhibit 5, that shall provide that upon the expiration or sooner termination of this Agreement, for any reason contained herein, the FRANCHISOR or its Affiliates shall have the option, exercisable within thirty (30) days after said expiration or termination, to assume the obligations of the lease, to replace FRANCHISEE and enter into possession under said lease or at any time prior thereto or thereafter to assign or reassign the lease to a third party. In connection therewith, FRANCHISEE shall execute a Conditional Assignment of Lease in the form attached hereto as Exhibit 5 (the "Assignment") pursuant to which Assignment FRANCHISEE has assigned to FRANCHISOR all its right, title, and interest in the lease for the Franchised Business. FRANCHISEE acknowledges that such Assignment is freely assignable by FRANCHISOR to any other person or entity, including any person or entity that may acquire the right to operate a Brain Balance® business in and from said office location or otherwise within the Territory.

4. TERM

4.01. Unless otherwise terminated pursuant to the terms and conditions of this Agreement, the initial term of this Agreement shall be for a period of ten (10) years, commencing on the date hereof ("Initial Term").

4.02. Provided FRANCHISEE is in full compliance with the terms hereof, the term of this Agreement may be renewed for an additional five (5) year term unless at least three (3) months but not more than six (6) months prior to the expiration of the Initial Term or any extension thereof notice of intention to finally terminate is given in writing by registered mail by FRANCHISEE to COMPANY. No Initial Franchise Fee (as hereinafter defined) is charged upon the extension of the term; however, FRANCHISEE will be required to pay a renewal fee of Ten Thousand Dollars ($10,000). At its option, COMPANY may require FRANCHISEE to execute the form of franchise agreement then being utilized by COMPANY for new franchisees, which franchise agreement shall govern the rights and obligations of the parties and may contain materially different terms and conditions.

4.03. FRANCHISEE shall have the right to terminate this Agreement in the event COMPANY loses the rights to the Licensed Technology and the Marks prior to the end of the Initial Term of this Agreement.

5. INITIAL FRANCHISE FEE

FRANCHISEE shall pay COMPANY an initial non-refundable franchise fee (the "Initial Franchise Fee") in the amount of Forty-five Thousand Dollars ($45,000). The Initial Franchise Fee is payable by wired funds transferred on the same day as the signing of this Agreement, receipt of which is hereby acknowledged.

6. OTHER PAYMENTS BY FRANCHISEE

6.01. Royalty

(a) Commencing the month FRANCHISEE's Center opens, FRANCHISEE shall pay to COMPANY, in addition to the Initial Franchise Fee as payment for the continuing right to use the Marks and the System, a continuing non-refundable royalty fee (the "Royalty"). If the Center is not opened within nine (9) months following the date of the Franchise

Agreement, FRANCHISEE will be required to pay to COMPANY the minimum Royalty beginning with the first of the month the following calendar month.

The Royalty shall be an amount equal to eight percent (8%) of FRANCHISEE's Gross Revenue (as defined below) ("GR") in the operation of the Franchised Business, with a minimum of $1,000 due and payable each month. If the thirtieth day falls on a day other than the first day of the month, the minimum royalty amount will be prorated for the number of days the Center was open in that month. Said minimum monthly Royalty of $1,000 shall be increased each January 1st by the same percentage that the Consumer Price Index, issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st, increases over and above the Consumer Price Index existing as of the date this Franchise Agreement is signed.

(b) "Gross Revenue (GR)" is defined as all sums received by FRANCHISEE resulting directly or indirectly from services provided pursuant to the operation of the Franchised Business without deductions of any kind other than refunds. "GR" shall exclude the transactional credit card service fees negotiated by COMPANY and sales tax, excise tax, or other similar taxes received by FRANCHISEE. COMPANY has negotiated a discount credit card service fee with a credit card clearing house service provider, which will be the maximum service fee deducted from GR arising out of credit card purchases regardless of whether FRANCHISEE participates in this program. Credit card expenses such as machinery, equipment, and connection charges will not be excluded from Gross Revenue. GR shall also exclude Program Kits Fees and Loan Fees deducted by lending vendors. The Royalty shall be due and payable by FRANCHISEE to COMPANY on or about the 7th day of the month for Gross Revenue received the prior month. FRANCHISEE will pay the Royalty via an electronic funds transfer pursuant to an automated clearing house agreement ("ACH Agreement") in the form annexed hereto as Exhibit 2, which will allow FRANCHISOR to debit FRANCHISEE's bank account during the term of this Agreement for the royalties due.

6.02. Advertising Fund

(a) FRANCHISEE shall participate and contribute to the advertising fund ("Advertising Fund") that has been established by COMPANY for the benefit of all BBF franchisees and Company-operated Centers.

(b) FRANCHISEE's non-refundable contribution to the Advertising Fund shall be in an amount equal to two percent (2%) of Gross Revenue as defined in 6.01, with a minimum of $200 due monthly hereunder, and the contribution is due and payable in the same manner and at the same time as the Royalty. If the Center is not opened by the tenth (10th) month following the date of the Franchise Agreement, FRANCHISEE will be required to pay to COMPANY the contribution to the Advertising Fund beginning that month.

(c) Contributions to the Advertising Fund from FRANCHISEE and all other franchisees shall be maintained by COMPANY in a single segregated account designated for that purpose. The proceeds of the Advertising Fund shall be expended at the discretion of COMPANY for national and/or regional advertising, public relations, dissemination of research results achieved through approved research facilities, the Brain Balance® Foundation and other charitable activities, Web site and other electronic media development, and/or promotion of the Center businesses conducted under the Marks and publications relating to the Brain Balance Program®, and the payment of fees, costs, and other charges pertaining to such activities, including but not limited to COMPANY's administrative expenses associated with the foregoing.

(d) FRANCHISEE acknowledges that proceeds of the Advertising Fund are intended to be used to maximize general public awareness of the Brain Balance Program® for the benefit of the System as a whole. No representation is made by COMPANY, and FRANCHISEE acknowledges that expenditures from the Advertising Fund may not result in a proportionate or any advertising effort in a particular geographical area, including FRANCHISEE's Territory, or that FRANCHISEE will benefit directly from any expenditures from the Advertising Fund. FRANCHISEE acknowledges and agrees that neither FRANCHISEE nor any other franchise owners of COMPANY who shall be obligated to contribute to the Advertising Fund shall be deemed a third-party beneficiary with respect to said Advertising Fund or have any right to enforce any obligation to contribute thereto. Expenditures from the Advertising Fund shall be made at the sole discretion of COMPANY and may be for the benefit of any one or more of the Marks. COMPANY shall not be required to expend the entire Advertising Fund during any calendar year. COMPANY shall have the right to determine the nature, scope, and content of advertising and promotion programs; the territory in which they are to appear; the form thereof; the media and the budget therefore; and all other relevant decisions regarding the implementation of such advertising and promotion programs.

(e) FRANCHISEE shall spend a minimum of $5,000 per calendar month or nine percent (9.0%) of its Gross Revenue, whichever is greater, for local advertising in accordance with COMPANY's direction as to allocation among various marketing channels.

(f) If FRANCHISOR recommends an Advertising Cooperative ("Advertising Co-op") in FRANCHISEE's designated marketing area ("DMA") and one is established, FRANCHISEE shall join it by executing the applicable by-laws, and shall contribute at least the amount set forth in Section 6.07. FRANCHISEE's payments to the media fund for the Advertising Co-op will apply toward satisfaction of FRANCHISEE's obligations for local advertising described in Section 6.07 of this Agreement. Advertising Co-ops are independently established and operated by franchisees in a DMA and not controlled or governed by FRANCHISOR.

6.03. Late Payment

(a) If FRANCHISEE shall fail to pay to COMPANY when due any Royalty, Advertising Fund contribution, or any other payment required to be made pursuant to this Agreement, interest shall accrue on the unpaid amount commencing fifteen (15) days after the due date, at a rate of two percent (2%) per month compounded or the highest rate permitted under applicable law, whichever is less.

(b) If FRANCHISEE shall fail to pay to COMPANY when due any Royalty, Advertising Fund contribution, or any other payment due hereunder, or fails to file any report required to be filed with COMPANY, and such failure continues for a period of thirty (30) days after COMPANY has provided FRANCHISEE with a written demand for performance, in addition to all of its other rights and remedies hereunder, COMPANY may suspend all services required to be performed by COMPANY on behalf of FRANCHISEE hereunder, until such time as FRANCHISEE has made payment of all amounts due to COMPANY and has filed all reports with COMPANY required to be filed by FRANCHISEE.

6.04. Application License Fees

(a) FRANCHISEE shall enter into an Application License Agreement annexed hereto as Exhibit 1 and pay an initial license fee in the amount of $15,000 and annual maintenance fees as specified in the Application License Agreement and the Operations Manual. The annual maintenance fees are subject to an annual CPI adjustment. Unless terminated earlier pursuant to its terms, the term of the Application License Agreement is for the term of the Franchise Agreement. The Application License Agreement entitles FRANCHISEE to unlimited users for the Center.

(b) FRANCHISEE shall purchase from COMPANY a license to operate the Customer Relations Management System and licenses to access and operate third party software technologies which are part of the System.

(c) FRANCHISEE shall purchase a license from designated third parties in order to download and operate certain other software programs required by the System as stated in the Operations Manual, including but not limited to the vision assessment and exercises software COMPANY has commissioned to function within the Brain Balance® Protocols and the required accounting software to submit the financial records required in Section 7.

6.05. Advanced Training and Consultation Services

(a) FRANCHISEE shall be required to attend and pay for Advanced Training which will include on-going training through webinars, courses within the Brain Balance Training Site, and workshops which may be related to enrollment enhancement, Sensory Motor and academic administration, and marketing, up to two (2) times per year, for a period of between one (1) and five (5) days. Attendance is mandatory for either the Center Director or Program Director when this Advanced Training is offered by FRANCHISOR. FRANCHISEE is responsible for the travel costs of its employees and personnel.

(b) FRANCHISEE shall be required to attend and pay for additional training or consultation services provided by COMPANY in any of the following circumstances: (1) if requested by FRANCHISEE, (2) required by COMPANY in the event FRANCHISEE fails to master the principles and objectives of the Licensed Technology, (3) System development results in new principles or protocols, or (4) FRANCHISEE replaces either the Center Director or Program Director. Such consultation services will be charged at a half-day rate of $500 (less than 4 hours of training) and full-day rate of $1,000, plus airfare, lodging, and travel expenses. Alternatively, FRANCHISEE may send a new Center Director or Program Director to the next regularly scheduled Initial Training session at a cost of $300. Fees will be transferred to FRANCHISOR via ACH.

6.06. Customer Relations Management System (CRM)

FRANCHISEE shall enroll their Center in a Customer Relations Management System (CRM) license at the present cost of $396 per year. Fees will be transferred to FRANCHISOR via ACH.

6.07. Program Kits

FRANCHISEE shall be required to purchase from COMPANY's designated supplier and maintain at the Center a minimum inventory of program kits. FRANCHISEE shall purchase kits sufficient to provide initial inventory for the programs FRANCHISEE will offer.

6.08. Grand Opening

FRANCHISEE shall be responsible for its promotional costs in connection with the Grand Opening. FRANCHISOR does not collect a Grand Opening fee.

6.09. Pre-printed marketing materials

FRANCHISEE shall purchase advertising and promotional materials, electronically in pdf or jpeg format, prepared by COMPANY's designated vendor.

6.10. Call Center

FRANCHISEE shall be required to contract for Call Center services either with COMPANY’s internal call center or with a designated vendor or one that is approved by COMPANY to respond to inbound inquiries. Alternatively, FRANCHISEE shall employ a full-time staff member who is solely responsible for responding to inbound inquiries for Program services. FRANCHISEE shall be responsible for all fees associated with the Call Center option FRANCHISEE elects to use.

6.11. Annual Convention

FRANCHISEE shall be required to attend and pay a registration fee for COMPANY's Annual convention. The cost of registration will vary depending on the program, the number of speakers, and the contribution of sponsors. The travel, lodging, and food costs will be in addition to the registration fee, but these costs may be discounted and/or subsidized by COMPANY. Fees will be transferred to FRANCHISOR via ACH.

6.12. ACH Agreement

(a) FRANCHISEE will enter into an automated clearing house agreement ("ACH Agreement") in the form annexed hereto as Exhibit 2, which will allow FRANCHISOR to debit FRANCHISEE's bank account during the term of this Agreement for all payments due to FRANCHISOR pursuant to the terms of this Agreement. The parties shall agree in writing if any payments are to be made in any other manner

(b) In the event COMPANY is unable for any reason to take any payment required hereunder to be paid via ACH, FRANCHISEE will pay $35 per incident.

6.13. Soft Opening Expenses

In the event FRANCHISEE changes its Soft Opening scheduled date and COMPANY incurs non-refundable expenses, FRANCHISEE will reimburse COMPANY for such expenses.

6.14. Relocation Fee

COMPANY must approve any relocation of FRANCHISEE's Center, and FRANCHISEE must pay COMPANY its then current relocation fee. As of the date of this Agreement, the relocation fee is $3,000.

6.15 Cost Increases

FRANCHISEE acknowledges that many costs reflected in this Agreement are based on third party pricing and current costs. In the event that vendors increase costs, COMPANY shall increase prices with prior written notice to FRANCHISEE.

7. FINANCIAL RECORDS

7.01. FRANCHISEE, at FRANCHISEE's sole cost and expense, shall submit to COMPANY:

(a) (i) Throughout the term of this Agreement upon thirty (30) days' advance notice by COMPANY, records relating to such other operational activity of FRANCHISEE in the operation of the Franchised Business that cannot be captured by COMPANY from the System or the Software. Each such compilation or report shall be certified by FRANCHISEE as accurate. COMPANY may require such reports be transmitted electronically. FRANCHISEE hereby consents to the electronic retrieval by COMPANY of financial reports and other operational activity of FRANCHISEE from the System or the Software.

(ii) Throughout the term of this Agreement, upon request, an electronic copy of the accounting records maintained pursuant to Section 6.11 that supports the Royalty payment.

(b) Within one hundred twenty (120) days of the close of each of its fiscal years, a copy of FRANCHISEE's personal, corporate, and/or LLC Federal Income Tax Return or such portion thereof as pertains to the Franchised Business, for FRANCHISEE's fiscal year most recently ended.

(c) Within one hundred twenty (120) days of the close of each of its fiscal years, an annual statement of GR and profit and loss of the Franchised Business for the fiscal year and a balance sheet for the Franchised Business as of the end of the fiscal year (both in a format to be approved by COMPANY) prepared and reviewed by a certified public accountant acceptable to COMPANY in its reasonable discretion, and verified and signed by FRANCHISEE as to the information furnished to such accountant. COMPANY has the right to require that the foregoing statements of GR and profit and loss and balance sheet be audited by a certified public accountant acceptable to COMPANY in its reasonable discretion.

(d) Such other activity reports relating to the clients, including test results, progress reports, information, reports, and records relating to the Franchised Business as are requested by COMPANY.

7.02. Throughout the term of this Agreement and for a period of six (6) years thereafter, FRANCHISEE shall keep and maintain at its Franchised Business office (or such other location approved by COMPANY in writing) all books of account, records, documents, and other materials required to support the financial statements and tax returns and other reports provided to COMPANY, all of which shall be prepared in accordance with generally accepted accounting principles ("Records"). Throughout the term of this Agreement and for a period of six (6) years thereafter, upon demand by COMPANY, FRANCHISEE shall permit COMPANY to inspect and make copies of the Records at any time during normal business hours.

7.03. On five (5) days' prior notice to FRANCHISEE, COMPANY or its representatives may inspect the Franchised Business, audit and/or make copies of FRANCHISEE's books and records, or the Records, and/or enter and inspect the office in which FRANCHISEE conducts the Franchised Business for purposes of determining compliance with protocols, methodologies, Center layout, office neatness, reviewing records of the Franchised Business (including without limitation records concerning client census, maintenance of statistical data, accounts receivable, and collections), and general conformity of the Franchised Business operation with COMPANY's Operations Manual and/or interview FRANCHISEE's employees. Except as provided in this Paragraph 7.03, such audit shall be at COMPANY's sole cost and expense. In the event an audit discloses an underpayment by FRANCHISEE to COMPANY of Royalty and/or Advertising Fund contributions, FRANCHISEE shall immediately pay the amount due together with interest thereon as provided in Section 6.08 from the date on which such Royalty and Advertising Fund contributions should have been paid. In the event such underpayments are equal to or exceed five percent (5%) of the aggregate Royalty and Advertising Fund contributions due during the audited period, such underpayment shall be deemed a breach hereof, and FRANCHISEE shall, in addition to making the payments due COMPANY plus interest, promptly pay to COMPANY all fees, expenses, and other costs related to the audit. If any inspection, audit, or review reveals any other violations of this Agreement, FRANCHISEE shall, upon written request of COMPANY, cure such violations and take such action as may be necessary to be in full compliance with such written request and this Agreement.

8. REPRESENTATIONS AND WARRANTIES

8.01. COMPANY represents and warrants to FRANCHISEE that:

(a) COMPANY is a limited liability company duly organized and existing under the laws of the state of Delaware.

(b) The execution of this Agreement and COMPANY's performance contemplated hereunder shall not violate any agreement to which COMPANY is a party.

(c) COMPANY has ownership and proprietary rights in and to the Marks, Licensed Technology, and protocols used in connection with the franchise, and the use of the Marks by FRANCHISEE as permitted by this Agreement shall not infringe upon the rights of any other person with respect thereto.

(d) Notwithstanding anything to the contrary set forth in this Agreement, COMPANY makes no representations or warranty as to the likelihood of success of FRANCHISEE in the Franchised Business.

8.02. FRANCHISEE represents and warrants to COMPANY that:

(a) The execution of this Agreement and the performance contemplated hereunder by FRANCHISEE shall not violate any agreement to which FRANCHISEE or any of its officers, directors, shareholders, members, or partners is a party.

(b) FRANCHISEE acknowledges that the success of the Franchised Business to be conducted by FRANCHISEE by virtue of this Agreement depends to a large extent upon the ability of FRANCHISEE as an independent business person and their full time active participation in the daily affairs of the Franchised Business, as well as other factors.

(c) FRANCHISEE affirms and agrees that COMPANY may sell the Marks, Licensed Technology, and protocols to a third party. FRANCHISEE affirms and agrees that COMPANY may sell its assets or its System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, FRANCHISEE expressly and specifically waives any claims, demands, or damages arising from or related to the loss of the Marks (or any variation thereof) and/or the loss of association with COMPANY hereunder.

(d) Neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners own, maintain, or have any interest in or otherwise participate or engage in, either directly or indirectly, by itself or in conjunction with any other person or entity, any supplemental education services business or other business that competes with the Franchised business, whether as partner, stockholder, member, officer, director, employee, representative, or in any other capacity.

9. ADDITIONAL OBLIGATIONS OF COMPANY

9.01. Prior to the opening of the Franchised Business by FRANCHISEE:

(a) COMPANY will advise and counsel FRANCHISEE regarding Center location, in the preparation of an office layout and in the selection of center furnishings and equipment in accordance with the terms of the Operations Manual (as hereinafter defined).

(b) COMPANY will provide FRANCHISEE with basic methods, assessment tools and tests, protocols, and procedures for operating the Franchised Business and with customized software for operating the Brain Balance Program® and for capturing client statistical data for inclusion in the database.

(c) COMPANY will provide FRANCHISEE with a list of equipment and services required for use at the Center.

(d) COMPANY will provide (i) an on-line training program that will require approximately 31 hours of time, depending on the user's background in the areas covered and their familiarity with the substantive concepts; and (ii) three to five (3-5) days at our training location at the training facility COMPANY designates. In addition, FRANCHISEE will have a maximum of 10 hours of telephone or webinar training before official opening when students start to participate in the program. FRANCHISEE may, at COMPANY's discretion, also be required to travel with FRANCHISEE's staff to an approved regional Center to complete shadow training for 2-3 days, depending upon regional staff availability (the "Initial Training Program"). Although the cost of training will be borne by COMPANY, FRANCHISEE shall bear the cost of transportation, meals, and lodging, if any, of those who attend the Initial Training Program and salaries of any of FRANCHISEE's employees attending the Initial Training Program.

(e) COMPANY shall make available electronically to FRANCHISEE one (1) copy of the Operations Manual, the training manual and form templates (as hereinafter defined) for the term of the Franchise Agreement, which may be amended as provided herein and other training materials.

(f) COMPANY will advise FRANCHISEE in staffing requirements for operating a Franchised Business.

(g) COMPANY will license to FRANCHISEE the Software under the Application License Agreement as more fully set forth in Section 15.

(h) COMPANY will provide FRANCHISEE with the methods, a copy of the assessment tools and tests, protocols, and procedures to enable FRANCHISEE to implement the Brain Balance Program®.

(i) COMPANY will provide FRANCHISEE with assistance in planning the Grand Opening event, including marketing strategy, guest speaker suggestions, and event best practices recommendations.

9.02. After the opening of the Franchised Business by FRANCHISEE:

(a) COMPANY will provide at no charge to FRANCHISEE (i) consultation initiated by or at the direction of COMPANY; or (ii) consultation regarding the continued implementation of the Licensed Technology if said implementation requires product, process, and/or service modification and/or alteration.

(b) COMPANY will provide, in the event FRANCHISEE fails to master the principles and objectives of the Licensed Technology, System development results in new principles or protocols or upon the request of FRANCHISEE, at FRANCHISEE's office, and at FRANCHISEE'S sole cost and expense, additional training and consultation at a per diem payment of $1,000, including business development, marketing, organization, operation of its first or additional centers, and promotion of the Franchised Business. Any consulting services that last more than four (4) hours are to be considered a "full day." Consulting services lasting more than one half hour and less than four (4) hours are considered to be "half day," for which $500 will be paid. Time spent by a consultant lasting less than one half hour will not be considered consultation services. Services shall conform to those set forth above or as mutually agreed upon between the parties. If FRANCHISEE requests consulting services be performed specifically by a particular individual, the per diem rate shall be $1,500, and the half day rate shall be $750. FRANCHISEE acknowledges that FRANCHISOR is under no obligation to provide the services of a particular individual.

(c) COMPANY will provide FRANCHISEE with methods for development of the Franchised Business, including marketing and methods to obtain clients, client assessments, and training new personnel in core Brain Balance Program® operations.

(d) COMPANY will maintain a System Website and shall maintain information specific to FRANCHISEE's Franchised Business on that System Website. COMPANY may implement and periodically modify standards relating to the System Website and, at COMPANY's option, may change the System Website, or any services offered through the System Web site, at any time. COMPANY shall own all intellectual property related to all data that flows through the System Website.

(e) COMPANY, at reasonable times, will consult with FRANCHISEE and offer guidance with respect to the operation of the Franchised Business, both by telephone and at FRANCHISEE's Center.

(f) COMPANY will provide forms and other required documents electronically, and FRANCHISEE will be required to duplicate such materials at its own expense for use in the operation of the Franchised Business.

(g) COMPANY will, in its discretion, provide FRANCHISEE with modifications, additions, and deletions to the Operations Manual.

(h) COMPANY will, in its discretion, provide FRANCHISEE with modifications, additions, and deletions to the Software.

(i) COMPANY will make available to FRANCHISEE, from time to time (i) advertising and promotional materials, electronically in pdf or jpeg format, prepared by COMPANY's advertising agencies and marketing company; and (ii) advertising and marketing usage and guidelines.

(j) COMPANY will maintain an online diet and nutrition portal with information for clients and will employ the services of a nutrition coach to oversee the online site and provide limited support to FRANCHISEE's clients regarding nutrition and diet issues.

9.03. COMPANY shall not, by virtue of any approvals, advice, or services provided to FRANCHISEE, whether pursuant to this Section 9 or any other provision of this Agreement assume responsibility or liability to FRANCHISEE or any third parties to which it would not otherwise be subject and assumes no liability or obligations to FRANCHISEE or any third party by reason of any neglect, delay, or denial of any approval requested hereunder.

10. ADDITIONAL OBLIGATIONS OF FRANCHISEE

10.01. FRANCHISEE shall faithfully abide by the terms of this Agreement and devote his/her full time and efforts to the promotion and success of the Franchised Business. In the event, following the opening of the Franchised Business, FRANCHISEE desires to operate a business other than the Franchised Business, FRANCHISEE agrees to obtain COMPANY's consent prior to taking any steps in connection with such proposed business, which consent may be refused for any reason or no reason.

10.02. FRANCHISEE shall not harm, misuse, or bring into disrepute the name or character of "BBF," “Brain Balance®,” "Brain Balance Program®," or the Marks or any other trade name, trademark, service mark, service name, logo, or copyright of COMPANY or COMPANY's business or the business of any franchisee of COMPANY.

10.03. FRANCHISEE shall operate the Franchised Business from a self-contained space located in a retail building within the Territory in accordance with the terms and intent of this Agreement in a lawful and ethical manner as specified by COMPANY in its Operations Manual. FRANCHISEE shall obtain all permits and business licenses required by law for its Center location and shall comply with all premises regulatory requirements. FRANCHISEE shall obtain prior written approval from COMPANY of the lease, sign the lease within 120 days of the execution of this Agreement, and provide a copy of the executed lease to COMPANY within ten (10) days of its execution. The lease shall contain provisions that permit assignment to COMPANY and expressly provide that there are no obligations imposed on or granted against COMPANY. FRANCHISEE shall open the Center within nine (9) months of the date of this Agreement.

10.04. FRANCHISEE shall pay on a timely basis all of its bills and obligations; federal, state, and local and other expenses; and all taxes of the Franchised Business. FRANCHISEE shall not create or incur any expenses chargeable to COMPANY without COMPANY's prior written approval.

10.05. FRANCHISEE shall maintain the standard practices and image developed by COMPANY as the same may be changed from time to time by COMPANY, in order to maintain uniformity with other franchisees utilizing the Marks, and shall use only those standard methodologies, protocols, forms, stationery, and printed material of a style uniformly prescribed by COMPANY for its franchisees and of a quality that meets the standards uniformly prescribed by COMPANY.

10.06. FRANCHISEE shall conduct continuing local advertising in form, content, and media approved by COMPANY in a minimum amount set forth in Section 6.07, depending upon location and demographics, and retain evidence of such expenditures for submission to COMPANY upon request.

10.07. FRANCHISEE shall utilize a bookkeeping service designated by COMPANY for the first six (6) months of FRANCHISEE’s operation of the Franchised Business.

In COMPANY's sole discretion, FRANCHISEE may use an alternate bookkeeping service approved in writing by COMPANY.

10.08. FRANCHISEE shall not charge fees for services to its clients other than as permitted by law.

10.09. FRANCHISEE shall not, directly or indirectly, operate, be associated with, or enter into any sub-franchise or branch office arrangement for the operation of the Franchised Business without COMPANY's prior written consent.

10.10. FRANCHISEE shall conduct the Franchised Business in accordance with federal law and pursuant to the law and regulations of the state and locality in which it is located.

10.11. FRANCHISEE shall keep the Franchised Business open and in normal operation as BBF may specify in the Manual or otherwise in writing. FRANCHISEE shall maintain, at all times, a full-time staff of no less than a Center Director and a Program Director, and an appropriate number of Program Coaches, who may be part-time, as required to deliver the services as we require. In addition, if FRANCHISEE does not contract with a Call Center, FRANCHISEE must engage the services of a full-time employee whose sole responsibility will be to respond to inbound inquiries for Program services. At the discretion of COMPANY, FRANCHISEE may work in the Center in one of the above positions but if they do not they must appropriately train individuals to fill each role. After Soft Opening, FRANCHISEE shall be responsible, at their own expense, for training any new staff who are engaged to work at FRANCHISEE's Center. FRANCHISEE must send a new Center Director or Program Director to the next regularly scheduled Initial Training session for which FRANCHISEE will be charged $300.

10.12. FRANCHISEE, shall not sell any assets other than in the ordinary course of business or, if a corporation, shall not merge or consolidate with another entity, reorganize, or amend its corporate charter nor shall it permit its officers, directors, shareholders, or members to assign or transfer shares of stock, except in strict accordance with the provisions of this Agreement.

10.13. FRANCHISEE shall, if requested by COMPANY, consent to the incorporation of, or the filing of a trade name certificate by other franchisees, where the corporate or trade name includes the words "Brain Balance®" or "Brain Balance Program®" followed by a suitable descriptive title and shall cooperate and execute all papers and documents reasonably required to effect the same.

10.14. FRANCHISEE shall not cause the name of any individual, employee, officer, or other person, with respect to any printed matter or advertising in any form, whether print, electronic media, or otherwise, in connection with the Business, (i) to appear without being accompanied by the words "Brain Balance®" or "Brain Balance Program®," (ii) to appear more than once, (iii) to be printed larger than one agate line in newspaper and magazine advertisements and two agate lines in other advertising or stationery (except on a business card), and (iv) to be printed larger or bolder than the words "Brain Balance®" or "Brain Balance Program.®"

10.15. FRANCHISEE shall not cause the words "Brain Balance®" or "Brain Balance Program®" to appear in any form, whether print, electronic media, or otherwise, on stationery, signs, advertising, electronic media, or otherwise, without complying with all COMPANY written instructions regarding appearance of the Marks.

10.16. FRANCHISEE shall not utilize the name "Brain Balance®," or "Brain Balance Program®," or any of the Marks in connection with any purpose or service other than the operation of a Brain Balance® Center to the extent specifically permitted hereunder.

10.17. (a) All permanent staff of the Franchised Business shall execute Exhibit 3, the Confidentiality, Non-Solicitation, and Non-Compete Agreement as provided in the Operations Manual. FRANCHISEE will take such action in connection therewith as may be required by COMPANY both during and upon termination of this Agreement in order to protect any trade secrets that are proprietary to COMPANY or any information, knowledge, or know-how deemed confidential under this Agreement.

(b) FRANCHISEE or its principal must have satisfactorily completed the Initial Training Program.

10.18. (a) FRANCHISEE's proposed Center location, relocation, center layout, office equipment, all printed matter used in the operation of the Franchised Business, including without limitation, assessment tools, tests, evaluation forms, stationery, signage, application forms, business cards, invoices, statements, and other materials, and the manner in which any and of these will be used are subject to the prior written consent of COMPANY and must comply with the Operations Manual.

(b) All advertising and promotional matter, whether printed or digital material, including without limitation, Internet, and other electronic media advertisements, transcripts of all radio and television advertisements, and the manner in which any of these will be used are subject to the prior written consent of COMPANY prior to use and shall be submitted to COMPANY for written approval prior to use. If COMPANY does not approve the activities, materials, media, or use in writing within ten (10) days, the activity, material, media, and use will be deemed disapproved. Likewise, all marketing vendors or service providers for FRANCHISEE must be approved in writing by COMPANY prior to being retained by FRANCHISEE.

(c) FRANCHISEE may conduct individual email communications without first obtaining company's written approval, but the contents of such communications must comply with requirements and restrictions contained in the Operations Manual. In addition, FRANCHISEE must obtain company's prior written approval for any and all email addresses other than the email address assigned to FRANCHISEE by company. FRANCHISEE may not obtain (800), (888), or similar toll free telephone numbers or use any email address containing the words "BBF," "Brain Balance®," or "Brain Balance Program®" as part of the telephone number or address, except as may be set forth in the Operations Manual.

(d) FRANCHISEE shall not maintain an independent website. COMPANY shall include information about FRANCHISEE's Center on the System Web site, FRANCHISEE agrees to provide the information and materials that COMPANY periodically requests concerning FRANCHISEE's Center and otherwise participate in the System Web site in the manner that COMPANY periodically specifies. By posting or submitting information or materials for the System Web site, FRANCHISEE is representing that the information and materials are accurate and not misleading and do not infringe upon any third party's rights. COMPANY or one or more of our designees may establish a website or series of websites to advertise, market and promote Brain Balance® Centers, the Brain Balance Program® and associated products and services, to advertise franchise opportunities, to deliver Brain Balance Program® content and support, and/or for any other purposes that COMPANY determines are appropriate (collectively, the "System Web site").

(e) FRANCHISEE may maintain an independent social media presence, including the use of Facebook, Instagram, Twitter, and other services. FRANCHISEE agrees to submit to COMPANY for its approval before use all content, including but not limited to proposed social media usernames, account designations, avatars, background images, posts, or other materials associated with such accounts or sites. COMPANY has the right to require FRANCHISEE to associate its social media accounts with COMPANY's Web site or COMPANY-controlled social media pages or accounts. FRANCHISEE is required to obtain prior written consent from COMPANY before opening any social media account using the Marks or any version or abbreviation of the Marks. FRANCHISEE agrees to submit to COMPANY for its approval before use all content, including but not limited to proposed social media usernames, account designations, avatars, background images, posts, or other materials associated with such accounts or sites. COMPANY has the right to require FRANCHISEE to associate its social media accounts with COMPANY's Web site or COMPANY-controlled social media pages or accounts. FRANCHISEE may be required to provide COMPANY with ownership and/or login rights to any social media account using the Marks or any version or abbreviation thereof. FRANCHISEE understands and acknowledges that such accounts shall remain the property of the COMPANY upon termination or expiration of this Agreement. FRANCHISEE may be required to pay any and all costs associated with the creation and maintenance of its social media presence. If FRANCHISEE wishes to modify or social media presence, all proposed modifications, other than job and staff listings, must be approved in writing by COMPANY before use.

(f) FRANCHISEE shall purchase or lease and maintain for use in the Franchised Business such computer equipment and communication software as is specified by COMPANY (presently a Windows PC or Mac OS computer or tablet with Wi-Fi or Ethernet connectivity; and a Web Browser in its most recent stable version (Google Chrome or Mozilla Firefox). FRANCHISEE shall have equipment with access to the Internet with a minimum speed of 5 MB per second or as set forth in the Operations Manual. FRANCHISEE agrees to execute the Application License Agreement, which includes support, maintenance, and enhancement provisions in connection with the customized software ("Software") that COMPANY makes available to FRANCHISEE for use either in data base management or transmission of client statistical data. FRANCHISEE agrees that it will not use any software for database management or transmission of client statistical data, except the Software as is supplied by COMPANY.

(g) If COMPANY shall designate that certain equipment, advertising materials, services, or other supplies, products, and materials required for the operation of the Franchised Business shall be purchased on a group basis by all franchisees of COMPANY solely from suppliers (i) who demonstrate to the continuing reasonable satisfaction of COMPANY the ability to meet COMPANY's reasonable standards, specifications, and requirements for such items regarding quality, variety, service, cost, safety, and health; (ii) who possess adequate quality control and capacity to supply the needs of all of COMPANY's franchisees promptly and reliably; (iii) who are of a sound financial condition and business reputation; (iv) who will supply such items to a sufficient number of franchise owners to enable COMPANY economically to mount a compliance by the supplier with COMPANY standard specifications and requirements; and (v) who have been approved for such items in writing by COMPANY and not thereafter disapproved upon written notification, FRANCHISEE shall purchase such equipment, advertising materials, services, or supplies from said supplier(s) and execute any and all agreements necessary in connection therewith. In the event FRANCHISEE shall be in breach of any such agreements, FRANCHISEE shall be in breach of Section 17.02 of this Agreement.

10.19. FRANCHISEE shall not cause or permit the Center location in which the Franchised Business is operated to be utilized for any purpose or business of any kind or nature whatsoever other than the Franchised Business.

10.20. During the term and any extended term of this Agreement and thereafter, FRANCHISEE covenants not to communicate directly or indirectly, to divulge or use for its benefit or the benefit of any other person or legal entity, any trade secrets that are proprietary to COMPANY or any information, knowledge, or know-how deemed confidential under this Agreement hereof, except as permitted by COMPANY. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded by law or set forth otherwise in this Agreement. Any and all information, knowledge and know-how not generally known about the System, the Licensed Technology, and COMPANY's business, standards, procedures, techniques, and such other information or material as COMPANY may designate as confidential shall be deemed confidential for purposes of this Agreement.

10.21. FRANCHISEE shall conspicuously identify itself at its Center location and in all dealings with customers, contractors, suppliers, public officials, and others as an independent franchisee of COMPANY and shall place its legal or trade name and/or such notices of independent ownership on such forms, stationery, advertising, other than classified advertising, and other materials as set forth in the Operations Manual.

10.22. FRANCHISEE shall be required to attend and pay a registration fee for COMPANY's Annual convention. The cost of registration will vary depending on the program, the number of speakers, and the contribution of sponsors. The travel, lodging, and food costs will be in addition to the registration fee, but these costs may be discounted and/or subsidized by COMPANY.

10.23. FRANCHISEE shall comply with each and every obligation and abide by each and every covenant hereunder. FRANCHISEE agrees that in the event it fails to comply with any of its obligations contained in this Agreement, in addition to the remedies afforded COMPANY pursuant to Section 17 hereof, COMPANY may apply any and all penalties associated with such violation, as set forth in the Operations Manual.

10.24. FRANCHISEE shall comply with each and every obligation and abide by each and every covenant hereunder. FRANCHISEE agrees that in the event it fails to comply with any of its obligations contained in this Agreement, in addition to the remedies afforded

COMPANY pursuant to Section 17 hereof, COMPANY may apply any and all penalties associated with such violation, as set forth in the Operations Manual.

11. INSURANCE

11.01. Unless otherwise required by law, FRANCHISEE shall obtain, at its own cost and expense through COMPANY's designated broker, (i) Comprehensive Commercial General Liability, including all extensions, in an amount not less than one million dollars ($1,000,000) per occurrence, written on an occurrence basis, and $3,000,000 in the aggregate, including Business Personal Property and Improvements and Betterments at the suggested minimum amounts; (ii) Professional Liability coverage, including, but not limited to, education services ($1,000,000 per occurrence and $3,000,000 in the aggregate, which must include coverage for contingent bodily injury and property damage in the amount of $1,000,000); (iii) Abuse & Molestation coverage ($1,000,000 per occurrence; $3,000,000 in the aggregate); (iv) Commercial automobile liability insurance covering vehicles that are owned, non-owned, or hired by the Franchised Business with a combined single limit of $1,000,000, (v) Employment Practices Liability Insurance in an amount not less than one million dollars ($1,000,000) per occurrence; and (vi) Workers Compensation Insurance in an amount not less one million dollars ($1,000,000) per occurrence. FRANCHISEE also agrees to obtain disability, and any other insurance required by law in the state in which the Franchised Business office is located. FRANCHISEE acknowledges that COMPANY may modify or increase the insurance requirements during the term of this agreement due to changes in experience, market conditions, and regulatory or legal changes that could increase exposure, and hereby agrees to comply with the new requirements. COMPANY must be named as an additional insured on all of these policies except for workers compensation.

11.02. All such policies shall be primary to and without right of contribution from any insurance maintained by COMPANY, name COMPANY, its parent company and all affiliates, as specified by COMPANY as additional insureds and shall include a provision that they shall not be cancelled or materially amended without twenty (20) days prior written notice to COMPANY. FRANCHISEE agrees that these insurance policies may not be cancelled, non-renewed, or materially amended during the policy term without providing COMPANY with thirty (30) days' prior written notice.

Each such policy shall be issued by an insurer and shall be in form and substance reasonably satisfactory to COMPANY. Prior to the commencement of the Franchised Business, and upon each renewal of any such policy, FRANCHISEE shall deliver to COMPANY certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder along with all endorsements and declarations pages evidencing COMPANY's rights as an additional insured. In addition, FRANCHISEE shall deliver to COMPANY a certificate of insurance for the policy or policies required by this Agreement.

11.03. Maintenance of such insurance, and the performance by FRANCHISEE of the obligations under Section 11.02, shall not relieve FRANCHISEE of any liability to COMPANY under this Agreement, whether under the indemnity provision of this Agreement as set forth in Section 19 or otherwise.

11.04. If FRANCHISEE shall for any reason fail to procure or maintain insurance coverage required by this Agreement, COMPANY shall have the right, at its option, to procure such insurance and FRANCHISEE will pay and reimburse COMPANY for all costs of same, including administrative costs associated therewith. FRANCHISEE shall execute all forms, applications, and documents reasonably required with respect to obtaining such insurance and the making of any claims thereunder. Notwithstanding COMPANY's right to purchase insurance, if FRANCHISEE fails to procure or maintain insurance as required by this Agreement or to reimburse COMPANY promptly in the event COMPANY purchases insurance as hereinabove provided, then COMPANY may consider such failure to constitute a default of this Agreement.

12. THE MARKS

12.01. FRANCHISEE agrees that the Marks licensed under this Agreement are owned by COMPANY, that the Marks licensed under this Agreement are valid service and/or trademarks, and that only COMPANY, its affiliates, and/or its designated franchisees shall have the right to use the Marks or any other trademarks, service marks, trade names, service names, logos, copyrights, and other marks presently existing or hereafter acquired by COMPANY for use by its franchisees or affiliates.

12.02. FRANCHISEE agrees that valuable good will is attached to the Marks, and any copyrights owned by COMPANY which FRANCHISEE is authorized to utilize in connection with the Franchised Business ("Copyrights") and that FRANCHISEE will use the Marks and Copyrights in all forms, whether print, electronic media or otherwise, only in the manner and to the extent specifically permitted by this Agreement or specified by COMPANY.

12.03. FRANCHISEE agrees that its use under this Agreement and the license granted by this Agreement for use of the Marks is non-exclusive and that COMPANY, in its sole discretion, has the right to operate or authorize others to operate businesses under the Marks on any terms and conditions COMPANY deems appropriate, subject only to the provisions of this Agreement.

12.04. Upon the expiration or termination of this Agreement, FRANCHISEE agrees that it shall not directly or indirectly contest the right, title, interest, validity, or ownership of COMPANY in the Marks and Copyrights.

12.05. FRANCHISEE shall promptly notify COMPANY of any claim, demand, or suit based upon or arising from, or any attempt by any other person or entity to use the Marks or Copyrights.

12.06. If COMPANY shall be a party to any litigation with respect to the Marks or Copyrights, FRANCHISEE shall execute any and all documents that are reasonable and necessary and do such things as may be reasonable and necessary for COMPANY to defend or prosecute such litigation in its sole discretion.

12.07. FRANCHISEE agrees that any good will associated with the Marks and Copyrights, including any good will that might be deemed to have accrued from FRANCHISEE's activities, inures directly and exclusively to the benefit of COMPANY, except as may be specifically provided to the contrary herein or by applicable law.

12.08. FRANCHISEE agrees that each and every detail of the System is valuable to COMPANY and to other franchisees of COMPANY in developing and maintaining uniformity of services throughout the franchise network. Therefore, to enhance the reputation and good will of COMPANY, FRANCHISEE agrees to:

(a) operate, advertise, and promote the Franchised Business under the Marks exactly as set forth in the Operations Manual;

(b) adopt and use the Marks in accordance with rules now or hereafter prescribed in writing by COMPANY; and

(c) conduct its Franchised Business under the Marks in accordance with the operational standards established from time to time by COMPANY, as described in COMPANY's confidential Operations Manual and/or other documents now or hereafter loaned or provided by COMPANY to FRANCHISEE.

12.09. FRANCHISEE expressly covenants that, during the term of this Agreement and thereafter, FRANCHISEE shall not, directly or indirectly, commit any act of infringement or take any other action in derogation of COMPANY's rights in or to use the Marks.

12.10. COMPANY reserves the right in its sole discretion at any time to direct a termination in use of any of the Marks, to designate, if appropriate, one or more new, modified, or replacement marks for use by franchisees and to require the use by FRANCHISEE of any such new, modified, or replacement marks in addition to or in lieu of any previously designated marks, including but not limited to the Marks. FRANCHISEE shall not be entitled to any compensation as a result of the discontinuation or modification of the Marks. Any expenses or costs associated with the use by FRANCHISEE of any such new, modified, or replacement marks shall be the sole responsibility of FRANCHISEE.

13. <u>OPERATIONS MANUAL</u>

13.01. FRANCHISEE, in order to protect the reputation and good will associated with the Marks and to maintain uniform standards of operation throughout the franchise network, shall conduct its Franchised Business in strict accordance with COMPANY's policies including, but not limited to, those contained in the Operations Manual. For purposes of this Agreement, the "Operations Manual" is defined as a collection of manuals, guides, and other written, audio taped, or videotaped materials provided to FRANCHISEE. COMPANY, from time to time, may revise the Operations Manual to reflect new developments and approaches discovered in research development, assessment tools, evaluation materials, sales, marketing, and operational techniques, and other procedures relevant to the operation of the Franchised Business under the Marks, and FRANCHISEE shall comply with all such revisions, except those pertaining to Center layout and furnishings (so long as the Center remains in the same location and remodeling is not necessary based on wear and tear), including such revisions as may require the expenditure of reasonable sums of money by FRANCHISEE, provided that such requirements shall also be applied in a reasonably non-discriminatory manner to all comparable franchised businesses of COMPANY.

13.02. The Operations Manual shall be made available to FRANCHISEE at the time of the Initial Training Program and via download from the CRM software, and it shall at all times remain the sole property of COMPANY. FRANCHISEE shall treat the Operations Manual as confidential, and FRANCHISEE shall not at any time disclose, copy, duplicate, record, or otherwise reproduce the Operations Manual, in whole or in part, or make the contents of the Operations Manual available to any unauthorized persons.

14. OPERATION OF BUSINESS

14.01. FRANCHISEE agrees that the commencement and continuous operation of the Franchised Business pursuant to all applicable laws, rules, and regulations is essential to the adequate promotion of COMPANY's franchise network and that any failure by FRANCHISEE to open and continuously operate the Franchised Business shall have a negative effect on COMPANY both locally and nationally.

14.02. If, for any reason, FRANCHISEE shall fail to commence operations within nine (9) months from the date of this Agreement, COMPANY, at its option, may either (a) grant FRANCHISEE, in writing, a one-time, ninety (90) day extension of such deadline or (b) terminate this Agreement and retain all monies theretofore paid by FRANCHISEE to COMPANY.

14.03. FRANCHISEE agrees that prior to COMPANY sending a representative to finalize training and assisting FRANCHISEE in the pre-opening of its Center, FRANCHISEE shall have completed each pre-opening checklist item specified in the Operations Manual. FRANCHISEE agrees that if COMPANY sends a representative to assist with pre-opening of a Center in violation of the foregoing requirement, such violation will constitute a default under Section 17.02 hereunder, and FRANCHISEE will be responsible for any and all expenses incurred by COMPANY in connection therewith.

14.04. FRANCHISEE agrees that prior to the actual opening of its Center and initiation of the Brain Balance Program® with respect to any student (other than initial assessments), FRANCHISEE will obtain the express written consent of COMPANY.

14.05. FRANCHISEE shall at all times prominently display signage approved by COMPANY to indicate that FRANCHISEE's Center is an independently owned and operated location within the Brain Balance Achievement Center system.

14.06. FRANCHISEE shall not employ workers in key positions specified in the Operations Manual on an independent contractor basis without COMPANY's prior written consent.

15. APPLICATION LICENSE

15.01. FRANCHISEE shall license the Software from COMPANY by executing COMPANY's then-current, non-exclusive Application License Agreement, which includes support, maintenance, enhancements, and upgrades, and pay the application license fee and the annual maintenance fee. The Software performs administrative functions for the Center, including collection of data relating to customers, data base management, and transmission of client statistical data.

15.02. FRANCHISEE shall permit COMPANY access to the Software and its data and permit COMPANY to communicate with the Software and to access and record it and its data.

16. ASSIGNMENT; PERSONAL GUARANTY

16.01. COMPANY may assign this Agreement and all of COMPANY's rights and interests herein to any successor, purchaser, transferee, or other assignee who so assumes COMPANY's obligations hereunder, and such assignment and transfer shall be binding upon FRANCHISEE. If COMPANY's assignee assumes all of the obligations of COMPANY hereunder and sends written notice of its assignment so attesting to FRANCHISEE, the assignment shall operate to release COMPANY from all its obligations to FRANCHISEE under this Agreement from and after the date of such assignment.

16.02. FRANCHISEE may not assign or transfer this Agreement or any rights or interests herein or in the Franchised Business or any assets of the Franchised Business other than in the ordinary course of business or a partnership interest therein, or if FRANCHISEE is a corporation or an LLC, all or part of the equity of the corporation or LLC, except upon COMPANY's prior written consent, which will not be unreasonably withheld. FRANCHISEE must first obtain a bona fide, signed, unconditional, and firm written offer from a responsible and fully identified purchaser and shall submit a complete copy of such offer to COMPANY together with COMPANY's current application for franchise completed by the prospective purchaser. Such offer must be limited to this Agreement and the Franchised Business and may not include the purchase of any other property. Prior to any such assignment or transfer, a right of first refusal to acquire the entire right or interest of FRANCHISEE in the Franchised Business proposed to be assigned or transferred shall be offered by FRANCHISEE to COMPANY on the same terms and conditions offered to the proposed assignee or transferee provided that COMPANY may substitute cash for any form of payment proposed in such offer and provided that COMPANY's credit shall be deemed equal to the credit of any proposed purchaser, and COMPANY shall have not less than thirty (30) days from the exercise of its option to consummate the transaction. COMPANY shall have not less than thirty (30) nor more than one-hundred and twenty (120) days following the receipt of such offer to exercise its right to purchase.

16.03. If COMPANY does not exercise this right of first refusal, FRANCHISEE may complete the sale to such purchaser pursuant to and on the terms of said offer, subject to COMPANY's prior written approval of the purchaser as provided herein. However, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to COMPANY, or upon substantially the same terms of the sale as specified in such offer, COMPANY shall again have the right of first refusal as herein provided.

COMPANY's written approval of the proposed sale to the named purchaser, if given, shall be conditioned upon the following:

(a) Only the entire interest of FRANCHISEE under this Agreement may be assigned or transferred.

(b) Unless the assignee or transferee is a franchisee of COMPANY, the assignee or transferee shall undertake and successfully complete COMPANY's Initial Training Program at a location designated by COMPANY at the assignee or transferee's expense.

(c) The proposed assignee or transferee shall meet the standards then imposed by COMPANY for new franchisees and shall demonstrate to COMPANY's satisfaction the ability to operate the business being transferred. FRANCHISEE shall provide COMPANY with a resume, credit check, and all such other information reasonably required by COMPANY with respect to the proposed assignee or transferee who shall be personally interviewed at a location designated by COMPANY at no cost to COMPANY.

(d) The assignee or transferee executing both (x) a new 10-year franchise agreement in the form being used at the time by COMPANY for this franchise program, which agreement shall govern the rights and obligations of the parties, provided, however, the purchaser will not be obliged to pay an Initial Franchise Fee, and the Royalty as set forth in this Agreement shall not be altered, and (y) such other documents as COMPANY shall reasonably request in form and substance satisfactory to COMPANY.

(e) FRANCHISEE shall have paid to COMPANY a Transfer Fee, the amount of $10,000 for the training, supervision, administration, accounting, legal, and/or other expenses of COMPANY in connection with the assignment and transfer.

(f) FRANCHISEE shall have paid to COMPANY all monies due and payable pursuant to this Agreement.

(g) FRANCHISEE's transferee shall have paid to COMPANY a Software Agreement transfer fee equal to $2,500.

(h) FRANCHISEE not retaining a security interest in the Franchise or any subsequent franchise granted to the purchaser and agreeing that all obligations of the purchaser under or pursuant to any promissory notes or agreements between FRANCHISEE and the purchaser shall be subordinate to the obligations of the purchaser to pay all monies due to COMPANY.

(i) FRANCHISEE shall have agreed in writing to remain obligated under the covenants contained in Section 18 hereof as if this Agreement had terminated on the date of transfer.

(j) FRANCHISEE has executed a general release of all claims against COMPANY arising out of or related to this Agreement and the obligations and performance of COMPANY pursuant to it; provided however, that all rights enjoyed by FRANCHISEE and any causes of action arising in its favor from the provisions of Article I Section 20010 of the California Franchise Relations Act and any regulations issued thereunder shall remain in force; it being the intent of this paragraph that the non-waiver provisions of the California Franchise Relations Act, Article I Section 20010, be satisfied.

16.04. In the event that COMPANY does not approve such purchaser, then FRANCHISEE may not proceed with the sale of the Franchised Business or of shares of stock or membership interests to such proposed purchaser. Further, in such event, FRANCHISEE shall not be relieved of his/her obligations under this Franchise Agreement, and FRANCHISEE shall continue to be fully bound by its terms until the termination of this Agreement in the manner and upon the conditions as provided herein.

16.05. Any change by operation of law or otherwise, on one or more occasion, of the control or ownership of shares of any class of outstanding stock or membership interests of a corporate FRANCHISEE or its parent, either beneficial or of record, whether by merger, consolidation, or otherwise, or of any interest in the partnership of a partner, FRANCHISEE, or of membership interests of an LLC, or sale of assets other than in the ordinary course of business shall constitute an assignment of this Agreement and shall be subject to the provisions of this Agreement regarding assignment.

16.06. The Franchise granted by COMPANY pursuant to this Agreement is personal in nature. FRANCHISEE shall remain at all times personally responsible for the performance of all obligations required to be performed by FRANCHISEE pursuant to this Agreement. No sale, assignment, transfer, conveyance, encumbrance, or gift of an interest in this Agreement, or in a Franchise granted hereby, shall relieve FRANCHISEE, its members, shareholders, or partners from the obligations of FRANCHISEE hereunder except with the express written agreement to the contrary of COMPANY, which will not be unreasonably withheld as to all obligations arising from and after a sale, assignment, transfer, conveyance, encumbrance, or gift to an unrelated third party other than those that apply following termination or expiration of this Agreement.

16.07. In consideration of, and as an inducement to, the execution by COMPANY of this Agreement, each of the undersigned individual parties owning ten percent (10%) or more interest in FRANCHISEE (hereafter, “Guarantors”) signs the form of personal guaranty attached as Exhibit 6.

16.08. FRANCHISEE, if an individual or partnership, may, and upon the request of COMPANY shall, assign and transfer this agreement and all of the rights hereunder to a corporation, LLC, or company wholly owned by FRANCHISEE, provided: (i) the individual FRANCHISEE (or each member or partner, if a limited liability company or partnership) remains liable for all obligations of FRANCHISEE hereunder; (ii) a fully executed assignment and assumption, in form and substance acceptable to COMPANY, is delivered by FRANCHISEE to COMPANY; (iii) the corporation, LLC, or company is newly organized (within thirty (30) days of the proposed transfer) and duly incorporated or organized and proof thereof is furnished to COMPANY; (iv) the person(s) signing this Agreement as FRANCHISEE and FRANCHISEE's spouse and adult children shall be the owner(s) of all of the outstanding voting stock or interests of the assignee entity and the sole directors own all of the membership interests of an LLC or all of the equity of any such company and any of the foregoing is the Manager of the LLC; (v) FRANCHISEE is the principal executive and operating officer of said corporation, LLC, or company; (vi) the activities of said corporation, LLC, or company are confined exclusively to the operation of the Franchised Business or any other business franchised or licensed by COMPANY to FRANCHISEE; and (vii) the name of said corporation, LLC, or company shall not include the Marks and shall be as set forth on Schedule I.

16.09. In the event of the death or incapacity of an individual FRANCHISEE, or any partner, shareholder or member of FRANCHISEE if it is a partnership, corporation or LLC, COMPANY may terminate this Agreement unless, within six (6) months of such event, the heirs, beneficiaries, devisees, or legal or personal representatives of said individual, partner, member, or shareholder, together with all surviving partners, members or shareholders:

(a) Request the right from COMPANY, in writing, to continue to operate the Franchised Business, which request shall be granted by COMPANY, and no further transfer shall be required, provided the party who is to operate the Franchised Business in COMPANY'S determination, is reasonably capable of doing so; or

(b) Sell, assign, transfer, or convey FRANCHISEE's interest in and to this Agreement in compliance with the provisions of this Section 16 (provided, however, that if a proper and timely application for the right to continue to operate has been made and rejected, the six (6) months permitted in this Section 16.08 (b) to sell, assign, transfer, or convey shall be computed from the date of such rejection).

17. DEFAULT; TERMINATION

17.01. COMPANY shall have the absolute right, at its option, to terminate this Agreement and all rights granted hereunder, upon any of the following Non-Curable Defaults by FRANCHISEE, without giving an opportunity to cure the default and without prejudice to any other rights or remedies of COMPANY provided by law or this Agreement, effective immediately upon the provision of notice to FRANCHISEE or at such later time as indicated in such notice if:

(a) FRANCHISEE fails to complete the initial Training Program prior to opening of the Center;

(b) FRANCHISEE or any of its members, shareholders, officers, or FRANCHISEE's spouse use or disclose any of the Operations Manual, trade secrets, or confidential information in violation of this Agreement or any ancillary agreement signed in connection with this Agreement;

(c) FRANCHISEE files a petition in bankruptcy or a petition in bankruptcy is filed against FRANCHISEE, which is not vacated after prompt and diligent effort to do so, or if FRANCHISEE files a petition for any relief under the United States Bankruptcy Act, or any state statute for protection against creditors, or FRANCHISEE becomes bankrupt or insolvent, or makes an assignment for the benefit of its creditors, or FRANCHISEE discontinues the Franchised Business, or a receiver is appointed over the operation of the Franchised Business and is not removed after prompt and diligent efforts to do so;

(d) FRANCHISEE maintains false books, records, or financial or operating statements;

(e) FRANCHISEE or any officer, director, partner, member, or principal shareholder of FRANCHISEE is convicted of a felony or the conversion or embezzlement of any property or funds, whether belonging to COMPANY or any other party, or a crime involving moral turpitude;

(f) FRANCHISEE receives from COMPANY three (3) or more notices to cure defaults or violations of this Agreement within a twelve (12) month period;

(g) failure to achieve $350,000 of GR in any 12-month period following the third anniversary of the date of the Franchise Agreement or in any year of the Franchise Agreement if a renewal agreement; or

(h) the occurrence of any default or breach by FRANCHISEE (or its principals, partners, members, officers, shareholders or directors, or their respective spouses) of any other agreement between COMPANY (or its Affiliates and subsidiaries) and FRANCHISEE or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate shall be deemed a default under this Agreement. Any default or breach of this Agreement by FRANCHISEE or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate, shall be deemed a default or breach under any and all other agreements between Franchisor (or its Affiliates and subsidiaries) and FRANCHISEE (or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate). If the nature of such default under any other agreement would have permitted Franchisor to terminate this Agreement had said default occurred hereunder, Franchisor shall have the right to terminate all of the other agreements between Franchisor and FRANCHISEE, in the same manner provided for herein for termination of this Agreement. Notwithstanding anything to the contrary herein, this Section shall not apply to a breach of any Development Agreement entered into by FRANCHISEE (or its Affiliates and subsidiaries). For purposes of this section 17.01(h), Affiliate shall refer to any person or entity controlling, controlled by, or under common control with the subject person or entity.

17.02. It shall be an event of default ("Event of Default") if:

(a) FRANCHISEE fails to make any payment, when due, required by the terms of this Agreement or any other agreement between COMPANY and FRANCHISEE, or violates any other term, provision, or condition of this Agreement or any other agreement between COMPANY and FRANCHISEE, and such failure or violation continues for more than fifteen (15) days (or such longer period as may be required by law) after notice from COMPANY to FRANCHISEE;

(b) a judgment is obtained against FRANCHISEE and is not satisfied or bonded within fifteen (15) days after entry thereof;

(c) FRANCHISEE, after using its best efforts to do so, is unable to maintain or renew any license or permit required or which may be required for operation of the Franchised Business by any state or jurisdiction where the Franchised Business is to be located or any license or permit is suspended or revoked, and all appeals therefrom have been exhausted or the time to exercise such appeals has elapsed;

(d) FRANCHISEE damages the reputation for honesty, fair dealing, integrity, or good moral character of COMPANY;

(e) FRANCHISEE damages the good will of COMPANY, its reputation, or the Marks or any other name, trade name, or service mark of COMPANY;

(f) FRANCHISEE attempts to assign or transfer its rights or obligations under this Agreement, or any portion thereof, without the prior written approval of COMPANY or as is specifically permitted hereunder;

(g) FRANCHISEE fails to open the Franchised Business and commence business within the time prescribed by Section 14.02 of this Agreement;

(h) FRANCHISEE denies COMPANY the right to inspect, examine, or audit the Center in accordance with this Agreement;

(i) An audit of FRANCHISEE'S books and records reflects an understatement of GR as reported to COMPANY of five percent (5%) or more for any calendar year;

(j) FRANCHISEE is in breach of any of the terms or conditions of the Software Agreement; or

(k) FRANCHISEE is in breach of any of the agreements with supplier(s) designated by COMPANY for purchase of equipment, advertising materials, services or other supplies, products, and materials required for the operation of the Franchised Business.

17.03. (a) Upon the occurrence of an Event of Default, COMPANY, at its option, may terminate this Agreement on five (5) days' written notice (or a notice for a longer period of time as may be required by the law of the jurisdiction in which FRANCHISEE's Center is located) without a right to cure, and this Agreement, together with the Franchise granted hereunder, shall thereupon expire.

(b) Upon the occurrence of an Event of Default that continues for thirty (30) or more days of COMPANY giving FRANCHISE notice of such default, COMPANY shall have the absolute right without additional notice, to cease providing or making available any or all services and benefits provided for hereunder to FRANCHISEE until FRANCHISEE is current in the payment of fees and the filing of reports and has cured all other defaults. COMPANY's exercise of such right shall not diminish FRANCHISEE's continuing obligations under this Agreement or constitute an actual or constructive termination of this Agreement.

17.04. Upon the termination of this Agreement, whether as a result of an Event of Default or for any other reason, FRANCHISEE shall:

(a) Cease to be a FRANCHISEE, cease to operate the Franchised Business, and refrain and desist from using the names and Marks and all other marks, trade names, trademarks, or logos of COMPANY, or such names or logos similar thereto, in any manner whatsoever, including, without limitation, together with other words such as "formerly known as."

(b) Promptly change FRANCHISEE's name to a name that does not include the words "Brain Balance®" or "BBF" or any of the Marks or any words similar thereto.

(c) Promptly pay to COMPANY all debts, including any outstanding Royalty and Advertising Fund contribution, arising from FRANCHISEE's obligations under this

Agreement, which shall upon termination for any default by FRANCHISEE include all damages, costs, and expenses, including reasonable attorney's fees, incurred by COMPANY in obtaining injunctive relief for the enforcement of any provision of this Agreement as a result of the default and all Royalty and Advertising Fund contributions for the entire unperformed term of this Agreement.

(d) Promptly endeavor to collect all accounts receivable and file reports with respect thereto that derive from services provided by FRANCHISEE pursuant to this Agreement whether before or after termination of this Agreement and pay COMPANY any Royalty or Advertising Fund contribution due thereon in the amount and manner required by this Agreement.

(e) Deliver to COMPANY (electronically, if so requested by COMPANY) within ten (10) days of termination: (i) all files and records in respect to client services, research and development data provided to, or maintained by, FRANCHISEE through the System; (ii) all records, lists, and information concerning or relating to client accounts and prospective clients, and employees of FRANCHISEE; (iii) all other information maintained by FRANCHISEE, whether in written or electronic form, with respect to said clients, prospective clients, and employees; and (iv) all copies of COMPANY's Operations Manual, video tapes, and all other materials bearing the Marks or otherwise belonging to COMPANY.

(f) Immediately refrain and desist from the use of the Franchised Business's telephone number or numbers and, at the option of COMPANY, transfer and assign the right to use such number or numbers to COMPANY or COMPANY's designee and to take such action as may be required by BBF to transfer and assign to BBF or its designee all telephone numbers and white and yellow page telephone references and advertisements as set forth on the Conditional Assignment of Telephone Numbers annexed hereto as Exhibit 4.

(g) Immediately refrain and desist from the use of the Center premises from which the Franchised Business was operating and, upon the option of COMPANY, assign to COMPANY or COMPANY's designee the lease and right to use such premises pursuant to which assignment FRANCHISEE shall remain liable for all obligations to landlord accrued or derived from any date on or before the date of the assignment and COMPANY or COMPANY's designee, whichever is the assignee, shall assume only those obligations accruing after the date of such assignment.

(h) Not disclose to any person, firm, or corporation any of the trade secrets or confidential data furnished to FRANCHISEE by COMPANY, it being agreed that the term "trade secrets or confidential data" shall mean information communicated to FRANCHISEE by COMPANY and other data and information made available to FRANCHISEE in the operation of the Franchised Business, including, but not limited to, the Operations Manual, procedures, protocols, practices, forms, instructions, methods of operations, training programs, contracts, advertising, sales promotion programs, service programs, and other information so denoted elsewhere in this Agreement.

(i) Irrevocably refrain and desist from the use of any trade secrets or confidential data or information made available to FRANCHISEE in the operation of the

Franchised Business, including but not limited to refraining and desisting from acting as a consultant or service provider to any current or future franchisee within the System's network utilizing any such information.

(j) Irrevocably assign and transfer to COMPANY (or to another franchisee or designee of COMPANY) any and all interest FRANCHISEE may have in the Web site link and any and all social media accounts or usernames maintained in connection with the Franchised Business; to execute any documents and perform any other actions COMPANY requires to effectuate this assignment and transfer and otherwise ensure that all such rights revert to COMPANY (or to another franchisee or designee of COMPANY); and not to establish any Web site or social media accounts or names using the Marks or any names similar or confusingly similar to the domain names or account names used in the Business and not to identify itself on any Web site as a former COMPANY franchisee.

17.05. FRANCHISEE shall retain no equity or interest in the Franchise or the Franchised Business following termination for any reason or non-renewal, and FRANCHISEE shall receive no payment or compensation whatsoever for any goodwill FRANCHISEE may have established either prior to or during the operation of the Franchised Business.

18. COVENANT NOT TO COMPETE

18.01. Throughout the term of this Agreement, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall own, maintain, or have any interest in or otherwise participate or engage in, either directly or indirectly, by itself or in conjunction with any other person or entity, any supplemental education services business whether as partner, stockholder, member, officer, director, employee, representative, or in any other capacity, except if such other business is franchised by COMPANY.

18.02. (a) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall divert, or attempt to divert, any business of, or any clients of, the Business to any other competitive establishment, by direct or indirect inducement or otherwise.

(b) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall divert, or attempt to divert, any business of, or any clients of, COMPANY or any other franchisee or affiliate of COMPANY to any other competitive establishment, by direct or indirect inducement or otherwise.

(c) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall, directly or indirectly, seek for employment, employ, or attempt to employ any person who is at the time employed by the Business or otherwise directly or indirectly induce such persons to leave their employment.

(d) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall, directly or indirectly, seek for employment, employ, or attempt to employ any person who is at the time employed by COMPANY or any franchisee or affiliate of COMPANY or otherwise directly or indirectly induce such persons to leave their employment.

18.03. Throughout the term of this Agreement and after its termination, regardless of the cause of termination, expiration, or upon non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, trade secrets, proprietary information, or private processes of COMPANY, or any information or knowledge concerning the methods of operation utilized in the Business.

18.04. For a period of one (1) year after the termination of this Agreement, regardless of the cause of termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall enter into the supplemental educational services business, or engage in other related activities, whether as a partner, stockholder, officer, director, employee, representative, or in any other capacity within a fifty (50) mile radius of the Center.

18.05. FRANCHISEE acknowledges that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on FRANCHISEE, since FRANCHISEE has other considerable skills, experience, and education that afford FRANCHISEE the opportunity to derive income from other endeavors.

18.06. For the purposes of this Section 18, FRANCHISEE agrees that any conduct of FRANCHISEE's spouse or a member of FRANCHISEE's immediate family, which if committed by FRANCHISEE would be a breach hereof, shall be deemed a breach hereof.

18.07. COMPANY's right to obtain injunctive relief is subject to the Non-Waiver Provisions of the California Franchise Relations Act, Article I Section 20010.

19. <u>INDEMNIFICATION</u>

(a) FRANCHISEE agrees at its cost to protect, defend, indemnify, and hold COMPANY, its parent if any, or any affiliate or subsidiary corporation, or assigns, and their respective directors, officers, shareholders, and members jointly and severally harmless from and against all claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, directly or indirectly incurred (including without limitation attorneys' and accountants' fees), in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof, as a result of, arising out of, or connected with the operation of the Franchised Business. This indemnity shall in no way be limited by the existence or non-existence of insurance coverage and shall also apply to claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities not covered either under deductible provisions of such insurance coverage or in excess of insurance coverage required hereunder or otherwise not covered.

(b) For the purpose of this Section 19.01, the indemnification shall be deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgment, compensation for damages to COMPANY's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of refunds, compensation, public notices, and other such amounts incurred in connection with the matters described.

(c) FRANCHISEE agrees to give COMPANY notice of any such action, lawsuit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of FRANCHISEE, COMPANY may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry, or investigation, provided that COMPANY will seek the advice and counsel of FRANCHISEE and shall keep FRANCHISEE informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by COMPANY shall in no manner or form diminish FRANCHISEE's obligation to indemnify COMPANY and to hold it harmless.

20. ARBITRATION; REMEDIES

20.01. Except as provided in Section 20.02 below, COMPANY and FRANCHISEE agree that any and all disputes between them, and any claim by either party that cannot be amicably settled (including tort as well as contract claims, claims based upon any federal, state, or local statute, law, order, ordinance, or regulations, and claims arising from any relationship prior to, at the time of entering, during the term of, or upon or after expiration or termination of this Agreement) except for claims relating to the Marks or other service marks or commercial symbols of COMPANY, shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules then obtaining of the American Arbitration Association or any successor at its office located in San Francisco, California, unless the parties otherwise agree in writing. COMPANY and FRANCHISEE consent to personal jurisdiction and hereby waive all objections to personal jurisdiction or venue for the purpose of carrying out the purposes of this Paragraph 20.01. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award that extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by COMPANY in good faith. The arbitrator(s) shall be limited to the issues in dispute between COMPANY and FRANCHISEE and a dispute between any other franchisee and COMPANY shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense, including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys, and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding and shall be entered in a court of competent jurisdiction.

20.02. FRANCHISEE acknowledges that its franchise is one of a number of Brain Balance® Centers using COMPANY's service marks and style of conduct and that the failure on the part of FRANCHISEE to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other offices franchised or operated by COMPANY and to COMPANY's business. Therefore, and notwithstanding the provisions contained in Paragraph

20.01 above, FRANCHISEE agrees that upon the happening of any Non-Curable Default or Event of Default set forth in Section 17.01 or 17.02, or in the event of a threatened breach by FRANCHISEE of any of the terms of this Agreement, COMPANY shall have the immediate right to secure a court order enjoining any such default or threatened breach. If this Agreement shall have been terminated, FRANCHISEE may be enjoined from any continued operation of any Center franchised under this Agreement and/or the Franchised Business. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have.

20.03. Each right or remedy granted to COMPANY by this Agreement is cumulative of all other rights or remedies given by this Agreement or by law or equity.

20.04. (a) If a claim for amounts owed by FRANCHISEE to COMPANY is asserted in any legal proceeding before a court of competent jurisdiction, then FRANCHISEE shall not interpose any counterclaim in any such proceeding, and then both parties waive their right, if any, to a trial by jury. If COMPANY employs the services of an attorney for the collection of any unpaid amount due hereunder, FRANCHISEE shall reimburse COMPANY for all costs and expenses, including reasonable attorney's fees, incurred in such collection.

(b) In no event shall FRANCHISEE be entitled to make, nor shall FRANCHISEE make any claim, and FRANCHISEE hereby waives any claim, for money damages, nor shall FRANCHISEE claim any money damages by way of set-off, counterclaim, or defense, based upon any claim or assertion by FRANCHISEE that COMPANY has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by FRANCHISEE under any of the terms of this Franchise Agreement. FRANCHISEE's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

(c) FRANCHISEE agrees that it will not, on grounds of any alleged non-performance or breach by COMPANY of any of the provisions of this Agreement, withhold payment of any monies due to COMPANY. In any action or proceeding commenced by COMPANY for monies owed to it by FRANCHISEE, FRANCHISEE will not interpose and waives the right to interpose any counterclaim or to remove such action to any other court or to consolidate such action with any other action in that court, or in any other court whether brought prior or subsequent to COMPANY's action.

21. MISCELLANEOUS

21.01. This Agreement shall be construed and enforced in accordance with the laws of the state of California without regard to the rules of conflict of laws. Except as provided in Section 20.01, any action arising out of this Agreement may only be brought in any court of the state of California located in Contra Costa County, California, or in the United States District Court for the Northern District of California and the parties irrevocably consent to the personal jurisdiction of all such courts.

21.02. Each provision of this Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Agreement. If any one or more provisions of this Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Agreement. Notwithstanding the foregoing, if COMPANY determines that any such determination by a court adversely affects the basic consideration of the Agreement, COMPANY at its option, may terminate this Agreement.

21.03. All notices required or desired to be given under this Agreement shall be in writing and given by personal delivery, registered mail, return receipt requested, or nationally recognized overnight delivery service. Notice shall be delivered to COMPANY and FRANCHISEE at their respective addresses set forth above or at such other address as either shall designate in accordance with this Section. Notice shall be deemed given when delivered, if delivered in person; on the next business day, if delivered by nationally recognized overnight delivery service; and on the second business day following deposit in the mail, if given by registered mail.

21.04. Nothing contained in this Agreement shall constitute or be construed to constitute a partnership or joint venture between the parties and neither FRANCHISEE nor COMPANY shall have the right to obligate or bind the other in any manner whatsoever, and nothing herein contained shall be deemed or intended to give any right of any kind to any third parties. It is understood that neither FRANCHISEE nor any individual whose compensation for service is paid or required to be paid by FRANCHISEE is in any way, directly or indirectly, expressly or by implication construed to be an employee or agent of COMPANY for any purpose, and particularly with respect to any tax or contributions or requirement or withholding levied or fixed by any city, state, or federal agency.

21.05. No waiver, modification, or cancellation of any term of this Agreement shall be effective unless in writing signed by both parties except that the Operations Manual may be revised by COMPANY in its discretion as otherwise set forth herein. COMPANY will not modify the Operations Manual if the modification unreasonably increases a FRANCHISEE's obligations under the Franchise Agreement or imposes an unreasonable economic burden on a FRANCHISEE. No failure of COMPANY to exercise any power to it under this Agreement or to insist upon strict compliance by FRANCHISEE with any provision under this Agreement shall constitute a waiver of COMPANY's right to demand future compliance with each and every term of this Agreement. Waiver by COMPANY of a default by FRANCHISEE shall not affect or impair COMPANY's rights with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, or omission of COMPANY to exercise any power or right arising from a breach or default by FRANCHISEE of any of the terms or provisions of this Agreement effect or impair COMPANY's rights, nor shall it constitute a waiver by COMPANY of any right or the right to declare any subsequent breach or default. The acceptance by COMPANY of payments due to it by FRANCHISEE shall not be deemed to be a waiver by COMPANY of any prior breach or default of this Agreement by FRANCHISEE.

21.06. This Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between COMPANY and FRANCHISEE with respect to the subject matter hereof. The parties agree that this Agreement supersedes all prior agreements and that there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein which shall have any force or effect with reference to this Agreement, provided however, this will not apply to any representations contained in the Franchise Disclosure Document delivered to FRANCHISEE pursuant to federal or state law. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

21.07. This Agreement shall become effective upon its acceptance in San Francisco, California, by an authorized officer of COMPANY, which acceptance shall be evidenced by the execution of this Agreement by such authorized officer and the delivery to FRANCHISEE of a fully executed copy.

21.08. Notwithstanding anything contained in this Agreement to the contrary, COMPANY shall not be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by: (i) strikes or other labor disturbance; (ii) acts of God, or the public enemy, riots, or other civil disturbances, fire, or flood; (iii) interference by civil or military authorities; (iv) compliance with governmental laws, rules, or regulations that were not in effect and could not be reasonably anticipated as of the date of this Agreement; or (v) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be extended for an additional period equal to the period of time caused by such unavoidable delay.

21.09. Any provisions of this Agreement that impose an obligation after termination of this Agreement shall survive the termination of this Agreement and be binding on the parties.

21.10. Notwithstanding any applicable Statute of Limitations to the contrary, the parties agree that any and all claims and actions arising out of or relating to this Agreement, the relationship between FRANCHISEE and COMPANY or FRANCHISEE's operation of the Franchised Business shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, provided, however, that this Section 21.10 shall not apply to COMPANY's rights under Sections 7.02 or 7.03 of this Agreement, which may be exercised at any time or to claims arising out of inspections or audits pursuant to Sections 7.02 or 7.03.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year written above.

FRANCHISOR: BB FRANCHISING LLC

By:__________________________________

Dominick Fedele, CEO

FRANCHISEE

By:__________________________________

By:__________________________________

SCHEDULE I

A. Corporate and Trade Name:

If FRANCHISEE is, or when FRANCHISEE becomes, a corporation or limited liability company, the name of the corporate FRANCHISEE shall be ______________________________ and its trade name "Brain Balance® of ____________________________", containing the name of a town or city located within thirty (30) miles of FRANCHISEE's office, provided no part of said town or city is contained in another franchisee's territory. No other names shall be utilized by FRANCHISEE without the prior written approval of COMPANY.

B. Office Location:

FRANCHISEE's office for its Franchised Business shall be located within the following city: _________________________(the "City"). The exact location of the office within the City is subject to COMPANY's prior written approval.

C. Territory:

FRANCHISEE's territory, referred to in Section 1.01 of the Franchise Agreement is described as follows:

____

____

____

FRANCHISOR: BB FRANCHISING LLC

By:________________________________
Dominick Fedele, CEO

FRANCHISEE

By:________________________________

By:________________________________

EXHIBIT 1
APPLICATION LICENSE AGREEMENT

APPLICATION LICENSE AGREEMENT

This **APPLICATION LICENSE AGREEMENT** (this "Agreement"), dated as of ______, 20__ (the "Effective Date"), is entered by and between BB FRANCHISING LLC, a Delaware limited liability company, with offices located at 1320 North Route 59, Unit 110, Naperville, IL 60563 ("Licensor"), and ______________________, a ______________________, with office located at _________________________________ ("Licensee").

W I T N E S S E T H :

WHEREAS, Licensor and Licensee have entered into a Franchise Agreement dated _______ as Franchisor and Franchisee, respectively (the "Franchise Agreement"), for the operation of Brain Balance™ Center(s) which offer a program for individuals with developmental delays resulting from neurological and physiological imbalances using certain technology (the "Licensed Technology") (the "Business");

WHEREAS, in connection with the Licensed Technology Licensor has developed and is licensing certain proprietary software programs, through an application service provider ("ASP"), with whom Licensor has an arrangement, and is making available to its franchisees by means of web-based access; and

WHEREAS, Licensee desires to access and use Licensor's proprietary software programs and ASP services, and Licensor desires to provide such use and services to Licensee on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and undertakings 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. Grant of License.

(a) (i) Subject to the terms and conditions set forth in this Agreement, Licensor hereby grants to Licensee, during the term hereof, a non-exclusive, non-transferable limited license, without right of sublicense (the "License"), to allow access to, and use of:

(A) the proprietary software of Licensor as specifically described in **Exhibit A** annexed hereto, as such proprietary software may be upgraded and modified from time to time in Licensor's sole and absolute discretion during the Term (the "Software");

(B) the operating manuals, user instructions and such other materials as are related to the Software and as may be delivered by Licensor generally to other licensees of the Software (the "Software Materials"); and

(C) the customer data provided by the Licensee and communicated to the Software and incorporated therein via a leased line, VPN or otherwise (the "Data Feed").

(ii) (A) Licensor does not convey any right, title to or interest in the Software or the Software Materials to Licensee other than the License granted hereunder, and all proprietary, trade secret and other rights relating to the Software and Software Materials are and shall remain the property of Licensor, and (B) Licensor makes no representations or warranties as to the completeness, accuracy, availability or quality of the information contained in, or provided pursuant to, the Data Feed.

(iii) the License granted hereunder does not grant the right to use any third party software supplied or re-sold by Licensor for use in connection with the Software for any purpose other than in connection with the Software.

(b) The Software and the Software Materials shall be used by the Users (as defined below) solely for the internal business purposes of Licensee. For purposes of this Agreement, "User" or "Users" means either employees of, or independent contractors retained by, Licensee, provided, however, that Licensee shall first have caused any such independent contractors to execute a confidentiality agreement covering the matters specified in Section 11(b)(i) in form and substance reasonably satisfactory to Licensor.

(c) The License granted hereunder is expressly limited to binary or object code versions of the Software. Licensee shall not to attempt to decompile, reverse engineer, alter, or modify the Software, or otherwise seek or utilize any expression of the Software in other than object code form.

(d) The Licensee shall be deemed to have accepted the Software and Software Materials upon execution of this Agreement by both parties.

2. Application Services.

(a) Licensee acknowledges that the Software shall be provided by Licensor, either directly, or indirectly through an independent contractor designated by Licensor. Licensor, or its subcontractor, as the case may be, shall provide the appropriate rack space and connectivity for such services reasonably related thereto (collectively, the "Application Services"). The Application Services shall be provided at Licensor's cost and shall remain the property of Licensor or its subcontractor as the case may be. The Software shall be made available to Licensee using a link (the "Access Link") from each of Licensee's Users' (as defined below) computers to access and use the Software on the Access Link using a commercial host. Licensee acknowledges that while the Access Link to the database shall be dedicated for the Licensee's sole usage, the server(s) hosting software applications which provide authentication, security of access and access to the Users may be shared with other users. Licensee further acknowledges and agrees that successful access and use of the Software by Licensee depends upon Licensee's implementation of appropriate hardware and communication software as specified on Exhibit C hereto or as Licensor may reasonably recommend from time to time in its Operations Manual or otherwise (collectively, the "Operating Environment"). Licensee shall be responsible for providing the Operating Environment at its own expense.

(b) Licensor shall provide, or cause to be provided, all reasonable and necessary maintenance on the Access Link(s) and shall use reasonable commercial efforts to cause the Access Link(s) to be operational twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance and required repairs, and except for any loss or interruption in operations due to causes beyond the reasonable control of Licensor or which are not reasonably foreseeable by Licensor, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures. Support for the Software, however, shall be subject to the Support and Maintenance Agreement (annexed hereto as Exhibit D).

3. Charges and Fees.

(a) License Fee for Software. Licensee shall pay to Licensor upon execution hereof and thereafter on each anniversary of the Effective Date the annual license fee specified in **Exhibit B.**

(b) Maintenance Fees. Commencing upon execution hereof and until such time as the License granted hereunder is terminated, Licensee shall pay to Licensor the annual maintenance fees (the "Maintenance Fees") and the annual third party platform hosting fees (the "Third Party Platform Fees") specified in **Exhibit B**.The Maintenance Fees may be increased by Licensor from time to time following the initial twelve (12) month period in accordance with the terms specified in **Exhibit B**. No increase in Maintenance Fees shall exceed the CPI (as defined below) increase with respect to the year prior to such increase. "CPI" means the Consumer Price Index issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st**.** The Third Party Platform Fees may be increased on thirty (30) days' prior notice in the event that the third party hosting company increases fees charged to Licensor, and in the amount by which Licensor's costs increase.

4. Maintenance Agreement. Provided Licensee's payment of Maintenance Fees is current, Licensor shall provide support and maintenance services with respect to the Software to Licensee during the Term as set forth in, and subject to the terms and conditions of, the Software Maintenance Agreement in the form of **Exhibit D** annexed hereto.

5. Term. The term of this Agreement shall commence on the Effective Date and, unless sooner terminated pursuant to the terms hereof or by the termination of the Franchise Agreement, shall continue in full force and effect for the term of the Franchise Agreement or an extension or renewal thereof (the "Term").

6. Termination.

(a) Termination of Franchise Agreement. This Agreement and the License granted hereunder shall automatically terminate, without notice to Licensee, in the event the Franchise Agreement is terminated.

(b) Termination for Convenience. Licensor may, by notice to Licensee, terminate this Agreement with at least thirty (30) days notice, provided, however, that if such termination is effective at a time other than the end of the Term or a Renewal Term of the Franchise Agreement any unearned portion of the Maintenance Fees shall be refunded to Licensee pro rata.

(c) Effect of Termination. Upon termination of this Agreement, the License granted hereunder shall terminate and (i) Licensee shall immediately cease use of the Software and Software Materials and promptly deliver to Licensor (at the address set forth on the first page of this Agreement or as otherwise directed by Licensor) or destroy as Licensor may direct, all magnetic media or other tangible items containing the Software, if any, and/or any and all copies thereof that are in the possession of Licensee, all Software Materials provided to Licensee by Licensor with respect to the Software and/or any documentation derived therefrom and any and all copies thereof and all materials, magnetic media or other tangible items containing Licensor Confidential Information (as defined in Section 11(b)(i) below); and (ii) Licensor shall promptly deliver to Licensee (at the address set forth on the first page of this Agreement) or destroy, as Licensee may direct, all materials, magnetic media or other tangible items containing Licensee Confidential Information (as defined in Section 11(b)(ii) below).

7. Representations and Warranties.

(a) *By Licensor.*

(i) Licensor represents and warrants that it has all necessary right, title and authority to (A) enter into this Agreement and perform its obligations hereunder, and (B) grant to Licensee the License granted hereunder

(b) *By Licensee.*

Licensee represents and warrants:

(i) That it has full power and authority to enter into this Agreement; and

(ii) That any corporate authorization necessary for Licensee to enter into this agreement has been obtained.

(iii) That Licensee will not infringe, violate or misuse any copyright or other proprietary right of Licensor.

(iv) That Licensee will not, during the term of this Agreement or thereafter, use or introduce any software other that the Software or any hardware into the hosting environment maintained by Licensor.

8. Limitation of Warranty and Liability.

(a) LICENSOR'S EXPRESS WARRANTIES HEREUNDER ARE IN LIEU OF AND TO THE EXCLUSION (TO THE FULLEST EXTENT PERMITTED BY LAW) OF ANY OTHER WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESSED OR IMPLIED BY LAW, CUSTOM OR USAGE, OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTY OF NON-INFRINGEMENT, THAT THE SOFTWARE IS ERROR FREE OR FREE OF HARMFUL CODE OR THAT AVAILABILITY OF THE SOFTWARE WILL NOT BE INTERRUPTED.

(b) LICENSOR EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE CONTENT, AVAILABILITY, QUALITY OR ACCURACY OF ANY DATA FEED PURSUANT TO THIS AGREEMENT. LICENSOR SHALL NOT BE LIABLE HEREUNDER FOR ANY DAMAGES WITH RESPECT TO THE DATA FEED, INCLUDING, WITHOUT LIMITATION, ANY DAMAGES INCURRED BY LICENSEE AS A RESULT OF ANY INACCURACIES OR ANY INTERRUPTIONS IN THE DATA FEED. WITHOUT LIMITING THE FOREGOING, LICENSOR WILL HAVE NO LIABILITY TO LICENSEE FOR, RELATING TO OR ARISING FROM ANY DATA FEED CONTENT, OR THE AVAILABILITY, UNAVAILABILITY OR ANY DELAYS WITH RESPECT TO ANY DATA FEED.

(c) LICENSOR SHALL NOT BE LIABLE IN CONTRACT, TORT, OR BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING, WITHOUT LIMITATION FOR ANY LOST PROFITS, LOSS OF GOODWILL, ECONOMIC CONSEQUENCES OR LOSS OF DATA EVEN IF LICENSOR HAS BEEN ADVISED OF OR FORESAW THE POSSIBILITY OF ANY SUCH DAMAGES.

(d) LICENSOR'S AGGREGATE LIABILITY TO LICENSEE ARISING FROM ANY CLAIM OR CIRCUMSTANCE RELATING TO THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, FOR BREACH OF ANY OBLIGATION RELATING TO THE QUALITY OR PERFORMANCE OF THE SOFTWARE, SOFTWARE MATERIALS AND/OR THE HOSTING SERVICES THAT LICENSOR MAY LAWFULLY LIMIT, IS LIMITED TO THE AMOUNT OF THE FEES PAID BY LICENSEE TO LICENSOR PURSUANT TO THIS AGREEMENT FOR THE TWELVE (12) MONTHS IMMEDIATELY PRIOR TO THE EARLIEST EVENT GIVING RISE TO LICENSOR'S LIABILITY.

9. Licensee Indemnification.

Licensee shall indemnify, defend and hold Licensor and its respective directors, officers, members, employees and agents, harmless from and against any and all third party claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorney's fees and expenses) (collectively, "Damages") arising out of or relating to: (i) any breach of representations, warranties, or provision hereof; or (ii) the use of the Software, the Software Materials or the Data Feed by Licensee.

10. Intellectual Property Indemnification.

(a) Licensor shall indemnify, defend and hold harmless Licensee and its directors, officers, shareholders, employees and agents, from and against any Damages arising directly out of or relating to any lawsuit or proceeding brought against Licensee to the extent that such lawsuit or proceeding is based on a claim that the Software used by Licensee within the scope of the License granted hereunder, infringes upon or constitutes a misuse of a validly issued United States patent, or any copyright, trademark or other proprietary right effective in the United States; provided that Licensor is notified promptly in writing of such lawsuit or proceeding and that Licensee gives Licensor full and complete authority, information and assistance for the defense thereof (which defense shall be at Licensor's expense); provided further, that Licensor's indemnification obligations hereunder shall be reduced to the extent that (i) any of the Damages were caused as a result of Licensee's acts or omissions (other than Licensee's use of the Software in strict compliance with this Agreement and the Software Materials), or (ii) Licensee receives any insurance amounts relating to the lawsuit or proceeding subject to indemnification hereunder. If, in Licensor's reasonable opinion, the Software is, or may reasonably be expected to become a subject of such a lawsuit or proceeding, Licensor may, at its option, take any of the following actions: (A) procure for Licensee the right to continue using the Software; (B) modify the Software so that it becomes non-infringing but remains appropriate for use in connection with the Business; or (C) replace the Software with other software that is non-infringing and appropriate for use in connection with the Business. In the event that Licensor elects to take any of the actions described in sub-paragraphs (A), (B), or (C) above, then Licensor's indemnification obligations hereunder with respect to the facts and circumstances giving rise to such indemnification obligations shall cease as of the date upon which Licensee receives the continued right to use the Software or the modified or replacement Software with a License thereto for Licensee, as applicable. Licensor shall not have any liability hereunder for any Damages incurred or settlement entered into by Licensee with regard to such a lawsuit or proceeding without Licensor's prior written consent. Licensor shall not have any liability to Licensee under this Section 10 or otherwise for, with respect to and to the extent of any Damages caused by: (1) the interconnection and/or use of the Software in combination with software or hardware not recommended or approved by Licensor in writing; (2) the use of other than the current release or updated version of the Software , if such infringement or misuse would have been or would be avoided by the use of such current release or version; or (3) use of the Software in a manner other than (x) that contemplated by the Software Materials, or (y) as is otherwise mutually agreed upon in writing by the parties.

(b) Licensee shall give Licensor prompt written notice of any event or assertion of which Licensee obtains knowledge concerning any Damages and as to which Licensee may request indemnification from Licensor hereunder. Licensee shall reasonably cooperate with Licensor in determining the validity of any claim or assertion requiring indemnity hereunder and in defending against third parties with respect to the same, all at Licensor's sole cost and expense. The defense of such litigation shall be within the control of Licensor or any persons providing indemnity and defense to Licensor; <u>provided</u>, <u>however</u>, that Licensor's choice of counsel shall be reasonably satisfactory to Licensee but such counsel's prior or current representation of Licensor shall not render such counsel unsatisfactory so long as representation of Licensee is consistent with such counsel's applicable professional obligations. Licensee may, at its sole cost (other than as set forth in the sentence immediately following this sentence), participate in the defense of any claim or assertion requiring indemnity by Licensor hereunder, and in such event, Licensor shall cooperate fully in connection therewith.

11. <u>Covenants of the Parties</u>.

(a) <u>Ownership, Title and Use</u>.

Licensee acknowledges and agrees that:

(i) The Software, including its source and object codes, appearance, structure and organization and the Software Materials and any other documentation (including all descriptive material concerning the functions and technical specifications of the

Software, any user manuals, technical manuals, and other materials issued to Licensee in connection with the License), are proprietary products of Licensor or its affiliates and are protected by copyright and other laws.

(ii) Title and copyright to the Software and the Software Materials, any derivative works thereof, and any copy, update, modification or merged portion of any of the foregoing, shall at all times remain with Licensor.

(iii) Licensor expressly reserves the entire right, title and interest in and to the Access Link and to Software and the Software Materials. Licensor retains the right to reproduce, publish, sell, modify, distribute, prepare derivative programs of, and license to other licensees, the Software or the Software Materials.

(iv) Licensee shall not remove any trademarks, proprietary legends, or copyright notices from the Software or the Software Materials, or reproduce, publish, sell, modify, distribute, prepare derivative programs of, or license the Software or the Software Materials in any manner.

(v) Licensee shall make no copies of the Software, or any component thereof, or any Software Materials, for any purpose whatsoever except use of the Software and the Software Materials in accordance with this Agreement without the prior written consent of Licensor (which consent may be given or withheld in Licensor's sole and absolute discretion).

(vi) Licensee shall not use any content, data, hardware, software or other materials provided by or on behalf of Licensee or any User (collectively, the "Licensee Materials") in connection with the Software or Software Materials in any manner that (A) infringes upon or violates any patent, copyright, trade secret, trademark, or other intellectual property right of any third party, (B) constitutes defamation, libel, invasion of privacy, or violation of any right of publicity or other third-party right or is threatening, harassing or malicious, or (C) violates any applicable international, federal, state or local law, rule, legislation, regulation or ordinance.

(vii) Licensee Materials shall at all times during the Term, be free of any harmful code, including, but not limited to, any program, information, code or command that is (A) designed to or are known by Licensee to cause the Software to malfunction or self-destruct, (B) designed to or are known by Licensee to cause damage to a computer, network or any information, program or data contained therein, or (C) designed to enable unauthorized access or remote deactivation (other than Licensor's ability to disconnect Users) or otherwise interfere with the performance of the Software.

(b) Confidential Information.

(i) Licensee agrees that unless Licensee has obtained Licensor's prior written consent (which consent may be given or withheld in Licensor's sole and absolute discretion), Licensee shall keep the Software, the Software Materials, and the terms and conditions of this Agreement (collectively, the "Licensor Confidential Information") confidential and prevent disclosure thereof to any person, firm or enterprise other than its employees and independent contractors for purposes directly related to Licensee's operation of its business, which employees and independent contractors have been approved in writing by Licensor and/or which have signed a confidentiality agreement in a form reasonably satisfactory to Licensor. Licensee's obligation of confidentiality shall not apply to information which: (A) is obtained by Licensee from a third party that did not make a disclosure in violation of a non-disclosure obligation; (B) is in the public domain not as a result of action by Licensee or a third party acting in violation of a non-disclosure obligation, or (C) is necessary for the enforcement of any obligations under this Agreement. The obligations of confidentiality shall not apply to the extent of a disclosure required by law or court order; provided, however, that in the event of any such required disclosure Licensee shall give Licensor prompt notice thereof in order that Licensor may attempt to quash, limit or otherwise prevent or limit disclosure, and Licensee shall cooperate, at Licensor's sole cost, with Licensor with respect to any such attempt as reasonably requested by Licensor.

(ii) Licensor agrees that unless it has obtained Licensee's prior written consent (which consent may be given or withheld in Licensee's sole and absolute discretion), Licensor shall keep all Licensee Confidential Information (as defined below) confidential and prevent disclosure thereof to any person, firm or enterprise other than Licensor's employees for purposes directly related to Licensor's provision of Software and related services to Licensee hereunder or under any other agreement between Licensee and Licensor, or independent contractors of Licensor who have been approved in writing by Licensee and who have signed a confidentiality agreement in a form reasonably satisfactory to Licensee. Licensor's obligation of confidentiality shall not apply to information which: (A) is obtained by Licensor from a third party that did not make a disclosure in violation of a non-disclosure obligation; or (B) is in the public domain not as a result of action by Licensor or a third party acting in violation of a non-disclosure obligation. The obligations of confidentiality shall not apply to the extent of a disclosure required by law or court order; provided, however, that in the event of any such required disclosure, to the extent permissible, Licensor shall give Licensee prompt notice thereof in order that Licensee may attempt to quash, limit or otherwise prevent or limit disclosure, and Licensor shall cooperate, at Licensee's sole cost, with Licensee with respect to any such attempt as reasonably requested by Licensee. For purposes of this Agreement, "Licensee Confidential Information" means, subject to subparagraphs (A) and (B) above, any and all business information obtained from Licensee by Licensor in connection with Licensor's performance under this Agreement or information obtained from Licensee with respect to the business of Licensee's Center, its Affiliates, or their respective investors and customers.

12. Equitable Remedies.

Licensee acknowledges and agrees that a breach by it of the terms and conditions of this Agreement, including particularly § 11(b) thereof, shall cause irreparable harm and injury to Licensor, that damages with respect to any such injury may not be readily ascertainable, and that accordingly, in the event of any such breach, or where any such breach can be reasonably anticipated by Licensee, Licensor shall be entitled to seek in a court of competent jurisdiction any and all available equitable remedies, including, without limitation, a temporary restraining order, preliminary and permanent injunctive relief, and specific performance, in order to prevent the creation or continuation of such breach. Licensor's right to seek and obtain such equitable remedies shall be in addition to, and not in lieu of, such other remedies as may be available to Licensor at law or in equity and/or under this Agreement. Licensee waives any requirement to post a bond in connection with any equitable relief and if bond shall nevertheless be required hereby stipulates and consents that bond in the amount of $1,000 shall be adequate.

13. Assignment; Restriction on Transfer and Encumbrance.

(a) This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

(b) The Software and Software Materials shall at all times remain the property of Licensor, and the License granted in this Agreement specifically excludes any right of encumbrance, disposition of the Software or Software Materials by Licensee. Licensee shall not encumber, sell, assign, transfer, convey, license or otherwise dispose of its rights or obligations under, title to, or interest in, this Agreement (including, without limitation, the License granted to Licensee hereunder) to any third party (unless such disposition is in connection with Licensee's assignment of all of its rights and interests in the Franchise Agreement), including, without limitation, by operation of law where Licensee is no longer the surviving entity. Licensee shall have no right to grant a security interest in its rights hereunder to any lender.

(c) Licensor may assign this Agreement or any and all of Licensor's rights hereunder to any successor, purchaser, transferee or other assignee who assumes Licensor's obligations hereunder.

14. Taxes. Licensee shall be solely responsible for any and all taxes arising out of this Agreement, including, without limitation, any sales, use or property taxes, and any interest or penalties related thereto, but excluding taxes based upon the income or gross receipts of Licensor.

15. Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, Licensor shall not be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by: (i) strikes or other labor disturbance; (ii) acts of God, or the public enemy, terrorist acts, riots or other civil disturbances, fire, or flood; (iii) interference by civil or military authorities; (iv) compliance with governmental laws, rules or regulations ; or (v) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be extended for an additional period equal to the period of time caused by such unavoidable delay.

16. Severability. Each provision of this Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Agreement. If any one or more provisions of this Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Agreement. Notwithstanding the foregoing, if Licensor determines that any such determination by a court adversely affects the basic consideration of the Agreement, Licensor at its option, may terminate this Agreement.

17. Notices. All notices hereunder shall be in writing and shall be sent to the other party by personal delivery, or recognized overnight courier. Notice shall be delivered to the

parties at each of their respective addresses set forth above or at such other address as either shall designate by notice hereunder. Notice shall be deemed given when delivered or delivery is refused.

18. Relationship of Parties. Nothing contained in this Agreement shall constitute or be construed to constitute or create a partnership or joint venture between the parties and neither party shall have the right to obligate or bind the other in any manner whatsoever, and nothing herein contained shall be deemed or intended to give any right of any kind to any third parties. It is understood that neither Licensee nor any individual whose compensation for service is paid or required to be paid by Licensee is in any way, directly or indirectly, expressly or by implication construed to be an employee or agent of the Licensor for any purpose, and particularly with respect to any tax or contributions or requirement or withholding levied or fixed by any city, state or federal agency.

19. Governing Law; Jurisdiction. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of laws rules thereof. Except as provided in Section 19(b) below, any and all disputes between the parties arising out of this Agreement, and any claim by either party that cannot be amicably settled (including tort as well as contract claims, claims based upon any Federal, state, or local statute, law, order, ordinance, or regulations, and claims arising from any relationship prior to, at the time of entering, during the term of, or upon or after expiration or termination of this Agreement), shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules then obtaining of the American Arbitration Association or any successor at its office located in San Francisco, California, unless the parties otherwise agree in writing. The parties hereto hereby consent to personal jurisdiction in accordance with the foregoing provisions and hereby waive all objections to personal jurisdiction or venue for the purpose of carrying out the purposes of this Paragraph 19. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Licensor in good faith. The arbitrator(s) shall be limited to the issues in dispute between the Licensor and Licensee and a dispute between any other Licensee and the Licensor shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding, and shall be entered in a court of competent jurisdiction.

(b) Licensee acknowledges that its License is one of a number of licenses of the Software and that the failure on the part of Licensee to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other Centers franchised or operated by Licensor and to Licensor's business. Therefore, and notwithstanding the provisions contained in Paragraph 19(a) above, Licensee agrees that upon the happening of any default hereunder, or in the event of a threatened breach by Licensee of any of the terms of this Agreement, Licensor shall have the immediate right to secure a court order enjoining any such default or threatened breach. If this Agreement shall have been terminated, Licensee may be enjoined from any use of the Software. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have.

20. No Exclusive Remedy. No right or remedy conferred upon or reserved to Licensee and Licensor by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

21. No Waiver. No waiver, modification, or cancellation of any term of this Agreement shall be effective unless in writing signed by both parties. No failure of the Licensor to exercise any power granted to it under this Agreement or to insist upon strict compliance by Licensee with any provision under this Agreement shall constitute a waiver of the Licensor's right to demand future compliance with each and every term of this Agreement. Waiver by the Licensor of a default by Licensee shall not affect or impair Licensor's rights with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, or omission of Licensor to exercise any power or right arising from a breach or default by Licensee of any of the terms or provisions of this Agreement affect or impair the Licensor's rights, nor shall it constitute a waiver by the Licensor of any right or the right to declare any subsequent breach or default. The acceptance by Licensor of payments due to it by Licensee shall not be deemed to be a waiver by the Licensor of any prior breach or default of this Agreement by Licensee.

22. Attorney's Fees. If Licensor employs the services of an attorney for the collection of any unpaid amount due hereunder, Licensee shall reimburse Licensor for all costs and expenses, including reasonable attorney's fees, incurred in such collection.

23. Entire Agreement; Amendment. This Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior or contemporaneous oral or written agreements concerning such subject matter and that there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein which shall have any force or effect with reference to this Agreement, provided however, this will not apply to any representations contained in the Franchise Disclosure Document delivered to Licensee as Franchisee pursuant to Federal or State law. This Agreement may be modified or amended only by a writing executed by Licensee and Licensor.

24. Survival. Any provisions of this Agreement which impose an obligation after termination of this Agreement shall survive the termination of this Agreement and be binding on the parties.

25. Statute of Limitations. Notwithstanding any applicable Statute of Limitations to the contrary, the parties agree that any and all claims and actions arising out of or relating to this Agreement or the relationship between Licensee and Licensor shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Licensor: BB Franchising LLC **Licensee:** ___________________________

By: ______________________________	By: ______________________________
Name: Dominick Fedele________________	Name: ____________________
Title: Chief Executive Officer________	Title: _______________________________

EXHIBIT A

LICENSOR'S SOFTWARE

I. Licensed Technology --- CRM application including, but not limited, to:

A. "HAL" components (Hemisphericity calculation and related data)

B. Account, Contact, Product, Inquiry, Assessment and Enrollment Program activities

C. Reports, Dashboards and Content to support Program activities

D. All proprietary technological developments created to support Licensor's Program activities

II. Application used for licensing services through a Customer Relationship Management application and related capability

EXHIBIT B

CHARGES AND FEES

License Fees (One Time and Annual) *

• One time License Fee	$15,000 (Standard Center) / $5,000 (Satellite Center)
• Annual Maintenance fee payable each year starting January 1, 20__	$1,200 with CPI adjustment
• Pro-rated Annual Maintenance fee payable upon execution of Application License Agreement	$_________

* License Fees include fees for a) set-up of Software in hosting environment b) ongoing Software Maintenance (as per Exhibit D).

Third Party Platform Hosting Fees (Annually)

• Annual fee for platform license	$396

EXHIBIT C

OPERATING ENVIRONMENT

<u>Hardware</u>

Any IBM compatible PC capable of accessing the Internet

<u>Operating System</u>

Windows PC or Mac OS computer or Tablet with Wi-Fi and/or Ethernet connectivity

<u>Browser</u>

Web Browser in its most recent stable version (Google Chrome or Mozilla Firefox are recommended)

<u>Hosting Link</u>

Access to the Internet with a minimum speed of 5 MB per second is recommended

Note: above connectivity, software and hardware costs are the responsibility of Licensee.

EXHIBIT D

SOFTWARE MAINTENANCE AGREEMENT

1. Defined Terms. Any capitalized term used but not otherwise defined has the meaning assigned to such term in Section 5 hereof.

2. Support and Maintenance.

Licensee shall obtain, and Licensor shall provide, support and maintenance during each Maintenance Period as follows:

(a) Licensor shall designate sufficient support personnel who are familiar with the Software as the primary contacts for the Users (as defined in the License Agreement) for requesting support and maintenance.

(b) The support personnel shall be available to provide reasonable support via telephone and accept requests for maintenance to the Users from Monday through Friday from 8 a.m. to 6 p.m. Eastern Standard Time, excluding bank and public holidays ("Normal Hours") at:

Phone:
Fax:
E-mail:

or such new numbers or addresses as may apply in the future by notice to the Licensee.

(c) Users shall notify the support personnel of suspected Error(s) exhibited by the Software that the User believes requires Maintenance. Support personnel shall respond by confirming receipt of the notification and a reasonable estimate of the time required for diagnosis and resolution of the Error(s). Licensor shall use its commercially reasonable efforts to take the necessary steps to provide an Error Correction within a reasonable time.

(d) Licensor shall provide the Licensee such update releases containing changes to the Software for Error Correction ("Update Releases") and upgrades to new versions of the Software ("Upgrades") as are provided to its other licensees of the Software. In addition to Error Correction, Update Releases may also contain, at Licensor's sole discretion, enhancements to the Software or Software Materials.

3. Maintenance Period and Fees.

(a) Maintenance is provided for the Term of the Agreement.

(b) Maintenance fees are payable annually as set forth in Exhibit B.

4. Maintenance and Support Standards.

(a) During the Term of this Agreement, Licensee shall operate the Software in all material respects in accordance with the Software Materials.

(b) Licensee shall observe the following standards during the term of this Agreement:

(i) pursuant to request by Licensor, arrange access to its premises and/or system and make its hardware accessible to Licensor's support personnel and other designated representatives, and enable logons/passwords for such persons as necessary or appropriate for Licensor's performance under this Agreement;

(ii) Provide remote access to the Software at all times as reasonably necessary or appropriate for Licensor's performance under this Agreement;

(iii) Install, or permit Licensor to install, Upgrades to the Software from time-to-time;

(iv) When Upgrades or Update Releases are provided and the Licensee has requested assistance, provide a reasonable level of assistance to Licensor in implementation and testing of the same;

(v) Provide Licensor with notice of its intention to change any Hardware, operating system or data-feeds that would affect the Software;

(vi) Provide other reasonable assistance as Licensor may request, including, but not limited to, providing sample output and other diagnostic information as may be required by Licensor for maintenance.

(c) Licensor shall use its commercially reasonable efforts to observe the following standards during the term of this Agreement:

(i) provide reasonable support and maintenance to the Users within the Normal Hours;

(ii) Investigate and address within a reasonable time, the repair of Errors in the Software reported by the Licensee or any Errors of which Licensor otherwise becomes aware;

(iii) Correct Errors in the Software, so long as such Errors are repeatable by the Licensee, or to provide a software patch or bypass around such Error. (No warranty is made that all Errors can or shall be corrected.)

(iv) Provide diagnosis and solution of operational problems (generally on a remote basis); and

(v) Provide Update Releases and Upgrades of the Software at the Licensee site (to both fix defects or as part of ongoing development of the product).

(d) Notwithstanding any language to the contrary in this Agreement, Licensor shall not be obligated to provide maintenance or support with respect to or for:

(i) Licensee provided hardware, operating systems, networks and connectivity;

(ii) Any software other than the Software, or with respect to the Software if it has been altered or modified by anyone other than Licensor or its designated representatives;

(iii) Viruses (including, without limitation, detection of viruses and resorting or recovering software, including the Software, or data damage caused by viruses);

(iv) damage to the Software or data not caused by Licensor or its representatives (including, without limitation, entering, correcting or restoring any data lost, damaged or corrupted due to media failure, Hardware failure, viruses, power interruption, failure to back-up data, improper use of the Software or other software, or network or operating system problems); and

(v) Making modifications to, or providing support for Licensee hardware, operating system software, third party application software, data feeds or external data of the Licensee or its affiliates.

5. <u>Definitions</u>.

As used in this Exhibit, the following capitalized terms shall have the meaning assigned below:

"Error" means any failure of the Software to substantially conform to the specifications included with the License Agreement.

"Error Correction" means a software modification or addition that, when made or added to the Software, establishes material conformity to the specifications provided for in the License Agreement, as the same may have been updated or amended by Licensor from time to time.

"Maintenance Fee" has the meaning assigned in Section 3(b) of the License Agreement.

"Maintenance" means Error Corrections and provision of Update Releases, whether by telephone, electronic mail, fax or other delivery. Maintenance shall be within reasonable limits, as determined by Licensor, and does not include requests for basic product training or technical consulting.

"Normal Hours" has the meaning assigned in Section 2(b) hereof.

"Support" means telephone inquiries from the Users concerning problems, questions and/or assistance regarding the operation of the Software.

"**Update Releases**" has the meaning assigned in Section 2(d) hereof.

"Upgrades" has the meaning assigned in Section 2(d) hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date of the License Agreement.

Licensor: BB Franchising LLC	**Licensee:** __________________________
By: _______________________________	By: _______________________________
Name: Dominick Fedele________________	Name: _____________________
Title: Chief Executive Officer________	Title: ________________________________

EXHIBIT 2
ACH AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS
(ACH DEBITS)

This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter**.

Add ☐ Delete ☐ Change ☐

Franchise ID:_________
Name:____
Company Name:____
Address:____
City:____________________________________State:_________Zip:__________
Phone:_____________________________________

I (we) hereby authorize BB Franchising LLC hereinafter called COMPANY, to initiate debit entries to my (our): Checking Account / Savings Account (circle one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. This account may be used to pull all funds due to Franchisor pursuant to (a) the terms and provisions of the Franchise Agreement between me and/or my entity and COMPANY; and (b) any related agreements between me and/or my entity and COMPANY. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Funds Settlement Information

Account Name:____
Bank Name:____
Bank Address:____
City:____________________________________State:_________Zip:__________

Routing # (9 digits):_______________________________________

Account #____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY reasonable opportunity to act on it. Undersigned represents and warrants to COMPANY that the person executing this Release is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

____ / / __________
Account Owner Signature Date

____
Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK OR BANK LETTER

ACH commission settlement is available for most bank accounts in the United States, Australia, Canada, Europe, Mexico, and New Zealand.

BB Franchising LLC, 1320 North Route 59, Unit 116, Naperville, IL 60563
Phone: 510-817-2786; Fax: 510-240-1261; Email: Ownership@brainbalancecenters.com

EXHIBIT 3
CONFIDENTIALITY, NON-SOLICITATION, AND NON-COMPETE AGREEMENT

CONFIDENTIALITY, NON-SOLICITATION and NON-COMPETE AGREEMENT

I understand that BB Franchising LLC ("BBF") and _____________ (collectively called "the Company") have developed certain confidential and proprietary information and trade secrets, as described below, in the operation of their business, and have developed clients, patronage and goodwill of many clients. I acknowledge the Company's need to protect its confidential and proprietary information from disclosure and to protect its interests in such information and the Company's clients, their patronage and goodwill.

IN CONSIDERATION OF MY ASSOCIATION WITH THE COMPANY, I HEREBY AGREE AS FOLLOWS:

1. During my employment by or involvement with the Company (my "association"), and after my association with the Company either (i) voluntarily by me or (ii) for cause, I will neither use, disclose, copy nor retain nor remove from Company's premises any confidential or proprietary information or trade secrets including but not limited to ideas, methods, protocols, procedures, techniques, written material, Licensor Confidential Information (as defined in the Software License Agreement), and other knowhow, developed during my engagement with the Company or used in connection with the Company's business unless known by me prior to my engagement with the Company in which case such information shall not be considered confidential or proprietary information. I agree to surrender all such confidential and proprietary material and any copies thereof to Company upon the termination of my employment other than for use in connection with authorized work I perform for the Company.

2. Any new idea, invention, improvement or copyrightable work I create, develop or help develop while employed by Company belongs to Company if it relates to Company's business. If any such development or creation occurs during my employment or up to one year after I leave Company, I will promptly disclose and explain it and assign to Company all rights I may have in it without additional compensation.

3. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for cause, I agree that I shall not directly or indirectly, whether as employee, owner, partner, stockholder, member, investor, agent or consultant, render competing services on my own behalf or on behalf of any person or entity other than the Company. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for cause, I agree that I shall not directly or indirectly, whether as employee, owner, partner, stockholder, member, investor, agent or consultant, render competing services on my own behalf or on behalf of any person or entity other than the Company for twelve (12) months in any area within a thirty-five (35) mile radius of the Company's office located at __________________.

4. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for

cause, I agree that I shall not, directly or indirectly, in any capacity or on my own behalf or on behalf of any person or entity, solicit any clients, client contacts or employees of the Company.

5. In the event of a breach of any of the covenants set forth in this Agreement, the running of the period of the restriction shall be tolled during the continuation of any such breach, and the running of the period of such restrictions shall commence only upon compliance with the terms of the applicable paragraph.

I agree that each of my agreements set forth is reasonable and necessary to protect and preserve the business, interests and properties of Company and in the event of a breach of any of my agreements, Company shall be entitled to both temporary and permanent injunctions to prevent a breach or contemplated breach of any of my agreements and the Company also retains the right to seek other relief, including damages, which shall be the greater of the amount of the financial loss which Company suffers as a result or the amount of the financial gain which I receive. I will pay Company's reasonable attorney's fees and costs involved in enforcing this Agreement.

6. This Agreement will be interpreted and enforced under California law without regard to the conflict of law rules thereof. If a court finds any part of this Agreement invalid, the rest of it will be enforced to the extent permitted. Any legal action or proceeding brought with respect to this Agreement may be brought only in the courts of the State of California, and by my signature below, I consent to the personal jurisdiction of such courts.

7. This Agreement takes the place of all previous agreements between me and the Company. Any changes must be in writing and must be signed by me and the President of Company.

8. If any clause or provision of this Agreement is held to be excessively broad, that provision shall thereafter be deemed limited in scope and application only to the extent necessary to preserve its enforceability under the law. If any provision of this Agreement is held entirely unenforceable, that provision shall be deemed severed therefrom, and the remaining provisions of this Agreement shall be enforceable and shall be construed independent of that provision.

9. I warrant that I have not previously assumed any obligations inconsistent with those of this Agreement.

10. Either of us may end the our relationship at any time with or without cause, subject to applicable laws concerning non-discrimination.

11. The term Company shall include any subsidiaries or affiliates of Company, Company's franchisor, and its franchisees. BBF and BBI are intended third-party beneficiaries of this Agreement and shall be entitled to enforce its provisions to the fullest extent permitted by law.

12. I understand that if I am an at-will employee my employment may be terminated at any time.

13. My signature below indicates that I have read, understood and agreed to the provisions of this Agreement.

Signature ___________________________________
Name (typed/printed) _________________________

Date_________________

EXHIBIT 4 SECTION 17.04(F)
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

FOR VALUE RECEIVED, the undersigned FRANCHISEE hereby irrevocably assigns the telephone listing and numbers stated below to FRANCHISOR, BB FRANCHISING LLC, upon the following terms and conditions:

1. This assignment is made pursuant to the terms of that certain Franchise Agreement of event date herewith (hereinafter called the "Agreement") between BB FRANCHISING LLC and FRANCHISEE.

2. FRANCHISEE shall retain the limited conditional right to use the telephone listing and numbers solely for the transaction and advertising of the Franchised Business (as defined in the "Agreement") while the Agreement remains in full force and effect, but upon expiration and termination of the Agreement for any reason whatsoever, the limited conditional right to use of the telephone listing and numbers by FRANCHISEE shall also expire and/or terminate.

3. The telephone listing and numbers subject to this assignment are: ___________________ and any other telephone numbers used by FRANCHISEE in the Franchised Business in the future.

4. This assignment is freely transferable by FRANCHISOR, BB FRANCHISING LLC, to any person or entity. This assignment inures to the benefit of all parties who lawfully succeed to the rights or take the place of FRANCHISOR, BB FRANCHISING LLC.

IN WITNESS WHEREOF, FRANCHISEE and BB FRANCHISING LLC have hereunto set their hands and seals this ______ day of __________________, 20__.

FRANCHISOR:

BB FRANCHISING LLC

By:__________________________________
Dominick Fedele, CEO

FRANCHISEE

By:__________________________________

By:__________________________________

EXHIBIT 5 SECTION 3.05
CONDITIONAL ASSIGNMENT OF LEASE

The lease that is assigned herein (the "Lease") is identified as follows:

Landlord: ____
("Landlord")

Tenant: ____

Date: _______________, 20___

Premises: ____
("Premises")

1. This Conditional Assignment of Lease (this "Assignment") is made pursuant to the terms of that certain Franchise Agreement of even date herewith (hereinafter called the "Agreement") by and among FRANCHISOR (hereinafter "Assignee"), FRANCHISEE (hereinafter "Assignor") and Landlord, with respect to the Lease for the Premises used by FRANCHISEE in the operation of the Franchise in the Franchised Territory covered by the Agreement. Nothing in this Assignment shall be deemed to make Landlord a party to the Agreement.

2. Assignor conditionally assigns to the Assignee all the Assignor's right, title, and interest in (a) the Lease and (b) the security deposit, if any, stated in the Lease, all subject to the terms hereof.

3. As long as the conditions set forth in Section 5 are not met, Assignor shall have all rights, privileges and obligations as the tenant under the Lease.

4. Landlord shall provide Assignee with (i) fifteen (15) days' written notice prior to any modification, amendment or cancellation of the Lease, and (ii) copies of any written notices of default given to Assignor under the Lease within three (3) days of Landlord's giving such notice to Assignor. Landlord grants to Assignee, at Assignee's option, the right (but not the obligation) to cure any default under the Lease within fifteen (15) days after the expiration of the period in which Assignor may cure the default, if Assignor fails to do so. Notwithstanding any action by Assignee to cure Assignor's default under the Lease, Assignor shall be deemed to be in default under the Lease for purposes of this Assignment.

5. In the event of (i) a default under the Lease by Assignor, (ii) a default under the Agreement by Assignor, or (iii) the expiration and termination of the Agreement for any reason whatsoever, Assignee shall have the option to accept this Assignment and replace Assignor as tenant under the Lease pursuant to the terms set forth herein by providing an Assignment Notice (as defined in Section 6) to Landlord.

6. If the Assignee elects to exercise its option to accept the assignment of the Lease and replace Assignor as tenant under the Lease pursuant to the terms set forth in this Assignment, it shall provide written notice of such acceptance to the Landlord (the "Assignment Notice"). Upon Assignee's providing the Assignment Notice, Assignee shall become the tenant of the leased Premises

and shall become liable for all obligations under the Lease arising after the date of the Assignment Notice. Landlord shall recognize Assignee as the tenant of the leased Premises effective as of the date of the Assignment Notice. If the Assignee elects to exercise its option to accept the assignment of the Lease, it agrees that the obligations assumed shall benefit the Landlord named in the Lease.

7. Landlord consents to Assignor's conditional assignment of the Lease hereunder. Notwithstanding anything to the contrary herein, no assignment of Assignor's right, title and interest in the Lease to Assignee shall release Assignor or any of the Guarantors (as defined in the Lease) from any liability under the Lease.

8. Assignor shall not transfer or assign any of its rights and/or obligations under this Assignment without the prior written consent of Assignee, which consent may be granted, conditioned or denied in Assignee's sole and absolute discretion. This Assignment is fully transferable by Assignee to any person or entity. This Assignment is binding upon and inures to the benefit of the parties hereto and their respective successors, heirs, representatives, and permitted assigns.

IN WITNESS WHEREOF, the Assignor, Assignee and Landlord have duly executed this Assignment as of this ____day of _______________, 20___.

ASSIGNOR:

____

a ____________________________________

By: __________________________________

Name: ________________________________

Title: _________________________________

ASSIGNEE:

BB Franchising LLC a Delaware limited liability company

By: __________________________________
Name: Dominick Fedele
Title: CEO

LANDLORD:

____

a ____________________________________

By: __________________________________

Name: ________________________________

Title: _________________________________

EXHIBIT 6 SECTION 16.07

OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by BB Franchising, LLC ("FRANCHISOR") of that certain Franchise Agreement of even date herewith (the "Agreement") between FRANCHISOR and ______________________________________ ("FRANCHISEE"), or in consideration of and as an inducement to FRANCHISOR's consent to a transfer by or of FRANCHISEE under the Agreement, each of the undersigned parties including:____
____ ("Guarantors") hereby personally and unconditionally: (1) guaranties to FRANCHISOR and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement; and agrees to punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every term, condition, covenant and provision in the Agreement. Each Guarantor expressly represents and acknowledges that he or she has read the Agreement and has had the opportunity to review the same, and this Guaranty, with counsel. Each Guarantor hereby expressly waives:

(1) acceptance and notice of acceptance by FRANCHISOR, of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or non performance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he or she may have to require that an action be brought against FRANCHISEE, Guarantor or any other person as a condition of liability;

(5) any requirement that FRANCHISOR proceed against or exhaust its remedies with respect to FRANCHISEE or any other person before demanding payment or performance by Guarantor; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(1) his or her direct and immediate liability under this guaranty shall be joint and several;

(2) he or she shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses to do so punctually;

(3) such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person;

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR may, from time to time, grant to FRANCHISEE or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be irrevocable during the term of the Agreement; and

(5) the liability and obligations under this Guaranty and Assumption shall not be diminished, relieved or otherwise affected by any modification by FRANCHISEE and FRANCHISOR of the terms or conditions of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name:______________________________________

Signature:___________________________________

Date:_______________________________________

Name:______________________________________

Signature:___________________________________

Date:_______________________________________

EXHIBIT B

SATELLITE FRANCHISE AGREEMENT AND RELATED MATERIALS

BB FRANCHISING LLC
FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

Franchise Agreement made in the State of California, this ____ day of _________, 20___, by and between BB FRANCHISING LLC, a Delaware limited liability company, with offices located at 1320 North Route 59 Unit 110 Naperville IL 60563 ("BBF," "Franchisor" or "COMPANY"), and ____, a _______________________ located at ____ ("FRANCHISEE") (the "Franchise Agreement").

W I T N E S S E T H:

WHEREAS, COMPANY has expended time, effort, and money to develop a uniform and standardized system (the "System") for the operation of Brain Balance® Centers (the "Center(s)"), which offer the Brain Balance Program®, a non-medical method of assessment and program development for individuals with developmental delays resulting from neurological and physiological imbalances using certain technology (the "Licensed Technology") (the "Business"), under the trade names and service marks "Brain Balance Program®", "Brain Balance®" with logo, and Brain Balance®" ("Brain Balance Program®," "Brain Balance®" with logo, and "Brain Balance®, and such other trade names, trademarks, service names, logos, copyrights, and other service marks now or hereafter used by COMPANY in connection with the System are hereinafter referred to as the "Marks"); and

WHEREAS, COMPANY's System includes a business strategy utilizing training methods, methodology, protocols, Licensed Technology, promotional programs, uniform standards, a confidential Operations Manual (as hereinafter defined), and other information, items, and experience that benefit the operation of the Business; and

WHEREAS, FRANCHISEE acknowledges that the Business, operated in accordance with the System and utilizing the Marks has acquired distinctive and valuable goodwill among the public; and

WHEREAS, FRANCHISEE has established a Brain Balance business ("Standard BB Business") pursuant to a standard franchise agreement ("Standard FA") located as listed in Schedule 1 to this Franchise Agreement and remains in good standing under the Standard FA;

WHEREAS, FRANCHISEE desires to enter into the Business, to be operated in accordance with the System and utilizing the Marks, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, it is agreed:

1. GRANT OF FRANCHISE

1.01. COMPANY hereby grants to FRANCHISEE and FRANCHISEE hereby accepts the right, license, privilege, and franchise of utilizing the Marks, the Licensed Technology, and System to establish a single Brain Balance® Satellite Center and to operate the Business therein, all, subject to the terms and conditions of this Agreement solely within the territory described in Schedule I attached hereto (the "Territory"), at a specific location to be approved in writing by COMPANY, which approval shall not be unreasonably withheld (the "Franchise"). The operation of the Business pursuant to the Franchise is hereinafter referred to as the "Franchised Business."

1.02. The Franchise granted herein is for the operation of a Brain Balance® Satellite Center franchise under the trade names and service marks "Brain Balance Program®" and "Brain Balance®" with logo, which shall specialize in a non-medical program designed to help children with developmental delays resulting from neurological and physiological imbalances.

1.03. The Franchise granted herein does not grant FRANCHISEE the right to engage in any business other than the Franchised Business, whether said business is conducted within or without the Territory or under the Marks or under any other name or mark.

2. USE OF NAME

2.01. FRANCHISEE is granted the right to use, and FRANCHISEE agrees to use, the words "Brain Balance®" as part of its trade or business name, in the exact manner and style set forth on Schedule I (the "Business Name") and as directed by COMPANY. COMPANY reserves the right to direct a change in the manner of use of the Marks by FRANCHISEE, and FRANCHISEE agrees to comply with such directions. FRANCHISEE shall not use the Marks as part of its corporate or limited liability company name without the prior written consent of COMPANY.

2.02. FRANCHISEE agrees to obtain COMPANY's prior written approval for all content used by FRANCHISEE on FRANCHISEE's link to COMPANY's Web site.

3. TERRITORY

3.01. FRANCHISEE is granted an exclusive right to establish a single location for the Franchised Business in the city, town, or village identified on Schedule I that is located within the Territory. FRANCHISEE may not without COMPANY's prior written consent relocate its Center or open additional centers for the Franchised Business within the Territory.

3.02. COMPANY agrees that throughout the term of this Agreement and provided that FRANCHISEE is not in default hereunder, COMPANY will neither operate nor franchise others to operate a Brain Balance® Center within the Territory, or within a designated radius of FRANCHISEE'S Brain Balance® Satellite Center. FRANCHISEE acknowledges that COMPANY may market to clients located inside of the Territory or advertise inside of the Territory.

3.03. FRANCHISEE acknowledges that the Franchise granted hereunder is limited to the establishment and operation of the Franchised Business in a single location within the Territory and requires FRANCHISEE to maintain and continue to operate its Standard BB Center. FRANCHISEE may not operate the Franchised Business from an additional location or outside of the Territory unless a separate franchise agreement is signed by the parties and an additional Initial Franchise Fee (as hereinafter defined) is paid by FRANCHISEE to COMPANY. If FRANCHISEE stops operating or loses its right to operate the Standard BB Center, FRANCHISEE must either obtain FRANCHISOR's approval to convert the Franchised Business to a standard Brain Balance® Center, which will not be unreasonably withheld but will require FRANCHISEE to sign a franchise agreement for a standard Center and pay the difference between the initial franchise fee paid by FRANCHISEE under this Agreement and the then-current initial franchise fee for a Standard BB Center, or must stop operating the Franchised Business.

3.04. FRANCHISEE acknowledges that other franchisees and/or affiliates of COMPANY who conduct businesses similar or identical to the Franchised Business under the Marks may market to clients located inside of the Territory or advertise inside of the Territory.

3.05. In the event FRANCHISEE leases office space for the Franchised Business, such lease shall contain a conditional assignment clause, substantially similar to the template provided in Exhibit 5, that shall provide that upon the expiration or sooner termination of this Agreement, for any reason contained herein, the FRANCHISOR or its Affiliates shall have the option, exercisable within thirty (30) days after said expiration or termination, to assume the obligations of the lease, to replace FRANCHISEE and enter into possession under said lease or at any time prior thereto or thereafter to assign or reassign the lease to a third party. In connection therewith, FRANCHISEE shall execute a Conditional Assignment of Lease in the form attached hereto as Exhibit 5 (the "Assignment") pursuant to which Assignment FRANCHISEE has assigned to FRANCHISOR all its right, title, and interest in the lease for the Franchised Business. FRANCHISEE acknowledges that such Assignment is freely assignable by FRANCHISOR to any other person or entity, including any person or entity that may acquire the right to operate a Brain Balance® business in and from said office location or otherwise within the Territory.

4. TERM

4.01. Unless otherwise terminated pursuant to the terms and conditions of this Agreement, the initial term of this Agreement shall be concurrent with the standard center (FRANID) commencing on the date hereof ("Initial Term").

4.02. Provided FRANCHISEE is in full compliance with the terms hereof, the term of this Agreement may be renewed for an additional five (5) year term unless at least three (3) months but not more than six (6) months prior to the expiration of the Initial Term or any extension thereof notice of intention to finally terminate is given in writing by registered mail by FRANCHISEE to COMPANY. No Initial Franchise Fee (as hereinafter defined) is charged upon the extension of the term; however, FRANCHISEE will be required to pay a renewal fee of Ten Thousand Dollars ($10,000). At its option, COMPANY may require FRANCHISEE to execute the form of franchise agreement then being utilized by COMPANY for new franchisees, which franchise agreement shall govern the rights and obligations of the parties and may contain materially different terms and conditions.

4.03. FRANCHISEE shall have the right to terminate this Agreement in the event COMPANY loses the rights to the Licensed Technology and the Marks prior to the end of the Initial Term of this Agreement.

5. INITIAL FRANCHISE FEE

FRANCHISEE shall pay COMPANY an initial non-refundable franchise fee (the "Initial Franchise Fee") in the amount of Twenty-five Thousand Dollars ($25,000). The Initial Franchise Fee is payable by wired funds transferred on the same day as the signing of this Agreement, receipt of which is hereby acknowledged.

6. OTHER PAYMENTS BY FRANCHISEE

6.01. Royalty

(a) Commencing the month FRANCHISEE's Center opens, FRANCHISEE shall pay to COMPANY, in addition to the Initial Franchise Fee as payment for the continuing right to use the Marks and the System, a continuing non-refundable royalty fee (the "Royalty"). If the Center is not opened within nine (9) months following the date of the Franchise Agreement, FRANCHISEE will be required to pay to COMPANY the minimum Royalty beginning with the first of the month the following calendar month.

The Royalty shall be an amount equal to eight percent (8%) of FRANCHISEE's Gross Revenue (as defined below) ("GR") in the operation of the Franchised Business, with a minimum of $1,000 due and payable each month. If the thirtieth day falls on a day other than the first day of the month, the minimum royalty amount will be prorated for the number of days the Center was open in that month. Said minimum monthly Royalty of $1,000 shall be increased each January 1st by the same percentage that the Consumer Price Index, issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st, increases over and above the Consumer Price Index existing as of the date this Franchise Agreement is signed.

"Gross Revenue (GR)" is defined as all sums received by FRANCHISEE resulting directly or indirectly from services provided pursuant to the operation of the Franchised Business without deductions of any kind other than refunds. "GR" shall exclude the transactional credit card service fees negotiated by COMPANY and sales tax, excise tax, or other similar taxes received by FRANCHISEE. COMPANY has negotiated a discount credit card service fee with a credit card clearing house service provider, which will be the maximum service fee deducted from GR arising out of credit card purchases regardless of whether FRANCHISEE participates in this program. Credit card expenses such as machinery, equipment, and connection charges will not be excluded from GR. GR shall also exclude Program Kits Fees and Loan Fees deducted by lending vendors.

(b) The Royalty shall be due and payable by FRANCHISEE to COMPANY on or about the 7th day of the month for Gross Revenue received the prior month. FRANCHISEE will pay the Royalty via an electronic funds transfer pursuant to an automated clearing house agreement ("ACH Agreement") in the form annexed hereto as Exhibit 2, which will allow FRANCHISOR to debit FRANCHISEE's bank account during the term of this Agreement for the royalties due.

6.02. Advertising Fund

(a) FRANCHISEE shall participate and contribute to the advertising fund ("Advertising Fund") that has been established by COMPANY for the benefit of all BBF franchisees and Company-operated Centers.

(b) FRANCHISEE's non-refundable contribution to the Advertising Fund shall be in an amount equal to two percent (2%) of Gross Revenue as defined in 6.01, with a minimum of $200 due monthly hereunder, and the contribution is due and payable in the same manner and at the same time as the Royalty. If the Center is not opened by the tenth (10th) month following the date of the Franchise Agreement, FRANCHISEE will be required to pay to COMPANY the contribution to the Advertising Fund beginning that month.

(c) Contributions to the Advertising Fund from FRANCHISEE and all other franchisees shall be maintained by COMPANY in a single segregated account designated for that purpose. The proceeds of the Advertising Fund shall be expended at the discretion of COMPANY for national and/or regional advertising, public relations, dissemination of research results achieved through approved research facilities, the Brain Balance® Foundation and other charitable activities, Web site and other electronic media development, and/or promotion of the Center businesses conducted under the Marks and publications relating to the Brain Balance Program®, and the payment of fees, costs, and other charges pertaining to such activities, including but not limited to COMPANY's administrative expenses associated with the foregoing.

(d) FRANCHISEE acknowledges that proceeds of the Advertising Fund are intended to be used to maximize general public awareness of the Brain Balance Program® for the benefit of the System as a whole. No representation is made by COMPANY, and FRANCHISEE acknowledges that expenditures from the Advertising Fund may not result in a proportionate or any advertising effort in a particular geographical area, including FRANCHISEE's Territory, or that FRANCHISEE will benefit directly from any expenditures from the Advertising Fund. FRANCHISEE acknowledges and agrees that neither FRANCHISEE nor any other franchise owners of COMPANY who shall be obligated to contribute to the Advertising Fund shall be deemed a third-party beneficiary with respect to said Advertising Fund or have any right to enforce any obligation to contribute thereto. Expenditures from the Advertising Fund shall be made at the sole discretion of COMPANY and may be for the benefit of any one or more of the Marks. COMPANY shall not be required to expend the entire Advertising Fund during any calendar year. COMPANY shall have the right to determine the nature, scope, and content of advertising and promotion programs; the territory in which they are to appear; the form thereof; the media and the budget therefore; and all other relevant decisions regarding the implementation of such advertising and promotion programs.

(e) FRANCHISEE shall spend a minimum of $5,000 per calendar month or nine percent (9.0%) of its Gross Revenue, whichever is greater, for local advertising in accordance with COMPANY's direction as to allocation among various marketing channels.

(f) If FRANCHISOR recommends an Advertising Cooperative ("Advertising Co-op") in FRANCHISEE's designated marketing area ("DMA") and one is established, FRANCHISEE shall join it by executing the applicable by-laws, and shall contribute at least the amount set forth in Section 6.07. FRANCHISEE's payments to the media fund for the Advertising Co-op will apply toward satisfaction of FRANCHISEE's obligations for local advertising described in Section 6.07 of this Agreement. Advertising Co-ops are independently established and operated by franchisees in a DMA and not controlled or governed by FRANCHISOR.

6.03. Late Payment

(a) If FRANCHISEE shall fail to pay to COMPANY when due any Royalty, Advertising Fund contribution, or any other payment required to be made pursuant to this Agreement, interest shall accrue on the unpaid amount commencing fifteen (15) days after the due date, at a rate of two percent (2%) per month compounded or the highest rate permitted under applicable law, whichever is less.

(b) If FRANCHISEE shall fail to pay to COMPANY when due any Royalty, Advertising Fund contribution, or any other payment due hereunder, or fails to file any report required to be filed with COMPANY, and such failure continues for a period of thirty (30) days after COMPANY has provided FRANCHISEE with a written demand for performance, in addition to all of its other rights and remedies hereunder, COMPANY may suspend all services required to be performed by COMPANY on behalf of FRANCHISEE hereunder, until such time as FRANCHISEE has made payment of all amounts due to COMPANY and has filed all reports with COMPANY required to be filed by FRANCHISEE.

6.04. Application License Fees

(a) FRANCHISEE shall enter into a Application License Agreement annexed hereto as Exhibit 1 and pay an initial license fee in the amount of $5,000 and annual maintenance fees as specified in the Application License Agreement and the Operations Manual. The annual maintenance fees are subject to an annual CPI adjustment. Unless terminated earlier pursuant to its terms, the term of the Application License Agreement is for the term of the Franchise Agreement. The Application License Agreement entitles FRANCHISEE to unlimited users for the Center.

(b) FRANCHISEE shall purchase from COMPANY a license to operate the Customer Relations Management System and licenses to access and operate third party software technologies which are part of the System.

(c) FRANCHISEE shall purchase a license from designated third parties in order to download and operate certain other software programs required by the System as stated in the Operations Manual, including but not limited to the vision assessment and exercises software COMPANY has commissioned to function within the Brain Balance® Protocols and the required accounting software to submit the financial records required in Section 7.

6.05. Advanced Training and Consultation Services

(a) FRANCHISEE shall be required to attend and pay for Advanced Training which will include on-going training through webinars, courses within the Brain Balance Training Site and workshops which may be related to enrollment enhancement, Sensory Motor and academic administration, and marketing, up to two (2) times per year, for a period of between one (1) and five (5) days. Attendance is mandatory for the Program Director when this Advanced Training is offered by FRANCHISOR. FRANCHISEE is responsible for the travel costs of its employees and personnel.

(b) FRANCHISEE shall be required to attend and pay for additional training or consultation services provided by COMPANY in any of the following circumstances: (1) if requested by FRANCHISEE, (2) required by COMPANY in the event FRANCHISEE fails to master the principles and objectives of the Licensed Technology, (3) System development results in new principles or protocols, or (4) FRANCHISEE replaces the Program Director. Such consultation services will be charged at a half-day rate of $500 (less than 4 hours of training) and full-day rate of $1,000, plus airfare, lodging, and travel expenses. Alternatively, FRANCHISEE may send a new Program Director to the next regularly scheduled Initial Training session at a cost of $300. Fees will be transferred to FRANCHISOR via ACH.

6.06. Customer Relations Management System (CRM)

FRANCHISEE shall enroll their Center in a Customer Relations Management System (CRM) license at the present cost of $396 per year. Fees will be transferred to FRANCHISOR via ACH.

6.07. Program kits

FRANCHISEE shall be required to purchase from COMPANY's designated supplier and maintain at the Center a minimum inventory of program kits. FRANCHISEE shall purchase kits through the Standard Brain Balance Center with which this Satellite Center is connected sufficient to provide initial inventory for the programs FRANCHISEE will offer.

6.08. Grand Opening

FRANCHISEE shall be responsible for its promotional costs in connection with the Grand Opening. FRANCHISOR does not collect a Grand Opening fee.

6.09. Pre-printed marketing materials

FRANCHISEE shall purchase advertising and promotional materials, electronically in pdf or jpeg format, prepared by COMPANY's designated vendor.

6.10. Call Center

FRANCHISEE shall be required to contract for Call Center services either with COMPANY's internal call center or with a designated vendor or one that is approved by COMPANY to respond to inbound inquiries. Alternatively, FRANCHISEE shall employ a full-time staff member who is solely responsible for responding to inbound inquiries for Program services. FRANCHISEE shall be responsible for all fees associated with the Call Center option FRANCHISEE elects to use.

6.11. Annual Convention

FRANCHISEE shall be required to attend and pay a registration fee for COMPANY's Annual convention. The cost of registration will vary depending on the program, the number of speakers, and the contribution of sponsors. The travel, lodging, and food costs will be in addition to the registration fee, but these costs may be discounted and/or subsidized by COMPANY. Fees will be transferred to FRANCHISOR via ACH.

6.12. ACH Agreement

(a) FRANCHISEE will enter into an automated clearing house agreement ("ACH Agreement") in the form annexed hereto as Exhibit 2, which will allow FRANCHISOR to debit FRANCHISEE's bank account during the term of this Agreement for all payments due to FRANCHISOR pursuant to the terms of this Agreement. The parties shall agree in writing if any payments are to be made in any other manner

(b) In the event COMPANY is unable for any reason to take any payment required hereunder to be paid via ACH, FRANCHISEE will pay $35 per incident.

6.13. Soft Opening Expenses

In the event FRANCHISEE changes its Soft Opening scheduled date and COMPANY incurs non-refundable expenses, FRANCHISEE will reimburse COMPANY for such expenses.

6.14. Relocation Fee

COMPANY must approve any relocation of FRANCHISEE's Center, and FRANCHISEE must pay COMPANY its then current relocation fee. As of the date of this Agreement, the relocation fee is $3,000.

6.15 Cost Increases

FRANCHISEE acknowledges that many costs reflected in this Agreement are based on third party pricing and current costs. In the event that vendors increase costs, COMPANY shall increase prices with prior written notice to FRANCHISEE.

7. FINANCIAL RECORDS

7.01. FRANCHISEE, at FRANCHISEE's sole cost and expense, shall submit to COMPANY:

(a) (i) Throughout the term of this Agreement upon thirty (30) days' advance notice by COMPANY, records relating to such other operational activity of FRANCHISEE in the operation of the Franchised Business that cannot be captured by COMPANY from the System or the Software. Each such compilation or report shall be certified by FRANCHISEE as accurate. COMPANY may require such reports be transmitted electronically. FRANCHISEE hereby consents to the electronic retrieval by COMPANY of financial reports and other operational activity of FRANCHISEE from the System or the Software.

(ii) Throughout the term of this Agreement, upon request, an electronic copy of the accounting records maintained pursuant to Section 6.11 that supports the Royalty payment.

(b) Within one hundred twenty (120) days of the close of each of its fiscal years, a copy of FRANCHISEE's personal, corporate, and/or LLC Federal Income Tax Return or such portion thereof as pertains to the Franchised Business, for FRANCHISEE's fiscal year most recently ended.

(c) Within one hundred twenty (120) days of the close of each of its fiscal years, an annual statement of GR and profit and loss of the Franchised Business for the fiscal year and a balance sheet for the Franchised Business as of the end of the fiscal year (both in a format to be approved by COMPANY) prepared and reviewed by a certified public accountant acceptable to COMPANY in its reasonable discretion, and verified and signed by FRANCHISEE as to the information furnished to such accountant. COMPANY has the right to require that the foregoing statements of GR and profit and loss and balance sheet be audited by a certified public accountant acceptable to COMPANY in its reasonable discretion.

(d) Such other activity reports relating to the clients, including test results, progress reports, information, reports, and records relating to the Franchised Business as are requested by COMPANY.

7.02. Throughout the term of this Agreement and for a period of six (6) years thereafter, FRANCHISEE shall keep and maintain at its Franchised Business office (or such other location approved by COMPANY in writing) all books of account, records, documents, and other materials required to support the financial statements and tax returns and other reports provided to COMPANY, all of which shall be prepared in accordance with generally accepted accounting principles (“Records”). Throughout the term of this Agreement and for a period of six (6) years thereafter, upon demand by COMPANY, FRANCHISEE shall permit COMPANY to inspect and make copies of the Records at any time during normal business hours.

7.03. On five (5) days' prior notice to FRANCHISEE, COMPANY or its representatives may inspect the Franchised Business, audit and/or make copies of FRANCHISEE's books and records, or the Records, and/or enter and inspect the office in which FRANCHISEE conducts the Franchised Business for purposes of determining compliance with protocols, methodologies, Center layout, office neatness, reviewing records of the Franchised Business (including without limitation records concerning client census, maintenance of statistical data, accounts receivable, and collections), and general conformity of the Franchised Business operation with COMPANY's Operations Manual and/or interview FRANCHISEE's employees. Except as provided in this Paragraph 7.03, such audit shall be at COMPANY's sole cost and expense. In the event an audit discloses an underpayment by FRANCHISEE to COMPANY of Royalty and/or Advertising Fund contributions, FRANCHISEE shall immediately pay the amount due together with interest thereon as provided in Section 6.08 from the date on which such Royalty and Advertising Fund contributions should have been paid. In the event such underpayments are equal to or exceed five percent (5%) of the aggregate Royalty and Advertising Fund contributions due during the audited period, such underpayment shall be deemed a breach hereof, and FRANCHISEE shall, in addition to making the payments due COMPANY plus interest, promptly pay to COMPANY all fees, expenses, and other costs related to the audit. If any inspection, audit, or review reveals any other violations of this Agreement, FRANCHISEE shall, upon written request of COMPANY, cure such violations and take such action as may be necessary to be in full compliance with such written request and this Agreement.

7.04. FRANCHISEE shall maintain books and records for the Franchised Business in the formats and methods as required by FRANCHISOR. If FRANCHISEE operates the Franchised Business through the same legal entity that operates the Standard BB Center, FRANCHISOR has the right to require FRANCHISEE to maintain separate accounts reflecting the revenue of each business.

8. REPRESENTATIONS AND WARRANTIES

8.01. COMPANY represents and warrants to FRANCHISEE that:

(a) COMPANY is a limited liability company duly organized and existing under the laws of the state of Delaware.

(b) The execution of this Agreement and COMPANY's performance contemplated hereunder shall not violate any agreement to which COMPANY is a party.

(c) COMPANY has ownership and proprietary rights in and to the Marks, Licensed Technology, and protocols used in connection with the franchise, and the use of the Marks by FRANCHISEE as permitted by this Agreement shall not infringe upon the rights of any other person with respect thereto.

(d) Notwithstanding anything to the contrary set forth in this Agreement, COMPANY makes no representations or warranty as to the likelihood of success of FRANCHISEE in the Franchised Business.

8.02. FRANCHISEE represents and warrants to COMPANY that:

(a) The execution of this Agreement and the performance contemplated hereunder by FRANCHISEE shall not violate any agreement to which FRANCHISEE or any of its officers, directors, shareholders, members, or partners is a party.

(b) FRANCHISEE acknowledges that the success of the Franchised Business to be conducted by FRANCHISEE by virtue of this Agreement depends to a large extent upon the ability of FRANCHISEE as an independent business person and their full time active participation in the daily affairs of the Franchised Business, as well as other factors.

(c) FRANCHISEE affirms and agrees that COMPANY may sell the Marks, Licensed Technology, and protocols to a third party. FRANCHISEE affirms and agrees that COMPANY may sell its assets or its System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, FRANCHISEE expressly and specifically waives any claims, demands, or damages arising from or related to the loss of the Marks (or any variation thereof) and/or the loss of association with COMPANY hereunder.

(d) Neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners own, maintain, or have any interest in or otherwise participate or engage in, either directly or indirectly, by itself or in conjunction with any other person or entity, any supplemental education services business or other business that competes with the Franchised business, whether as partner, stockholder, member, officer, director, employee, representative, or in any other capacity.

9. ADDITIONAL OBLIGATIONS OF COMPANY

9.01. Prior to the opening of the Franchised Business by FRANCHISEE:

(a) COMPANY will advise and counsel FRANCHISEE regarding Center location, in the preparation of an office layout and in the selection of center furnishings and equipment in accordance with the terms of the Operations Manual (as hereinafter defined).

(b) COMPANY will provide FRANCHISEE with basic methods, assessment tools and tests to be used at the Standard Brain Balance Center location, protocols, and procedures for operating the Franchised Business and with customized software for operating the Brain Balance Program® and for capturing client statistical data for inclusion in the database.

(c) COMPANY will provide FRANCHISEE with a list of equipment and services required for use at the Center.

(d) COMPANY will provide (i) an on-line training program that will require approximately 24 hours of time, depending on the user's background in the areas covered and their familiarity with the substantive concepts; (ii) and, at your option, up to five (5) days at our training location at the training facility COMPANY designates. FRANCHISEE may, at COMPANY's discretion, also be required to travel with FRANCHISEE's staff to an approved regional Center to complete shadow training for 2-3 days, depending upon regional staff availability (the “Initial Training Program”). Although the cost of training will be borne by COMPANY, FRANCHISEE shall bear the cost of transportation, meals, and lodging, if any, of those who attend the Initial Training Program and salaries of any of FRANCHISEE's employees attending the Initial Training Program.

(e) COMPANY shall make available electronically to FRANCHISEE one (1) copy of the Operations Manual, the training manual and form templates (as hereinafter defined) for the term of the Franchise Agreement, which may be amended as provided herein and other training materials.

(f) COMPANY will advise FRANCHISEE in staffing requirements for operating a Franchised Business.

(g) COMPANY will license to FRANCHISEE the Software under the Application License Agreement as more fully set forth in Section 15.

(h) COMPANY will provide FRANCHISEE with the methods, a copy of the assessment tools and tests to be used at the Standard Brain Balance Center location, protocols, and procedures to enable FRANCHISEE to implement the Brain Balance Program®.

(i) COMPANY will provide FRANCHISEE with assistance in planning the Grand Opening event, including marketing strategy, guest speaker suggestions, and event best practices recommendations.

9.02. After the opening of the Franchised Business by FRANCHISEE:

(a) COMPANY will provide at no charge to FRANCHISEE (i) consultation initiated by or at the direction of COMPANY; or (ii) consultation regarding the continued implementation of the Licensed Technology if said implementation requires product, process, and/or service modification and/or alteration.

(b) COMPANY will provide, in the event FRANCHISEE fails to master the principles and objectives of the Licensed Technology, System development results in new principles or protocols or upon the request of FRANCHISEE, at FRANCHISEE's office, and at FRANCHISEE'S sole cost and expense, additional training and consultation at a per diem payment of $1,000, including business development, marketing, organization, operation of its first or additional centers, and promotion of the Franchised Business. Any consulting services that last more than four (4) hours are to be considered a “full day.” Consulting services lasting more than one half hour and less than four (4) hours are considered to be “half day,” for which $500 will be paid. Time spent by a consultant lasting less than one half hour will not be considered consultation services. Services shall conform to those set forth above or as mutually agreed upon between the parties. If FRANCHISEE requests consulting services be performed specifically by a particular individual, the per diem rate shall be $1,500, and the half day rate shall be $750. FRANCHISEE acknowledges that FRANCHISOR is under no obligation to provide the services of a particular individual.

(c) COMPANY will provide FRANCHISEE with methods for development of the Franchised Business, including marketing and methods to obtain clients, client assessments to be used at the Standard Brain Balance Center location, and training new personnel in core Brain Balance Program® operations.

(d) COMPANY will maintain a System Website and shall maintain information specific to FRANCHISEE’s Franchised Business on that System Website. COMPANY may implement and periodically modify standards relating to the System Website and, at COMPANY’s option, may change the System Website, or any services offered through the System Web site, at any time. COMPANY shall own all intellectual property related to all data that flows through the System Website.

(e) COMPANY, at reasonable times, will consult with FRANCHISEE and offer guidance with respect to the operation of the Franchised Business, both by telephone and at FRANCHISEE's Center.

(f) COMPANY will provide forms and other required documents electronically, and FRANCHISEE will be required to duplicate such materials at its own expense for use in the operation of the Franchised Business..

(g) COMPANY will, in its discretion, provide FRANCHISEE with modifications, additions, and deletions to the Operations Manual.

(h) COMPANY will, in its discretion, provide FRANCHISEE with modifications, additions, and deletions to the Software.

(i) COMPANY will make available to FRANCHISEE, from time to time (i) advertising and promotional materials, electronically in pdf or jpeg format, prepared by COMPANY's advertising agencies and marketing company; and (ii) advertising and marketing usage and guidelines.

(j) COMPANY will maintain an online nutrition portal with information for clients and will employ the services of a nutrition coach to oversee the online site and provide limited support to FRANCHISEE's clients regarding nutrition and diet issues.

9.03. COMPANY shall not, by virtue of any approvals, advice, or services provided to FRANCHISEE, whether pursuant to this Section 9 or any other provision of this Agreement assume responsibility or liability to FRANCHISEE or any third parties to which it would not otherwise be subject and assumes no liability or obligations to FRANCHISEE or any third party by reason of any neglect, delay, or denial of any approval requested hereunder.

10. ADDITIONAL OBLIGATIONS OF FRANCHISEE

10.01. FRANCHISEE shall faithfully abide by the terms of this Agreement and devote his/her full time and efforts to the promotion and success of the Franchised Business. In the event, following the opening of the Franchised Business, FRANCHISEE desires to operate a business other than the Franchised Business, FRANCHISEE agrees to obtain COMPANY's consent prior to taking any steps in connection with such proposed business, which consent may be refused for any reason or no reason.

10.02. FRANCHISEE shall not harm, misuse, or bring into disrepute the name or character of “BBF,” “Brain Balance®,” “Brain Balance Program,®” or the Marks or any other trade name, trademark, service mark, service name, logo, or copyright of COMPANY or COMPANY's business or the business of any franchisee of COMPANY.

10.03. FRANCHISEE shall operate the Franchised Business from a self-contained space located in a retail building within the Territory in accordance with the terms and intent of this Agreement in a lawful and ethical manner as specified by COMPANY in its Operations Manual. FRANCHISEE shall obtain all permits and business licenses required by law for its Center location and shall comply with all premises regulatory requirements. FRANCHISEE shall obtain prior written approval from COMPANY of the lease, sign the lease within 120 days of the execution of this Agreement, and provide a copy of the executed lease to COMPANY within ten (10) days of its execution. The lease shall contain provisions that permit assignment to COMPANY and expressly provide that there are no obligations imposed on or granted against COMPANY. FRANCHISEE shall open the Center within nine (9) months of the date of this Agreement.

10.04. FRANCHISEE shall pay on a timely basis all of its bills and obligations; federal, state, and local and other expenses; and all taxes of the Franchised Business. FRANCHISEE shall not create or incur any expenses chargeable to COMPANY without COMPANY's prior written approval.

10.05. FRANCHISEE shall maintain the standard practices and image developed by COMPANY as the same may be changed from time to time by COMPANY, in order to maintain uniformity with other franchisees utilizing the Marks, and shall use only those standard methodologies, protocols, forms, stationery, and printed material of a style uniformly prescribed by COMPANY for its franchisees and of a quality that meets the standards uniformly prescribed by COMPANY.

10.06. FRANCHISEE shall conduct continuing local advertising in form, content, and media approved by COMPANY in a minimum amount set forth in Section 6.07, depending upon location and demographics, and retain evidence of such expenditures for submission to COMPANY upon request.

10.07. FRANCHISEE shall utilize a bookkeeping service designated by COMPANY for the first six (6) months of FRANCHISEE's operation of the Franchised Business. In COMPANY's sole discretion, FRANCHISEE may use an alternate bookkeeping service approved in writing by COMPANY.

10.08. FRANCHISEE shall not charge fees for services to its clients other than as permitted by law.

10.09. FRANCHISEE shall not, directly or indirectly, operate, be associated with, or enter into any sub-franchise or branch office arrangement for the operation of the Franchised Business without COMPANY's prior written consent.

10.10. FRANCHISEE shall conduct the Franchised Business in accordance with federal law and pursuant to the law and regulations of the state and locality in which it is located.

10.11. FRANCHISEE shall keep the Franchised Business open and in normal operation as BBF may specify in the Manual or otherwise in writing. FRANCHISEE shall maintain, at all times, a full-time staff of no less than a Program Director, and an appropriate number of Program Coaches, who may be part-time, as required to deliver the services as we require. In addition, if FRANCHISEE does not contract with a Call Center, FRANCHISEE must engage the services of a full-time employee whose sole responsibility will be to respond to inbound inquiries for Program services. At the discretion of COMPANY, FRANCHISEE may work in the Center in one of the above positions but if they do not they must appropriately train individuals to fill each role. After Soft Opening, FRANCHISEE shall be responsible, at their own expense, for training any new staff who are engaged to work at FRANCHISEE's Center. FRANCHISEE must send a new Program Director to the next regularly scheduled Initial Training session for which FRANCHISEE will be charged $300.

10.12. FRANCHISEE shall not sell any assets other than in the ordinary course of business or, if a corporation, shall not merge or consolidate with another entity, reorganize, or amend its corporate charter nor shall it permit its officers, directors, shareholders, or members to assign or transfer shares of stock, except in strict accordance with the provisions of this Agreement.

10.13. FRANCHISEE shall, if requested by COMPANY, consent to the incorporation of, or the filing of a trade name certificate by other franchisees, where the corporate or trade name includes the words "Brain Balance®" or "Brain Balance Program®" followed by a suitable descriptive title and shall cooperate and execute all papers and documents reasonably required to effect the same.

10.14. FRANCHISEE shall not cause the name of any individual, employee, officer, or other person, with respect to any printed matter or advertising in any form, whether print, electronic media, or otherwise, in connection with the Business, (i) to appear without being accompanied by the words “Brain Balance®” or “Brain Balance Program®,” (ii) to appear more than once, (iii) to be printed larger than one agate line in newspaper and magazine advertisements and two agate lines in other advertising or stationery (except on a business card), and (iv) to be printed larger or bolder than the words “Brain Balance®” or “Brain Balance Program.®”

10.15. FRANCHISEE shall not cause the words “Brain Balance®” or “Brain Balance Program®” to appear in any form, whether print, electronic media, or otherwise, on stationery, signs, advertising, electronic media, or otherwise, without complying with all COMPANY written instructions regarding appearance of the Marks.

10.16. FRANCHISEE shall not utilize the name “Brain Balance®,” or “Brain Balance Program®,” or any of the Marks in connection with any purpose or service other than the operation of a Brain Balance® Center to the extent specifically permitted hereunder.

10.17. (a) All permanent staff of the Franchised Business shall execute Exhibit 3, the Confidentiality, Non-Solicitation, and Non-Compete Agreement as provided in the Operations Manual. FRANCHISEE will take such action in connection therewith as may be required by COMPANY both during and upon termination of this Agreement in order to protect any trade secrets that are proprietary to COMPANY or any information, knowledge, or know-how deemed confidential under this Agreement.

(b) FRANCHISEE or its principal must have satisfactorily completed the Initial Training Program.

10.18. (a) FRANCHISEE's proposed Center location, relocation, center layout, office equipment, all printed matter used in the operation of the Franchised Business, including without limitation, assessment tools, tests, evaluation forms, stationery, signage, application forms, business cards, invoices, statements, and other materials, and the manner in which any of these will be used are subject to the prior written consent of COMPANY and must comply with the Operations Manual.

(b) All advertising and promotional matter, whether printed or digital material, including without limitation, Internet, and other electronic media advertisements, transcripts of all radio and television advertisements, and the manner in which any of these will be used are subject to the prior written consent of COMPANY prior to use and shall be submitted to COMPANY for written approval prior to use. If COMPANY does not approve the activities, materials, media, or use in writing within ten (10) days, the activity, material, media, and use will be deemed disapproved. Likewise, all marketing vendors or service providers for FRANCHISEE must be approved in writing by COMPANY prior to being retained by FRANCHISEE.

(c) FRANCHISEE may conduct individual email communications without first obtaining company's written approval, but the contents of such communications must comply with requirements and restrictions contained in the Operations Manual. In addition, FRANCHISEE must obtain company's prior written approval for any and all email addresses other than the email address assigned to FRANCHISEE by company. FRANCHISEE may not obtain (800), (888), or similar toll free telephone numbers or use any email address containing the words "BBF," "Brain Balance®," or "Brain Balance Program®" as part of the telephone number or address, except as may be set forth in the Operations Manual.

(d) FRANCHISEE shall not maintain an independent website. COMPANY shall include information about FRANCHISEE's Center on the System Web site, FRANCHISEE agrees to provide the information and materials that COMPANY periodically requests concerning FRANCHISEE's Center and otherwise participate in the System Web site in the manner that COMPANY periodically specifies. By posting or submitting information or materials for the System Web site, FRANCHISEE is representing that the information and materials are accurate and not misleading and do not infringe upon any third party's rights. COMPANY or one or more of our designees may establish a website or series of websites to advertise, market and promote Brain Balance® Centers, the Brain Balance Program® and associated products and services, to advertise franchise opportunities, to deliver Brain Balance Program® content and support, and/or for any other purposes that COMPANY determines are appropriate (collectively, the "System Web site").

(e) FRANCHISEE may maintain an independent social media presence, including the use of Facebook, Instagram, Twitter, and other services. FRANCHISEE agrees to submit to COMPANY for its approval before use all content, including but not limited to proposed social media usernames, account designations, avatars, background images, posts, or other materials associated with such accounts or sites. COMPANY has the right to require FRANCHISEE to associate its social media accounts with COMPANY's Web site or COMPANY-controlled social media pages or accounts. FRANCHISEE is required to obtain prior written consent from COMPANY before opening any social media account using the Marks or any version or abbreviation of the Marks. FRANCHISEE agrees to submit to COMPANY for its approval before use all content, including but not limited to proposed social media usernames, account designations, avatars, background images, posts, or other materials associated with such accounts or sites. COMPANY has the right to require FRANCHISEE to associate its social media accounts with COMPANY's Web site or COMPANY-controlled social media pages or accounts. FRANCHISEE may be required to provide COMPANY with ownership and/or login rights to any social media account using the Marks or any version or abbreviation thereof. FRANCHISEE understands and acknowledges that such accounts shall remain the property of the COMPANY upon termination or expiration of this Agreement. FRANCHISEE may be required to pay any and all costs associated with the creation and maintenance of its social media presence. If FRANCHISEE wishes to modify or social media presence, all proposed modifications, other than job and staff listings, must be approved in writing by COMPANY before use.

(f) FRANCHISEE shall purchase or lease and maintain for use in the Franchised Business such computer equipment and communication software as is specified by COMPANY (presently a Windows PC or Mac OS computer or tablet with Wi-Fi or Ethernet connectivity; and a Web Browser in its most recent stable version (Google Chrome or Mozilla Firefox). FRANCHISEE shall have equipment with access to the Internet with a minimum speed of 5 MB per second or as set forth in the Operations Manual. FRANCHISEE agrees to execute the Application License Agreement, which includes support, maintenance, and enhancement provisions in connection with the customized software ("Software") that COMPANY makes available to FRANCHISEE for use either in data base management or transmission of client statistical data. FRANCHISEE agrees that it will not use any software for database management or transmission of client statistical data, except the Software as is supplied by COMPANY.

(g) If COMPANY shall designate that certain equipment, advertising materials, services, or other supplies, products, and materials required for the operation of the Franchised Business shall be purchased on a group basis by all franchisees of COMPANY solely from suppliers (i) who demonstrate to the continuing reasonable satisfaction of COMPANY the ability to meet COMPANY's reasonable standards, specifications, and requirements for such items regarding quality, variety, service, cost, safety, and health; (ii) who possess adequate quality control and capacity to supply the needs of all of COMPANY's franchisees promptly and reliably; (iii) who are of a sound financial condition and business reputation; (iv) who will supply such items to a sufficient number of franchise owners to enable COMPANY economically to mount a compliance by the supplier with COMPANY standard specifications and requirements; and (v) who have been approved for such items in writing by COMPANY and not thereafter disapproved upon written notification, FRANCHISEE shall purchase such equipment, advertising materials, services, or supplies from said supplier(s) and execute any and all agreements necessary in connection therewith. In the event FRANCHISEE shall be in breach of any such agreements, FRANCHISEE shall be in breach of Section 17.02 of this Agreement.

10.19. FRANCHISEE shall not cause or permit the Center location in which the Franchised Business is operated to be utilized for any purpose or business of any kind or nature whatsoever other than the Franchised Business.

10.20. During the term and any extended term of this Agreement and thereafter, FRANCHISEE covenants not to communicate directly or indirectly, to divulge or use for its benefit or the benefit of any other person or legal entity, any trade secrets that are proprietary to COMPANY or any information, knowledge, or know-how deemed confidential under this Agreement hereof, except as permitted by COMPANY. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded by law or set forth otherwise in this Agreement. Any and all information, knowledge and know-how not generally known about the System, the Licensed Technology, and COMPANY's business, standards, procedures, techniques, and such other information or material as COMPANY may designate as confidential shall be deemed confidential for purposes of this Agreement.

10.21. FRANCHISEE shall conspicuously identify itself at its Center location and in all dealings with customers, contractors, suppliers, public officials, and others as an independent franchisee of COMPANY and shall place its legal or trade name and/or such notices of independent ownership on such forms, stationery, advertising, other than classified advertising, and other materials as set forth in the Operations Manual.

10.22. FRANCHISEE shall be required to attend and pay a registration fee for COMPANY's Annual convention. The cost of registration will vary depending on the program, the number of speakers, and the contribution of sponsors. The travel, lodging, and food costs will be in addition to the registration fee, but these costs may be discounted and/or subsidized by COMPANY.

10.23. FRANCHISEE shall comply with each and every obligation and abide by each and every covenant hereunder. FRANCHISEE agrees that in the event it fails to comply with any of its obligations contained in this Agreement, in addition to the remedies afforded COMPANY pursuant to Section 17 hereof, COMPANY may apply any and all penalties associated with such violation, as set forth in the Operations Manual.

11. INSURANCE

11.01. Unless otherwise required by law, FRANCHISEE shall obtain, at its own cost and expense through COMPANY's designated broker, (i) Comprehensive Commercial General Liability, including all extensions, in an amount not less than one million dollars ($1,000,000) per occurrence, written on an occurrence basis, and $3,000,000 in the aggregate, including Business Personal Property and Improvements and Betterments at the suggested minimum amounts; (ii) Professional Liability coverage, including, but not limited to, education services ($1,000,000 per occurrence and $3,000,000 in the aggregate, which must include coverage for contingent bodily injury and property damage in the amount of $1,000,000); (iii) Abuse & Molestation coverage ($1,000,000 per occurrence; $3,000,000 in the aggregate); (iv) Commercial automobile liability insurance covering vehicles that are owned, non-owned, or hired by the Franchised Business with a combined single limit of $1,000,000, (v) Employment Practices Liability Insurance in an amount not less than one million dollars ($1,000,000) per occurrence; and (vi) Workers Compensation Insurance in an amount not less one million dollars ($1,000,000) per occurrence. FRANCHISEE also agrees to obtain disability, and any other insurance required by law in the state in which the Franchised Business office is located. FRANCHISEE acknowledges that COMPANY may modify or increase the insurance requirements during the term of this agreement due to changes in experience, market conditions, and regulatory or legal changes that could increase exposure, and hereby agrees to comply with the new requirements. COMPANY must be named as an additional insured on all of these policies except for workers compensation.

11.02. All such policies shall be primary to and without right of contribution from any insurance maintained by COMPANY, name COMPANY, its parent company and all affiliates, as specified by COMPANY as additional insureds and shall include a provision that they shall not be cancelled or materially amended without twenty (20) days prior written notice to COMPANY. FRANCHISEE agrees that these insurance policies may not be cancelled, non-renewed, or materially amended during the policy term without providing COMPANY with thirty (30) days' prior written notice.

Each such policy shall be issued by an insurer and shall be in form and substance reasonably satisfactory to COMPANY. Prior to the commencement of the Franchised Business, and upon each renewal of any such policy, FRANCHISEE shall deliver to COMPANY certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder along with all endorsements and declarations pages evidencing COMPANY's rights as an additional insured. In addition, FRANCHISEE shall deliver to COMPANY a certificate of insurance for the policy or policies required by this Agreement.

11.03. Maintenance of such insurance, and the performance by FRANCHISEE of the obligations under Section 11.02, shall not relieve FRANCHISEE of any liability to COMPANY under this Agreement, whether under the indemnity provision of this Agreement as set forth in Section 19 or otherwise.

11.04. If FRANCHISEE shall for any reason fail to procure or maintain insurance coverage required by this Agreement, COMPANY shall have the right, at its option, to procure such insurance and FRANCHISEE will pay and reimburse COMPANY for all costs of same, including administrative costs associated therewith. FRANCHISEE shall execute all forms, applications, and documents reasonably required with respect to obtaining such insurance and the making of any claims thereunder. Notwithstanding COMPANY's right to purchase insurance, if FRANCHISEE fails to procure or maintain insurance as required by this Agreement or to reimburse COMPANY promptly in the event COMPANY purchases insurance as hereinabove provided, then COMPANY may consider such failure to constitute a default of this Agreement.

12. THE MARKS

12.01. FRANCHISEE agrees that the Marks licensed under this Agreement are owned by COMPANY, that the Marks licensed under this Agreement are valid service and/or trademarks, and that only COMPANY, its affiliates, and/or its designated franchisees shall have the right to use the Marks or any other trademarks, service marks, trade names, service names, logos, copyrights, and other marks presently existing or hereafter acquired by COMPANY for use by its franchisees or affiliates.

12.02. FRANCHISEE agrees that valuable good will is attached to the Marks, and any copyrights owned by COMPANY which FRANCHISEE is authorized to utilize in connection with the Franchised Business ("Copyrights") and that FRANCHISEE will use the Marks and Copyrights in all forms, whether print, electronic media or otherwise, only in the manner and to the extent specifically permitted by this Agreement or specified by COMPANY.

12.03. FRANCHISEE agrees that its use under this Agreement and the license granted by this Agreement for use of the Marks is non-exclusive and that COMPANY, in its sole discretion, has the right to operate or authorize others to operate businesses under the Marks on any terms and conditions COMPANY deems appropriate, subject only to the provisions of this Agreement.

12.04. Upon the expiration or termination of this Agreement, FRANCHISEE agrees that it shall not directly or indirectly contest the right, title, interest, validity, or ownership of COMPANY in the Marks and Copyrights.

12.05. FRANCHISEE shall promptly notify COMPANY of any claim, demand, or suit based upon or arising from, or any attempt by any other person or entity to use the Marks or Copyrights.

12.06. If COMPANY shall be a party to any litigation with respect to the Marks or Copyrights, FRANCHISEE shall execute any and all documents that are reasonable and necessary and do such things as may be reasonable and necessary for COMPANY to defend or prosecute such litigation in its sole discretion.

12.07. FRANCHISEE agrees that any good will associated with the Marks and Copyrights, including any good will that might be deemed to have accrued from FRANCHISEE's activities, inures directly and exclusively to the benefit of COMPANY, except as may be specifically provided to the contrary herein or by applicable law.

12.08. FRANCHISEE agrees that each and every detail of the System is valuable to COMPANY and to other franchisees of COMPANY in developing and maintaining uniformity of services throughout the franchise network. Therefore, to enhance the reputation and good will of COMPANY, FRANCHISEE agrees to:

(a) operate, advertise, and promote the Franchised Business under the Marks exactly as set forth in the Operations Manual;

(b) adopt and use the Marks in accordance with rules now or hereafter prescribed in writing by COMPANY; and

(c) conduct its Franchised Business under the Marks in accordance with the operational standards established from time to time by COMPANY, as described in COMPANY's confidential Operations Manual and/or other documents now or hereafter loaned or provided by COMPANY to FRANCHISEE.

12.09. FRANCHISEE expressly covenants that, during the term of this Agreement and thereafter, FRANCHISEE shall not, directly or indirectly, commit any act of infringement or take any other action in derogation of COMPANY's rights in or to use the Marks.

12.10. COMPANY reserves the right in its sole discretion at any time to direct a termination in use of any of the Marks, to designate, if appropriate, one or more new, modified, or replacement marks for use by franchisees and to require the use by FRANCHISEE of any such new, modified, or replacement marks in addition to or in lieu of any previously designated marks, including but not limited to the Marks. FRANCHISEE shall not be entitled to any compensation as a result of the discontinuation or modification of the Marks. Any expenses or costs associated with the use by FRANCHISEE of any such new, modified, or replacement marks shall be the sole responsibility of FRANCHISEE.

13. <u>OPERATIONS MANUAL</u>

13.01. FRANCHISEE, in order to protect the reputation and good will associated with the Marks and to maintain uniform standards of operation throughout the franchise network, shall conduct its Franchised Business in strict accordance with COMPANY's policies including, but not limited to, those contained in the Operations Manual. For purposes of this Agreement, the “Operations Manual” is defined as a collection of manuals, guides, and other written, audio taped, or videotaped materials provided to FRANCHISEE. COMPANY, from time to time, may revise the Operations Manual to reflect new developments and approaches discovered in research development, assessment tools, evaluation materials, sales, marketing, and operational techniques, and other procedures relevant to the operation of the Franchised Business under the Marks, and FRANCHISEE shall comply with all such revisions, except those pertaining to Center layout and furnishings (so long as the Center remains in the same location and remodeling is not necessary based on wear and tear), including such revisions as may require the expenditure of reasonable sums of money by FRANCHISEE, provided that such requirements shall also be applied in a reasonably non-discriminatory manner to all comparable franchised businesses of COMPANY.

13.02. The Operations Manual shall be made available to FRANCHISEE at the time of the Initial Training Program and via download from the CRM software, and it shall at all times remain the sole property of COMPANY. FRANCHISEE shall treat the Operations Manual as confidential, and FRANCHISEE shall not at any time disclose, copy, duplicate, record, or otherwise reproduce the Operations Manual, in whole or in part, or make the contents of the Operations Manual available to any unauthorized persons.

14. <u>OPERATION OF BUSINESS</u>

14.01. FRANCHISEE agrees that the commencement and continuous operation of the Franchised Business pursuant to all applicable laws, rules, and regulations is essential to the adequate promotion of COMPANY's franchise network and that any failure by FRANCHISEE to open and continuously operate the Franchised Business shall have a negative effect on COMPANY both locally and nationally.

14.02. If, for any reason, FRANCHISEE shall fail to commence operations within nine (9) months from the date of this Agreement, COMPANY, at its option, may either (a) grant FRANCHISEE, in writing, a one-time, ninety (90) day extension of such deadline or (b) terminate this Agreement and retain all monies theretofore paid by FRANCHISEE to COMPANY.

14.03. FRANCHISEE agrees that prior to COMPANY sending a representative to finalize training and assisting FRANCHISEE in the pre-opening of its Center, FRANCHISEE shall have completed each pre-opening checklist item specified in the Operations Manual. FRANCHISEE agrees that if COMPANY sends a representative to assist with pre-opening of a Center in violation of the foregoing requirement, such violation will constitute a default under Section 17.02 hereunder, and FRANCHISEE will be responsible for any and all expenses incurred by COMPANY in connection therewith.

14.04. FRANCHISEE agrees that prior to the actual opening of its Center and initiation of the Brain Balance Program® with respect to any student (other than initial assessments held at the Standard Brain Balance Center location), FRANCHISEE will obtain the express written consent of COMPANY.

14.05. FRANCHISEE shall at all times prominently display signage approved by COMPANY to indicate that FRANCHISEE's Center is an independently owned and operated location within the Brain Balance Achievement Center system.

14.06. FRANCHISEE shall not employ workers in key positions specified in the Operations Manual on an independent contractor basis without COMPANY's prior written consent.

15. <u>APPLICATION LICENSE</u>

15.01. FRANCHISEE shall license the Software from COMPANY by executing COMPANY's then-current, non-exclusive Application License Agreement, which includes support, maintenance, enhancements, and upgrades, and pay the application license fee and the annual maintenance fee. The Software performs administrative functions for the Center, including collection of data relating to customers, data base management, and transmission of client statistical data.

15.02. FRANCHISEE shall permit COMPANY access to the Software and its data and permit COMPANY to communicate with the Software and to access and record it and its data.

16. ASSIGNMENT; PERSONAL GUARANTY

16.01. COMPANY may assign this Agreement and all of COMPANY's rights and interests herein to any successor, purchaser, transferee, or other assignee who so assumes COMPANY's obligations hereunder, and such assignment and transfer shall be binding upon FRANCHISEE. If COMPANY's assignee assumes all of the obligations of COMPANY hereunder and sends written notice of its assignment so attesting to FRANCHISEE, the assignment shall operate to release COMPANY from all its obligations to FRANCHISEE under this Agreement from and after the date of such assignment.

16.02. If FRANCHISEE is also transferring its rights in the Standard BB Center to the same assignee, FRANCHISEE may assign or transfer this Agreement, pursuant to the terms of this Section 16. FRANCHISEE may not assign or transfer this Agreement or any rights or interests herein or in the Franchised Business or any assets of the Franchised Business other than in the ordinary course of business or a partnership interest therein, or if FRANCHISEE is a corporation or an LLC, all or part of the equity of the corporation or LLC, except upon COMPANY's prior written consent, which will not be unreasonably withheld. FRANCHISEE must first obtain a bona fide, signed, unconditional, and firm written offer from a responsible and fully identified purchaser and shall submit a complete copy of such offer to COMPANY together with COMPANY's current application for franchise completed by the prospective purchaser. Such offer must be limited to this Agreement and the Franchised Business and may not include the purchase of any other property. Prior to any such assignment or transfer, a right of first refusal to acquire the entire right or interest of FRANCHISEE in the Franchised Business proposed to be assigned or transferred shall be offered by FRANCHISEE to COMPANY on the same terms and conditions offered to the proposed assignee or transferee provided that COMPANY may substitute cash for any form of payment proposed in such offer and provided that COMPANY's credit shall be deemed equal to the credit of any proposed purchaser, and COMPANY shall have not less than thirty (30) days from the exercise of its option to consummate the transaction. COMPANY shall have not less than thirty (30) nor more than one-hundred and twenty (120) days following the receipt of such offer to exercise its right to purchase.

16.03. If COMPANY does not exercise this right of first refusal, FRANCHISEE may complete the sale to such purchaser pursuant to and on the terms of said offer, subject to COMPANY's prior written approval of the purchaser as provided herein. However, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to COMPANY, or upon substantially the same terms of the sale as specified in such offer, COMPANY shall again have the right of first refusal as herein provided.

COMPANY's written approval of the proposed sale to the named purchaser, if given, shall be conditioned upon the following:

(a) Only the entire interest of FRANCHISEE under this Agreement may be assigned or transferred, and the entire interest of FRANCHISEE or its affiliated parties in the Standard BB Center must also be assigned and transferred to the same party.

(b) Unless the assignee or transferee is a franchisee of COMPANY, the assignee or transferee shall undertake and successfully complete COMPANY's Initial Training Program at a location designated by COMPANY at the assignee or transferee's expense.

(c) The proposed assignee or transferee shall meet the standards then imposed by COMPANY for new franchisees and shall demonstrate to COMPANY's satisfaction the ability to operate the business being transferred. FRANCHISEE shall provide COMPANY with a resume, credit check, and all such other information reasonably required by COMPANY with respect to the proposed assignee or transferee who shall be personally interviewed at a location designated by COMPANY at no cost to COMPANY.

(d) The assignee or transferee executing both (x) a new 10-year franchise agreement in the form being used at the time by COMPANY for this franchise program, which agreement shall govern the rights and obligations of the parties, provided, however, the purchaser will not be obliged to pay an Initial Franchise Fee, and the Royalty as set forth in this Agreement shall not be altered, and (y) such other documents as COMPANY shall reasonably request in form and substance satisfactory to COMPANY.

(e) FRANCHISEE shall have paid to COMPANY a Transfer Fee, the amount of $10,000 for the training, supervision, administration, accounting, legal, and/or other expenses of COMPANY in connection with the assignment and transfer. This Transfer Fee shall be collected for the combined transfer of the Standard BB Center and this Franchised Business.

(f) FRANCHISEE shall have paid to COMPANY all monies due and payable pursuant to this Agreement.

(g) FRANCHISEE's transferee shall have paid to COMPANY a Software Agreement transfer fee equal to $2,500.

(h) FRANCHISEE not retaining a security interest in the Franchise or any subsequent franchise granted to the purchaser and agreeing that all obligations of the purchaser under or pursuant to any promissory notes or agreements between FRANCHISEE and the purchaser shall be subordinate to the obligations of the purchaser to pay all monies due to COMPANY.

(i) FRANCHISEE shall have agreed in writing to remain obligated under the covenants contained in Section 18 hereof as if this Agreement had terminated on the date of transfer.

(j) FRANCHISEE has executed a general release of all claims against COMPANY arising out of or related to this Agreement and the obligations and performance of

COMPANY pursuant to it; provided however, that all rights enjoyed by FRANCHISEE and any causes of action arising in its favor from the provisions of Article I Section 20010 of the California Franchise Relations Act and any regulations issued thereunder shall remain in force; it being the intent of this paragraph that the non-waiver provisions of the California Franchise Relations Act, Article I Section 20010, be satisfied.

16.04. In the event that COMPANY does not approve such purchaser, then FRANCHISEE may not proceed with the sale of the Franchised Business or of shares of stock or membership interests to such proposed purchaser. Further, in such event, FRANCHISEE shall not be relieved of his/her obligations under this Franchise Agreement, and FRANCHISEE shall continue to be fully bound by its terms until the termination of this Agreement in the manner and upon the conditions as provided herein.

16.05. Any change by operation of law or otherwise, on one or more occasion, of the control or ownership of shares of any class of outstanding stock or membership interests of a corporate FRANCHISEE or its parent, either beneficial or of record, whether by merger, consolidation, or otherwise, or of any interest in the partnership of a partner, FRANCHISEE, or of membership interests of an LLC, or sale of assets other than in the ordinary course of business shall constitute an assignment of this Agreement and shall be subject to the provisions of this Agreement regarding assignment.

16.06. The Franchise granted by COMPANY pursuant to this Agreement is personal in nature. FRANCHISEE shall remain at all times personally responsible for the performance of all obligations required to be performed by FRANCHISEE pursuant to this Agreement. No sale, assignment, transfer, conveyance, encumbrance, or gift of an interest in this Agreement, or in a Franchise granted hereby, shall relieve FRANCHISEE, its members, shareholders, or partners from the obligations of FRANCHISEE hereunder except with the express written agreement to the contrary of COMPANY, which will not be unreasonably withheld as to all obligations arising from and after a sale, assignment, transfer, conveyance, encumbrance, or gift to an unrelated third party other than those that apply following termination or expiration of this Agreement.

16.07. In consideration of, and as an inducement to, the execution by COMPANY of this Agreement, each of the undersigned individual parties owning ten percent (10%) or more interest in FRANCHISEE (hereafter, "Guarantors") signs the form of personal guaranty attached as Exhibit 6=.

16.08. FRANCHISEE, if an individual or partnership, may, and upon the request of COMPANY shall, assign and transfer this agreement and all of the rights hereunder to a corporation, LLC, or company wholly owned by FRANCHISEE, provided: (i) the individual FRANCHISEE (or each member or partner, if a limited liability company or partnership) remains liable for all obligations of FRANCHISEE hereunder; (ii) a fully executed assignment and assumption, in form and substance acceptable to COMPANY, is delivered by FRANCHISEE to COMPANY; (iii) the corporation, LLC, or company is newly organized (within thirty (30) days of the proposed transfer) and duly incorporated or organized and proof thereof is furnished to COMPANY; (iv) the person(s) signing this Agreement as FRANCHISEE and FRANCHISEE's spouse and adult children shall be the owner(s) of all of the outstanding voting stock or interests of the assignee entity and the sole directors own all of the membership interests of an LLC or all of the equity of any such company and any of the foregoing is the Manager of the LLC; (v) FRANCHISEE is the principal executive and operating officer of said corporation, LLC, or company; (vi) the activities of said corporation, LLC, or company are confined exclusively to the operation of the Franchised Business or any other business franchised or licensed by COMPANY to FRANCHISEE; and (vii) the name of said corporation, LLC, or company shall not include the Marks and shall be as set forth on Schedule I.

16.09. In the event of the death or incapacity of an individual FRANCHISEE, or any partner, shareholder or member of FRANCHISEE if it is a partnership, corporation or LLC, COMPANY may terminate this Agreement unless, within six (6) months of such event, the heirs, beneficiaries, devisees, or legal or personal representatives of said individual, partner, member, or shareholder, together with all surviving partners, members or shareholders:

(a) Request the right from COMPANY, in writing, to continue to operate the Franchised Business and the Standard BB Center, which request shall be granted by COMPANY, and no further transfer shall be required, provided the party who is to operate both businesses, in COMPANY'S determination, is reasonably capable of doing so; or

(b) Sell, assign, transfer, or convey FRANCHISEE's interest in and to this Agreement in compliance with the provisions of this Section 16 (provided, however, that if a proper and timely application for the right to continue to operate has been made and rejected, the six (6) months permitted in this Section 16.08 (b) to sell, assign, transfer, or convey shall be computed from the date of such rejection).

17. <u>DEFAULT; TERMINATION</u>

17.01. COMPANY shall have the absolute right, at its option, to terminate this Agreement and all rights granted hereunder, upon any of the following Non-Curable Defaults by FRANCHISEE, without giving an opportunity to cure the default and without prejudice to any other rights or remedies of COMPANY provided by law or this Agreement, effective immediately upon the provision of notice to FRANCHISEE or at such later time as indicated in such notice if:

(a) FRANCHISEE fails to complete the initial Training Program prior to opening of the Center;

(b) FRANCHISEE or any of its members, shareholders, officers, or FRANCHISEE's spouse use or disclose any of the Operations Manual, trade secrets, or confidential information in violation of this Agreement or any ancillary agreement signed in connection with this Agreement;

(c) FRANCHISEE files a petition in bankruptcy or a petition in bankruptcy is filed against FRANCHISEE, which is not vacated after prompt and diligent effort to do so, or if FRANCHISEE files a petition for any relief under the United States Bankruptcy Act, or any state statute for protection against creditors, or FRANCHISEE becomes bankrupt or insolvent, or makes an assignment for the benefit of its creditors, or FRANCHISEE discontinues the Franchised Business, or a receiver is appointed over the operation of the Franchised Business and is not removed after prompt and diligent efforts to do so;

(d) FRANCHISEE maintains false books, records, or financial or operating statements;

(e) FRANCHISEE or any officer, director, partner, member, or principal shareholder of FRANCHISEE is convicted of a felony or the conversion or embezzlement of any property or funds, whether belonging to COMPANY or any other party, or a crime involving moral turpitude;

(f) FRANCHISEE receives from COMPANY three (3) or more notices to cure defaults or violations of this Agreement within a twelve (12) month period;

(g) failure to achieve $350,000 of GR in any 12-month period following the third anniversary of the date of the Franchise Agreement or in any year of the Franchise Agreement if a renewal agreement; or

(h) the occurrence of any default or breach by FRANCHISEE (or its principals, partners, members, officers, shareholders or directors, or their respective spouses) of any other agreement between COMPANY (or its Affiliates and subsidiaries) and FRANCHISEE or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate shall be deemed a default under this Agreement. Any default or breach of this Agreement by FRANCHISEE or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate, shall be deemed a default or breach under any and all other agreements between Franchisor (or its Affiliates and subsidiaries) and FRANCHISEE (or any entity with which FRANCHISEE, any of its officers, shareholders, directors, employees, partners, or members is an Affiliate). If the nature of such default under any other agreement would have permitted Franchisor to terminate this Agreement had said default occurred hereunder, Franchisor shall have the right to terminate all of the other agreements between Franchisor and FRANCHISEE, in the same manner provided for herein for termination of this Agreement. Notwithstanding anything to the contrary herein, this Section shall not apply to a breach of any Development Agreement entered into by FRANCHISEE (or its Affiliates and subsidiaries). For purposes of this section 17.01(h), Affiliate shall refer to any person or entity controlling, controlled by, or under common control with the subject person or entity.

17.02. It shall be an event of default ("Event of Default") if:

(a) FRANCHISEE fails to make any payment, when due, required by the terms of this Agreement or any other agreement between COMPANY and FRANCHISEE, or violates any other term, provision, or condition of this Agreement or any other agreement between COMPANY and FRANCHISEE, and such failure or violation continues for more than fifteen (15) days (or such longer period as may be required by law) after notice from COMPANY to FRANCHISEE;

(b) a judgment is obtained against FRANCHISEE and is not satisfied or bonded within fifteen (15) days after entry thereof;

(c) FRANCHISEE, after using its best efforts to do so, is unable to maintain or renew any license or permit required or which may be required for operation of the Franchised Business by any state or jurisdiction where the Franchised Business is to be located or any license or permit is suspended or revoked, and all appeals therefrom have been exhausted or the time to exercise such appeals has elapsed;

(d) FRANCHISEE damages the reputation for honesty, fair dealing, integrity, or good moral character of COMPANY;

(e) FRANCHISEE damages the good will of COMPANY, its reputation, or the Marks or any other name, trade name, or service mark of COMPANY;

(f) FRANCHISEE attempts to assign or transfer its rights or obligations under this Agreement, or any portion thereof, without the prior written approval of COMPANY or as is specifically permitted hereunder;

(g) FRANCHISEE fails to open the Franchised Business and commence business within the time prescribed by Section 14.02 of this Agreement;

(h) FRANCHISEE denies COMPANY the right to inspect, examine, or audit the Center in accordance with this Agreement;

(i) An audit of FRANCHISEE'S books and records reflects an understatement of GR as reported to COMPANY of five percent (5%) or more for any calendar year;

(j) FRANCHISEE is in breach of any of the terms or conditions of the Software Agreement;

(k) FRANCHISEE is in breach of any of the agreements with supplier(s) designated by COMPANY for purchase of equipment, advertising materials, services or other supplies, products, and materials required for the operation of the Franchised Business; or

(l) FRANCHISEE abandons, fails to renew, or otherwise loses the right to operate or stops operating the Standard Brain Balance Center and fails to convert the Franchised Business into a standard Brain Balance Center within a period of 30 days from the date of non-operation of the Standard Brain Balance Center.

17.03. (a) Upon the occurrence of an Event of Default, COMPANY, at its option, may terminate this Agreement on five (5) days' written notice (or a notice for a longer period of time as may be required by the law of the jurisdiction in which FRANCHISEE's Center is located) without a right to cure, and this Agreement, together with the Franchise granted hereunder, shall thereupon expire.

(b) Upon the occurrence of an Event of Default that continues for thirty (30) or more days of COMPANY giving FRANCHISE notice of such default, COMPANY shall have the absolute right without additional notice, to cease providing or making available any or all services and benefits provided for hereunder to FRANCHISEE until FRANCHISEE is current in the payment of fees and the filing of reports and has cured all other defaults. COMPANY's exercise of such right shall not diminish FRANCHISEE's continuing obligations under this Agreement or constitute an actual or constructive termination of this Agreement.

17.04. Upon the termination of this Agreement, whether as a result of an Event of Default or for any other reason, FRANCHISEE shall:

(a) Cease to be a FRANCHISEE, cease to operate the Franchised Business, and refrain and desist from using the names and Marks and all other marks, trade names, trademarks, or logos of COMPANY, or such names or logos similar thereto, in any manner whatsoever, including, without limitation, together with other words such as “formerly known as.”

(b) Promptly change FRANCHISEE's name to a name that does not include the words “Brain Balance®” or “BBF” or any of the Marks or any words similar thereto.

(c) Promptly pay to COMPANY all debts, including any outstanding Royalty and Advertising Fund contribution, arising from FRANCHISEE's obligations under this Agreement, which shall upon termination for any default by FRANCHISEE include all damages, costs, and expenses, including reasonable attorney's fees, incurred by COMPANY in obtaining injunctive relief for the enforcement of any provision of this Agreement as a result of the default and all Royalty and Advertising Fund contributions for the entire unperformed term of this Agreement.

(d) Promptly endeavor to collect all accounts receivable and file reports with respect thereto that derive from services provided by FRANCHISEE pursuant to this Agreement whether before or after termination of this Agreement and pay COMPANY any Royalty or Advertising Fund contribution due thereon in the amount and manner required by this Agreement.

(e) Deliver to COMPANY (electronically, if so requested by COMPANY) within ten (10) days of termination: (i) all files and records in respect to client services, research and development data provided to, or maintained by, FRANCHISEE through the System; (ii) all records, lists, and information concerning or relating to client accounts and prospective clients, and employees of FRANCHISEE; (iii) all other information maintained by FRANCHISEE, whether in written or electronic form, with respect to said clients, prospective clients, and employees; and (iv) all copies of COMPANY's Operations Manual, video tapes, and all other materials bearing the Marks or otherwise belonging to COMPANY.

(f) Immediately refrain and desist from the use of the Franchised Business's telephone number or numbers and, at the option of COMPANY, transfer and assign the right to use such number or numbers to COMPANY or COMPANY's designee and to take such action as may be required by BBF to transfer and assign to BBF or its designee all telephone numbers and white and yellow page telephone references and advertisements as set forth on the Conditional Assignment of Telephone Numbers annexed hereto as Exhibit 4.

(g) Immediately refrain and desist from the use of the Center premises from which the Franchised Business was operating and, upon the option of COMPANY, assign to COMPANY or COMPANY's designee the lease and right to use such premises pursuant to which assignment FRANCHISEE shall remain liable for all obligations to landlord accrued or derived from any date on or before the date of the assignment and COMPANY or COMPANY's designee, whichever is the assignee, shall assume only those obligations accruing after the date of such assignment.

(h) Not disclose to any person, firm, or corporation any of the trade secrets or confidential data furnished to FRANCHISEE by COMPANY, it being agreed that the term “trade secrets or confidential data” shall mean information communicated to FRANCHISEE by COMPANY and other data and information made available to FRANCHISEE in the operation of the Franchised Business, including, but not limited to, the Operations Manual, procedures, protocols, practices, forms, instructions, methods of operations, training programs, contracts, advertising, sales promotion programs, service programs, and other information so denoted elsewhere in this Agreement.

(i) Irrevocably refrain and desist from the use of any trade secrets or confidential data or information made available to FRANCHISEE in the operation of the Franchised Business, including but not limited to refraining and desisting from acting as a consultant or service provider to any current or future franchisee within the System’s network utilizing any such information.

(j) Irrevocably assign and transfer to COMPANY (or to another franchisee or designee of COMPANY) any and all interest FRANCHISEE may have in the Web site link and any and all social media accounts or usernames maintained in connection with the Franchised Business; to execute any documents and perform any other actions COMPANY requires to effectuate this assignment and transfer and otherwise ensure that all such rights revert to COMPANY (or to another franchisee or designee of COMPANY); and not to establish any Web site or social media accounts or names using the Marks or any names similar or confusingly similar to the domain names or account names used in the Business and not to identify itself on any Web site as a former COMPANY franchisee.

17.05. FRANCHISEE shall retain no equity or interest in the Franchise or the Franchised Business following termination for any reason or non-renewal, and FRANCHISEE shall receive no payment or compensation whatsoever for any goodwill FRANCHISEE may have established either prior to or during the operation of the Franchised Business.

18. <u>COVENANT NOT TO COMPETE</u>

18.01. Throughout the term of this Agreement, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall own, maintain, or have any interest in or otherwise participate or engage in, either directly or indirectly, by itself or in conjunction with any other person or entity, any supplemental education services business whether as partner, stockholder, member, officer, director, employee, representative, or in any other capacity, except if such other business is franchised by COMPANY.

18.02. (a) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall divert, or attempt to divert, any business of, or any clients of, the Business to any other competitive establishment, by direct or indirect inducement or otherwise.

(b) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall divert, or attempt to divert, any business of, or any clients of, COMPANY or any other franchisee or affiliate of COMPANY to any other competitive establishment, by direct or indirect inducement or otherwise.

(c) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall, directly or indirectly, seek for employment, employ, or attempt to employ any person who is at the time employed by the Business or otherwise directly or indirectly induce such persons to leave their employment.

(d) Throughout the term of this Agreement, and for a period of two (2) years after termination, regardless of cause of the termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall, directly or indirectly, seek for employment, employ, or attempt to employ any person who is at the time employed by COMPANY or any franchisee or affiliate of COMPANY or otherwise directly or indirectly induce such persons to leave their employment.

18.03. Throughout the term of this Agreement and after its termination, regardless of the cause of termination, expiration, or upon non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, trade secrets, proprietary information, or private processes of COMPANY, or any information or knowledge concerning the methods of operation utilized in the Business.

18.04. For a period of one (1) year after the termination of this Agreement, regardless of the cause of termination, expiration, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members, or partners shall enter into the supplemental educational services business, or engage in other related activities, whether as a partner, stockholder, officer, director, employee, representative, or in any other capacity within a fifty (50) mile radius of the Center.

18.05. FRANCHISEE acknowledges that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on FRANCHISEE, since FRANCHISEE has other considerable skills, experience, and education that afford FRANCHISEE the opportunity to derive income from other endeavors.

18.06. For the purposes of this Section 18, FRANCHISEE agrees that any conduct of FRANCHISEE's spouse or a member of FRANCHISEE's immediate family, which if committed by FRANCHISEE would be a breach hereof, shall be deemed a breach hereof.

18.07. COMPANY's right to obtain injunctive relief is subject to the Non-Waiver Provisions of the California Franchise Relations Act, Article I Section 20010.

19. INDEMNIFICATION

(a) FRANCHISEE agrees at its cost to protect, defend, indemnify, and hold COMPANY, its parent if any, or any affiliate or subsidiary corporation, or assigns, and their respective directors, officers, shareholders, and members jointly and severally harmless from and against all claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, directly or indirectly incurred (including without limitation attorneys' and accountants' fees), in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof, as a result of, arising out of, or connected with the operation of the Franchised Business. This indemnity shall in no way be limited by the existence or non-existence of insurance coverage and shall also apply to claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities not covered either under deductible provisions of such insurance coverage or in excess of insurance coverage required hereunder or otherwise not covered.

(b) For the purpose of this Section 19.01, the indemnification shall be deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgment, compensation for damages to COMPANY's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of refunds, compensation, public notices, and other such amounts incurred in connection with the matters described.

(c) FRANCHISEE agrees to give COMPANY notice of any such action, lawsuit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of FRANCHISEE, COMPANY may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry, or investigation, provided that COMPANY will seek the advice and counsel of FRANCHISEE and shall keep FRANCHISEE informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by COMPANY shall in no manner or form diminish FRANCHISEE's obligation to indemnify COMPANY and to hold it harmless.

20. ARBITRATION; REMEDIES

20.01. Except as provided in Section 20.02 below, COMPANY and FRANCHISEE agree that any and all disputes between them, and any claim by either party that cannot be amicably settled (including tort as well as contract claims, claims based upon any federal, state, or local statute, law, order, ordinance, or regulations, and claims arising from any relationship prior to, at the time of entering, during the term of, or upon or after expiration or termination of this Agreement) except for claims relating to the Marks or other service marks or commercial symbols of COMPANY, shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules then obtaining of the American Arbitration Association or any successor at its office located in San Francisco, California, unless the parties otherwise agree in writing. COMPANY and FRANCHISEE consent to personal jurisdiction and hereby waive all objections to personal jurisdiction or venue for the purpose of carrying out the purposes of this Paragraph 20.01. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award that extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by COMPANY in good faith. The arbitrator(s) shall be limited to the issues in dispute between COMPANY and FRANCHISEE and a dispute between any other franchisee and COMPANY shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense, including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys, and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding and shall be entered in a court of competent jurisdiction.

20.02. FRANCHISEE acknowledges that its franchise is one of a number of Brain Balance® Centers using COMPANY's service marks and style of conduct and that the failure on the part of FRANCHISEE to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other offices franchised or operated by COMPANY and to COMPANY's business. Therefore, and notwithstanding the provisions contained in Paragraph 20.01 above, FRANCHISEE agrees that upon the happening of any Non-Curable Default or Event of Default set forth in Section 17.01 or 17.02, or in the event of a threatened breach by FRANCHISEE of any of the terms of this Agreement, COMPANY shall have the immediate right to secure a court order enjoining any such default or threatened breach. If this Agreement shall have been terminated, FRANCHISEE may be enjoined from any continued operation of any Center franchised under this Agreement and/or the Franchised Business. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have.

20.03. Each right or remedy granted to COMPANY by this Agreement is cumulative of all other rights or remedies given by this Agreement or by law or equity.

20.04. (a) If a claim for amounts owed by FRANCHISEE to COMPANY is asserted in any legal proceeding before a court of competent jurisdiction, then FRANCHISEE shall not interpose any counterclaim in any such proceeding, and then both parties waive their right, if any, to a trial by jury. If COMPANY employs the services of an attorney for the collection of any unpaid amount due hereunder, FRANCHISEE shall reimburse COMPANY for all costs and expenses, including reasonable attorney's fees, incurred in such collection.

(b) In no event shall FRANCHISEE be entitled to make, nor shall FRANCHISEE make any claim, and FRANCHISEE hereby waives any claim, for money damages, nor shall FRANCHISEE claim any money damages by way of set-off, counterclaim, or defense, based upon any claim or assertion by FRANCHISEE that COMPANY has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by FRANCHISEE under any of the terms of this Franchise Agreement. FRANCHISEE's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

(c) FRANCHISEE agrees that it will not, on grounds of any alleged non-performance or breach by COMPANY of any of the provisions of this Agreement, withhold payment of any monies due to COMPANY. In any action or proceeding commenced by COMPANY for monies owed to it by FRANCHISEE, FRANCHISEE will not interpose and waives the right to interpose any counterclaim or to remove such action to any other court or to consolidate such action with any other action in that court, or in any other court whether brought prior or subsequent to COMPANY's action.

21. MISCELLANEOUS

21.01. This Agreement shall be construed and enforced in accordance with the laws of the state of California without regard to the rules of conflict of laws. Except as provided in Section 20.01, any action arising out of this Agreement may only be brought in any court of the state of California located in Contra Costa County, California, or in the United States District Court for the Northern District of California and the parties irrevocably consent to the personal jurisdiction of all such courts.

21.02. Each provision of this Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Agreement. If any one or more provisions of this Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Agreement. Notwithstanding the foregoing, if COMPANY determines that any such determination by a court adversely affects the basic consideration of the Agreement, COMPANY at its option, may terminate this Agreement.

21.03. All notices required or desired to be given under this Agreement shall be in writing and given by personal delivery, registered mail, return receipt requested, or nationally recognized overnight delivery service. Notice shall be delivered to COMPANY and FRANCHISEE at their respective addresses set forth above or at such other address as either shall designate in accordance with this Section. Notice shall be deemed given when delivered, if delivered in person; on the next business day, if delivered by nationally recognized overnight delivery service; and on the second business day following deposit in the mail, if given by registered mail.

21.04. Nothing contained in this Agreement shall constitute or be construed to constitute a partnership or joint venture between the parties and neither FRANCHISEE nor COMPANY shall have the right to obligate or bind the other in any manner whatsoever, and nothing herein contained shall be deemed or intended to give any right of any kind to any third parties. It is understood that neither FRANCHISEE nor any individual whose compensation for service is paid or required to be paid by FRANCHISEE is in any way, directly or indirectly, expressly or by implication construed to be an employee or agent of COMPANY for any purpose, and particularly with respect to any tax or contributions or requirement or withholding levied or fixed by any city, state, or federal agency.

21.05. No waiver, modification, or cancellation of any term of this Agreement shall be effective unless in writing signed by both parties except that the Operations Manual may be revised by COMPANY in its discretion as otherwise set forth herein. COMPANY will not modify the Operations Manual if the modification unreasonably increases a FRANCHISEE's obligations under the Franchise Agreement or imposes an unreasonable economic burden on a FRANCHISEE. No failure of COMPANY to exercise any power to it under this Agreement or to insist upon strict compliance by FRANCHISEE with any provision under this Agreement shall constitute a waiver of COMPANY's right to demand future compliance with each and every term of this Agreement. Waiver by COMPANY of a default by FRANCHISEE shall not affect or impair COMPANY's rights with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, or omission of COMPANY to exercise any power or right arising from a breach or default by FRANCHISEE of any of the terms or provisions of this Agreement effect or impair COMPANY's rights, nor shall it constitute a waiver by COMPANY of any right or the right to declare any subsequent breach or default. The acceptance by COMPANY of payments due to it by FRANCHISEE shall not be deemed to be a waiver by COMPANY of any prior breach or default of this Agreement by FRANCHISEE.

21.06. This Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between COMPANY and FRANCHISEE with respect to the subject matter hereof. The parties agree that this Agreement supersedes all prior agreements and that there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein which shall have any force or effect with reference to this Agreement, provided however, this will not apply to any representations contained in the Franchise Disclosure Document delivered to FRANCHISEE pursuant to federal or state law. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

21.07. This Agreement shall become effective upon its acceptance in San Francisco, California, by an authorized officer of COMPANY, which acceptance shall be evidenced by the execution of this Agreement by such authorized officer and the delivery to FRANCHISEE of a fully executed copy.

21.08. Notwithstanding anything contained in this Agreement to the contrary, COMPANY shall not be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by: (i) strikes or other labor disturbance; (ii) acts of God, or the public enemy, riots, or other civil disturbances, fire, or flood; (iii) interference by civil or military authorities; (iv) compliance with governmental laws, rules, or regulations that were not in effect and could not be reasonably anticipated as of the date of this Agreement; or (v) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be extended for an additional period equal to the period of time caused by such unavoidable delay.

21.09. Any provisions of this Agreement that impose an obligation after termination of this Agreement shall survive the termination of this Agreement and be binding on the parties.

21.10. Notwithstanding any applicable Statute of Limitations to the contrary, the parties agree that any and all claims and actions arising out of or relating to this Agreement, the relationship between FRANCHISEE and COMPANY or FRANCHISEE's operation of the Franchised Business shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, provided, however, that this Section 21.10 shall not apply to COMPANY's rights under Sections 7.02 or 7.03 of this Agreement, which may be exercised at any time or to claims arising out of inspections or audits pursuant to Sections 7.02 or 7.03.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year written above.

FRANCHISOR: BB FRANCHISING LLC

By:__________________________________

Dominick Fedele, CEO

FRANCHISEE

By:__________________________________

By:__________________________________

SCHEDULE I

A. Corporate and Trade Name:

If FRANCHISEE is, or when FRANCHISEE becomes, a corporation or limited liability company, the name of the corporate FRANCHISEE shall be ________________________________ and its trade name "Brain Balance® of ______________________________", containing the name of a town or city located within thirty (30) miles of FRANCHISEE's office, provided no part of said town or city is contained in another franchisee's territory. No other names shall be utilized by FRANCHISEE without the prior written approval of COMPANY.

B. Standard BB Center Location:

FRANCHISEE's Standard BB Center is located at ________________________.

C. Office Location:

FRANCHISEE's office for its Franchised Business shall be located within the following city: ___________________________(the "City"). The exact location of the office within the City is subject to COMPANY's prior written approval.

D. Territory:

FRANCHISEE's territory, referred to in Section 1.01 of the Franchise Agreement is described as follows:

____

____

____

FRANCHISOR: BB FRANCHISING LLC

By:__________________________________
Dominick Fedele, CEO

FRANCHISEE

By:__________________________________

By:__________________________________

EXHIBIT 1
APPLICATION LICENSE AGREEMENT

APPLICATION LICENSE AGREEMENT

This **APPLICATION LICENSE AGREEMENT** (this "Agreement"), dated as of ______, 20__ (the "Effective Date"), is entered by and between BB FRANCHISING LLC, a Delaware limited liability company, with offices located at 1320 North Route 59, Unit 110, Naperville, IL 60563 ("Licensor"), and ______________________, a ______________________, with office located at __________________________________ ("Licensee").

W I T N E S S E T H :

WHEREAS, Licensor and Licensee have entered into a Franchise Agreement dated _______ as Franchisor and Franchisee, respectively (the "Franchise Agreement"), for the operation of Brain Balance™ Center(s) which offer a program for individuals with developmental delays resulting from neurological and physiological imbalances using certain technology (the "Licensed Technology") (the "Business");

WHEREAS, in connection with the Licensed Technology Licensor has developed and is licensing certain proprietary software programs, through an application service provider ("ASP"), with whom Licensor has an arrangement, and is making available to its franchisees by means of web-based access; and

WHEREAS, Licensee desires to access and use Licensor's proprietary software programs and ASP services, and Licensor desires to provide such use and services to Licensee on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and undertakings 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. Grant of License.

(a) (i) Subject to the terms and conditions set forth in this Agreement, Licensor hereby grants to Licensee, during the term hereof, a non-exclusive, non-transferable limited license, without right of sublicense (the "License"), to allow access to, and use of:

(A) the proprietary software of Licensor as specifically described in **Exhibit A** annexed hereto, as such proprietary software may be upgraded and modified from time to time in Licensor's sole and absolute discretion during the Term (the "Software");

(B) the operating manuals, user instructions and such other materials as are related to the Software and as may be delivered by Licensor generally to other licensees of the Software (the "Software Materials"); and

(C) the customer data provided by the Licensee and communicated to the Software and incorporated therein via a leased line, VPN or otherwise (the "Data Feed").

(ii) (A) Licensor does not convey any right, title to or interest in the Software or the Software Materials to Licensee other than the License granted hereunder, and all proprietary, trade secret and other rights relating to the Software and Software Materials are and shall remain the property of Licensor, and (B) Licensor makes no representations or warranties as to the completeness, accuracy, availability or quality of the information contained in, or provided pursuant to, the Data Feed.

(iii) the License granted hereunder does not grant the right to use any third party software supplied or re-sold by Licensor for use in connection with the Software for any purpose other than in connection with the Software.

(b) The Software and the Software Materials shall be used by the Users (as defined below) solely for the internal business purposes of Licensee. For purposes of this Agreement, "User" or "Users" means either employees of, or independent contractors retained by, Licensee, provided, however, that Licensee shall first have caused any such independent contractors to execute a confidentiality agreement covering the matters specified in Section 11(b)(i) in form and substance reasonably satisfactory to Licensor.

(c) The License granted hereunder is expressly limited to binary or object code versions of the Software. Licensee shall not to attempt to decompile, reverse engineer, alter, or modify the Software, or otherwise seek or utilize any expression of the Software in other than object code form.

(d) The Licensee shall be deemed to have accepted the Software and Software Materials upon execution of this Agreement by both parties.

2. Application Services.

(a) Licensee acknowledges that the Software shall be provided by Licensor, either directly, or indirectly through an independent contractor designated by Licensor. Licensor, or its subcontractor, as the case may be, shall provide the appropriate rack space and connectivity for such services reasonably related thereto (collectively, the "Application Services"). The Application Services shall be provided at Licensor's cost and shall remain the property of Licensor or its subcontractor as the case may be. The Software shall be made available to Licensee using a link (the "Access Link") from each of Licensee's Users' (as defined below) computers to access and use the Software on the Access Link using a commercial host. Licensee acknowledges that while the Access Link to the database shall be dedicated for the Licensee's sole usage, the server(s) hosting software applications which provide authentication, security of access and access to the Users may be shared with other users. Licensee further acknowledges and agrees that successful access and use of the Software by Licensee depends upon Licensee's implementation of appropriate hardware and communication software as specified on Exhibit C hereto or as Licensor may reasonably recommend from time to time in its Operations Manual or otherwise (collectively, the "Operating Environment"). Licensee shall be responsible for providing the Operating Environment at its own expense.

(b) Licensor shall provide, or cause to be provided, all reasonable and necessary maintenance on the Access Link(s) and shall use reasonable commercial efforts to cause the Access Link(s) to be operational twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance and required repairs, and except for any loss or interruption in operations due to causes beyond the reasonable control of Licensor or which are not reasonably foreseeable by Licensor, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures. Support for the Software, however, shall be subject to the Support and Maintenance Agreement (annexed hereto as Exhibit D).

3. Charges and Fees.

(a) License Fee for Software. Licensee shall pay to Licensor upon execution hereof and thereafter on each anniversary of the Effective Date the annual license fee specified in **Exhibit B.**

(b) Maintenance Fees. Commencing upon execution hereof and until such time as the License granted hereunder is terminated, Licensee shall pay to Licensor the annual maintenance fees (the "Maintenance Fees") and the annual third party platform hosting fees (the "Third Party Platform Fees") specified in **Exhibit B**.The Maintenance Fees may be increased by Licensor from time to time following the initial twelve (12) month period in accordance with the terms specified in **Exhibit B**. No increase in Maintenance Fees shall exceed the CPI (as defined below) increase with respect to the year prior to such increase. "CPI" means the Consumer Price Index issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st**.** The Third Party Platform Fees may be increased on thirty (30) days' prior notice in the event that the third party hosting company increases fees charged to Licensor, and in the amount by which Licensor's costs increase.

4. Maintenance Agreement. Provided Licensee's payment of Maintenance Fees is current, Licensor shall provide support and maintenance services with respect to the Software to Licensee during the Term as set forth in, and subject to the terms and conditions of, the Software Maintenance Agreement in the form of **Exhibit D** annexed hereto.

5. Term. The term of this Agreement shall commence on the Effective Date and, unless sooner terminated pursuant to the terms hereof or by the termination of the Franchise Agreement, shall continue in full force and effect for the term of the Franchise Agreement or an extension or renewal thereof (the "Term").

6. Termination.

(a) Termination of Franchise Agreement. This Agreement and the License granted hereunder shall automatically terminate, without notice to Licensee, in the event the Franchise Agreement is terminated.

(b) Termination for Convenience. Licensor may, by notice to Licensee, terminate this Agreement with at least thirty (30) days notice, provided, however, that if such termination is effective at a time other than the end of the Term or a Renewal Term of the Franchise Agreement any unearned portion of the Maintenance Fees shall be refunded to Licensee pro rata.

(c) Effect of Termination. Upon termination of this Agreement, the License granted hereunder shall terminate and (i) Licensee shall immediately cease use of the Software and Software Materials and promptly deliver to Licensor (at the address set forth on the first page of this Agreement or as otherwise directed by Licensor) or destroy as Licensor may direct, all magnetic media or other tangible items containing the Software, if any, and/or any and all copies thereof that are in the possession of Licensee, all Software Materials provided to Licensee by Licensor with respect to the Software and/or any documentation derived therefrom and any and all copies thereof and all materials, magnetic media or other tangible items containing Licensor Confidential Information (as defined in Section 11(b)(i) below); and (ii) Licensor shall promptly deliver to Licensee (at the address set forth on the first page of this Agreement) or destroy, as Licensee may direct, all materials, magnetic media or other tangible items containing Licensee Confidential Information (as defined in Section 11(b)(ii) below).

7. Representations and Warranties.

(a) *By Licensor.*

(i) Licensor represents and warrants that it has all necessary right, title and authority to (A) enter into this Agreement and perform its obligations hereunder, and (B) grant to Licensee the License granted hereunder

(b) *By Licensee.*

Licensee represents and warrants:

(i) That it has full power and authority to enter into this Agreement; and

(ii) That any corporate authorization necessary for Licensee to enter into this agreement has been obtained.

(iii) That Licensee will not infringe, violate or misuse any copyright or other proprietary right of Licensor.

(iv) That Licensee will not, during the term of this Agreement or thereafter, use or introduce any software other that the Software or any hardware into the hosting environment maintained by Licensor.

8. Limitation of Warranty and Liability.

(a) LICENSOR'S EXPRESS WARRANTIES HEREUNDER ARE IN LIEU OF AND TO THE EXCLUSION (TO THE FULLEST EXTENT PERMITTED BY LAW) OF ANY OTHER WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESSED OR IMPLIED BY LAW, CUSTOM OR USAGE, OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTY OF NON-INFRINGEMENT, THAT THE SOFTWARE IS ERROR FREE OR FREE OF HARMFUL CODE OR THAT AVAILABILITY OF THE SOFTWARE WILL NOT BE INTERRUPTED.

(b) LICENSOR EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE CONTENT, AVAILABILITY, QUALITY OR ACCURACY OF ANY DATA FEED PURSUANT TO THIS AGREEMENT. LICENSOR SHALL NOT BE LIABLE HEREUNDER FOR ANY DAMAGES WITH RESPECT TO THE DATA FEED, INCLUDING, WITHOUT LIMITATION, ANY DAMAGES INCURRED BY LICENSEE AS A RESULT OF ANY INACCURACIES OR ANY INTERRUPTIONS IN THE DATA FEED. WITHOUT LIMITING THE FOREGOING, LICENSOR WILL HAVE NO LIABILITY TO LICENSEE FOR, RELATING TO OR ARISING FROM ANY DATA FEED CONTENT, OR THE AVAILABILITY, UNAVAILABILITY OR ANY DELAYS WITH RESPECT TO ANY DATA FEED.

(c) LICENSOR SHALL NOT BE LIABLE IN CONTRACT, TORT, OR BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING, WITHOUT LIMITATION FOR ANY LOST PROFITS, LOSS OF GOODWILL, ECONOMIC CONSEQUENCES OR LOSS OF DATA EVEN IF LICENSOR HAS BEEN ADVISED OF OR FORESAW THE POSSIBILITY OF ANY SUCH DAMAGES.

(d) LICENSOR'S AGGREGATE LIABILITY TO LICENSEE ARISING FROM ANY CLAIM OR CIRCUMSTANCE RELATING TO THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, FOR BREACH OF ANY OBLIGATION RELATING TO THE QUALITY OR PERFORMANCE OF THE SOFTWARE, SOFTWARE MATERIALS AND/OR THE HOSTING SERVICES THAT LICENSOR MAY LAWFULLY LIMIT, IS LIMITED TO THE AMOUNT OF THE FEES PAID BY LICENSEE TO LICENSOR PURSUANT TO THIS AGREEMENT FOR THE TWELVE (12) MONTHS IMMEDIATELY PRIOR TO THE EARLIEST EVENT GIVING RISE TO LICENSOR'S LIABILITY.

9. Licensee Indemnification.

Licensee shall indemnify, defend and hold Licensor and its respective directors, officers, members, employees and agents, harmless from and against any and all third party claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorney's fees and expenses) (collectively, "Damages") arising out of or relating to: (i) any breach of representations, warranties, or provision hereof; or (ii) the use of the Software, the Software Materials or the Data Feed by Licensee.

10. Intellectual Property Indemnification.

(a) Licensor shall indemnify, defend and hold harmless Licensee and its directors, officers, shareholders, employees and agents, from and against any Damages arising directly out of or relating to any lawsuit or proceeding brought against Licensee to the extent that such lawsuit or proceeding is based on a claim that the Software used by Licensee within the scope of the License granted hereunder, infringes upon or constitutes a misuse of a validly issued United States patent, or any copyright, trademark or other proprietary right effective in the United States; provided that Licensor is notified promptly in writing of such lawsuit or proceeding and that Licensee gives Licensor full and complete authority, information and assistance for the defense thereof (which defense shall be at Licensor's expense); provided further, that Licensor's indemnification obligations hereunder shall be reduced to the extent that (i) any of the Damages were caused as a result of Licensee's acts or omissions (other than Licensee's use of the Software in strict compliance with this Agreement and the Software Materials), or (ii) Licensee receives any insurance amounts relating to the lawsuit or proceeding subject to indemnification hereunder. If, in Licensor's reasonable opinion, the Software is, or may reasonably be expected to become a subject of such a lawsuit or proceeding, Licensor may, at its option, take any of the following actions: (A) procure for Licensee the right to continue using the Software; (B) modify the Software so that it becomes non-infringing but remains appropriate for use in connection with the Business; or (C) replace the Software with other software that is non-infringing and appropriate for use in connection with the Business. In the event that Licensor elects to take any of the actions described in sub-paragraphs (A), (B), or (C) above, then Licensor's indemnification obligations hereunder with respect to the facts and circumstances giving rise to such indemnification obligations shall cease as of the date upon which Licensee receives the continued right to use the Software or the modified or replacement Software with a License thereto for Licensee, as applicable. Licensor shall not have any liability hereunder for any Damages incurred or settlement entered into by Licensee with regard to such a lawsuit or proceeding without Licensor's prior written consent. Licensor shall not have any liability to Licensee under this Section 10 or otherwise for, with respect to and to the extent of any Damages caused by: (1) the interconnection and/or use of the Software in combination with software or hardware not recommended or approved by Licensor in writing; (2) the use of other than the current release or updated version of the Software , if such infringement or misuse would have been or would be avoided by the use of such current release or version; or (3) use of the Software in a manner other than (x) that contemplated by the Software Materials, or (y) as is otherwise mutually agreed upon in writing by the parties.

(b) Licensee shall give Licensor prompt written notice of any event or assertion of which Licensee obtains knowledge concerning any Damages and as to which Licensee may request indemnification from Licensor hereunder. Licensee shall reasonably cooperate with Licensor in determining the validity of any claim or assertion requiring indemnity hereunder and in defending against third parties with respect to the same, all at Licensor's sole cost and expense. The defense of such litigation shall be within the control of Licensor or any persons providing indemnity and defense to Licensor; <u>provided</u>, <u>however</u>, that Licensor's choice of counsel shall be reasonably satisfactory to Licensee but such counsel's prior or current representation of Licensor shall not render such counsel unsatisfactory so long as representation of Licensee is consistent with such counsel's applicable professional obligations. Licensee may, at its sole cost (other than as set forth in the sentence immediately following this sentence), participate in the defense of any claim or assertion requiring indemnity by Licensor hereunder, and in such event, Licensor shall cooperate fully in connection therewith.

11. <u>Covenants of the Parties</u>.

(a) <u>Ownership, Title and Use</u>.

Licensee acknowledges and agrees that:

(i) The Software, including its source and object codes, appearance, structure and organization and the Software Materials and any other documentation (including all descriptive material concerning the functions and technical specifications of the

Software, any user manuals, technical manuals, and other materials issued to Licensee in connection with the License), are proprietary products of Licensor or its affiliates and are protected by copyright and other laws.

(ii) Title and copyright to the Software and the Software Materials, any derivative works thereof, and any copy, update, modification or merged portion of any of the foregoing, shall at all times remain with Licensor.

(iii) Licensor expressly reserves the entire right, title and interest in and to the Access Link and to Software and the Software Materials. Licensor retains the right to reproduce, publish, sell, modify, distribute, prepare derivative programs of, and license to other licensees, the Software or the Software Materials.

(iv) Licensee shall not remove any trademarks, proprietary legends, or copyright notices from the Software or the Software Materials, or reproduce, publish, sell, modify, distribute, prepare derivative programs of, or license the Software or the Software Materials in any manner.

(v) Licensee shall make no copies of the Software, or any component thereof, or any Software Materials, for any purpose whatsoever except use of the Software and the Software Materials in accordance with this Agreement without the prior written consent of Licensor (which consent may be given or withheld in Licensor's sole and absolute discretion).

(vi) Licensee shall not use any content, data, hardware, software or other materials provided by or on behalf of Licensee or any User (collectively, the "Licensee Materials") in connection with the Software or Software Materials in any manner that (A) infringes upon or violates any patent, copyright, trade secret, trademark, or other intellectual property right of any third party, (B) constitutes defamation, libel, invasion of privacy, or violation of any right of publicity or other third-party right or is threatening, harassing or malicious, or (C) violates any applicable international, federal, state or local law, rule, legislation, regulation or ordinance.

(vii) Licensee Materials shall at all times during the Term, be free of any harmful code, including, but not limited to, any program, information, code or command that is (A) designed to or are known by Licensee to cause the Software to malfunction or self-destruct, (B) designed to or are known by Licensee to cause damage to a computer, network or any information, program or data contained therein, or (C) designed to enable unauthorized access or remote deactivation (other than Licensor's ability to disconnect Users) or otherwise interfere with the performance of the Software.

(b) Confidential Information.

(i) Licensee agrees that unless Licensee has obtained Licensor's prior written consent (which consent may be given or withheld in Licensor's sole and absolute discretion), Licensee shall keep the Software, the Software Materials, and the terms and conditions of this Agreement (collectively, the "Licensor Confidential Information") confidential and prevent disclosure thereof to any person, firm or enterprise other than its employees and independent contractors for purposes directly related to Licensee's operation of its business, which employees and independent contractors have been approved in writing by Licensor and/or which have signed a confidentiality agreement in a form reasonably satisfactory to Licensor. Licensee's obligation of confidentiality shall not apply to information which: (A) is obtained by Licensee from a third party that did not make a disclosure in violation of a non-disclosure obligation; (B) is in the public domain not as a result of action by Licensee or a third party acting in violation of a non-disclosure obligation, or (C) is necessary for the enforcement of any obligations under this Agreement. The obligations of confidentiality shall not apply to the extent of a disclosure required by law or court order; provided, however, that in the event of any such required disclosure Licensee shall give Licensor prompt notice thereof in order that Licensor may attempt to quash, limit or otherwise prevent or limit disclosure, and Licensee shall cooperate, at Licensor's sole cost, with Licensor with respect to any such attempt as reasonably requested by Licensor.

(ii) Licensor agrees that unless it has obtained Licensee's prior written consent (which consent may be given or withheld in Licensee's sole and absolute discretion), Licensor shall keep all Licensee Confidential Information (as defined below) confidential and prevent disclosure thereof to any person, firm or enterprise other than Licensor's employees for purposes directly related to Licensor's provision of Software and related services to Licensee hereunder or under any other agreement between Licensee and Licensor, or independent contractors of Licensor who have been approved in writing by Licensee and who have signed a confidentiality agreement in a form reasonably satisfactory to Licensee. Licensor's obligation of confidentiality shall not apply to information which: (A) is obtained by Licensor from a third party that did not make a disclosure in violation of a non-disclosure obligation; or (B) is in the public domain not as a result of action by Licensor or a third party acting in violation of a non-disclosure obligation. The obligations of confidentiality shall not apply to the extent of a disclosure required by law or court order; provided, however, that in the event of any such required disclosure, to the extent permissible, Licensor shall give Licensee prompt notice thereof in order that Licensee may attempt to quash, limit or otherwise prevent or limit disclosure, and Licensor shall cooperate, at Licensee's sole cost, with Licensee with respect to any such attempt as reasonably requested by Licensee. For purposes of this Agreement, "Licensee Confidential Information" means, subject to subparagraphs (A) and (B) above, any and all business information obtained from Licensee by Licensor in connection with Licensor's performance under this Agreement or information obtained from Licensee with respect to the business of Licensee's Center, its Affiliates, or their respective investors and customers.

12. Equitable Remedies.

Licensee acknowledges and agrees that a breach by it of the terms and conditions of this Agreement, including particularly § 11(b) thereof, shall cause irreparable harm and injury to Licensor, that damages with respect to any such injury may not be readily ascertainable, and that accordingly, in the event of any such breach, or where any such breach can be reasonably anticipated by Licensee, Licensor shall be entitled to seek in a court of competent jurisdiction any and all available equitable remedies, including, without limitation, a temporary restraining order, preliminary and permanent injunctive relief, and specific performance, in order to prevent the creation or continuation of such breach. Licensor's right to seek and obtain such equitable remedies shall be in addition to, and not in lieu of, such other remedies as may be available to Licensor at law or in equity and/or under this Agreement. Licensee waives any requirement to post a bond in connection with any equitable relief and if bond shall nevertheless be required hereby stipulates and consents that bond in the amount of $1,000 shall be adequate.

13. Assignment; Restriction on Transfer and Encumbrance.

(a) This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

(b) The Software and Software Materials shall at all times remain the property of Licensor, and the License granted in this Agreement specifically excludes any right of encumbrance, disposition of the Software or Software Materials by Licensee. Licensee shall not encumber, sell, assign, transfer, convey, license or otherwise dispose of its rights or obligations under, title to, or interest in, this Agreement (including, without limitation, the License granted to Licensee hereunder) to any third party (unless such disposition is in connection with Licensee's assignment of all of its rights and interests in the Franchise Agreement), including, without limitation, by operation of law where Licensee is no longer the surviving entity. Licensee shall have no right to grant a security interest in its rights hereunder to any lender.

(c) Licensor may assign this Agreement or any and all of Licensor's rights hereunder to any successor, purchaser, transferee or other assignee who assumes Licensor's obligations hereunder.

14. Taxes. Licensee shall be solely responsible for any and all taxes arising out of this Agreement, including, without limitation, any sales, use or property taxes, and any interest or penalties related thereto, but excluding taxes based upon the income or gross receipts of Licensor.

15. Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, Licensor shall not be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by: (i) strikes or other labor disturbance; (ii) acts of God, or the public enemy, terrorist acts, riots or other civil disturbances, fire, or flood; (iii) interference by civil or military authorities; (iv) compliance with governmental laws, rules or regulations ; or (v) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be extended for an additional period equal to the period of time caused by such unavoidable delay.

16. Severability. Each provision of this Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Agreement. If any one or more provisions of this Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Agreement. Notwithstanding the foregoing, if Licensor determines that any such determination by a court adversely affects the basic consideration of the Agreement, Licensor at its option, may terminate this Agreement.

17. Notices. All notices hereunder shall be in writing and shall be sent to the other party by personal delivery, or recognized overnight courier. Notice shall be delivered to the

parties at each of their respective addresses set forth above or at such other address as either shall designate by notice hereunder. Notice shall be deemed given when delivered or delivery is refused.

18. Relationship of Parties. Nothing contained in this Agreement shall constitute or be construed to constitute or create a partnership or joint venture between the parties and neither party shall have the right to obligate or bind the other in any manner whatsoever, and nothing herein contained shall be deemed or intended to give any right of any kind to any third parties. It is understood that neither Licensee nor any individual whose compensation for service is paid or required to be paid by Licensee is in any way, directly or indirectly, expressly or by implication construed to be an employee or agent of the Licensor for any purpose, and particularly with respect to any tax or contributions or requirement or withholding levied or fixed by any city, state or federal agency.

19. Governing Law; Jurisdiction. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of laws rules thereof. Except as provided in Section 19(b) below, any and all disputes between the parties arising out of this Agreement, and any claim by either party that cannot be amicably settled (including tort as well as contract claims, claims based upon any Federal, state, or local statute, law, order, ordinance, or regulations, and claims arising from any relationship prior to, at the time of entering, during the term of, or upon or after expiration or termination of this Agreement), shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules then obtaining of the American Arbitration Association or any successor at its office located in San Francisco, California, unless the parties otherwise agree in writing. The parties hereto hereby consent to personal jurisdiction in accordance with the foregoing provisions and hereby waive all objections to personal jurisdiction or venue for the purpose of carrying out the purposes of this Paragraph 19. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Licensor in good faith. The arbitrator(s) shall be limited to the issues in dispute between the Licensor and Licensee and a dispute between any other Licensee and the Licensor shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding, and shall be entered in a court of competent jurisdiction.

(b) Licensee acknowledges that its License is one of a number of licenses of the Software and that the failure on the part of Licensee to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other Centers franchised or operated by Licensor and to Licensor's business. Therefore, and notwithstanding the provisions contained in Paragraph 19(a) above, Licensee agrees that upon the happening of any default hereunder, or in the event of a threatened breach by Licensee of any of the terms of this Agreement, Licensor shall have the immediate right to secure a court order enjoining any such default or threatened breach. If this Agreement shall have been terminated, Licensee may be enjoined from any use of the Software. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have.

20. No Exclusive Remedy. No right or remedy conferred upon or reserved to Licensee and Licensor by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

21. No Waiver. No waiver, modification, or cancellation of any term of this Agreement shall be effective unless in writing signed by both parties. No failure of the Licensor to exercise any power granted to it under this Agreement or to insist upon strict compliance by Licensee with any provision under this Agreement shall constitute a waiver of the Licensor's right to demand future compliance with each and every term of this Agreement. Waiver by the Licensor of a default by Licensee shall not affect or impair Licensor's rights with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, or omission of Licensor to exercise any power or right arising from a breach or default by Licensee of any of the terms or provisions of this Agreement affect or impair the Licensor's rights, nor shall it constitute a waiver by the Licensor of any right or the right to declare any subsequent breach or default. The acceptance by Licensor of payments due to it by Licensee shall not be deemed to be a waiver by the Licensor of any prior breach or default of this Agreement by Licensee.

22. Attorney's Fees. If Licensor employs the services of an attorney for the collection of any unpaid amount due hereunder, Licensee shall reimburse Licensor for all costs and expenses, including reasonable attorney's fees, incurred in such collection.

23. Entire Agreement; Amendment. This Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior or contemporaneous oral or written agreements concerning such subject matter and that there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein which shall have any force or effect with reference to this Agreement, provided however, this will not apply to any representations contained in the Franchise Disclosure Document delivered to Licensee as Franchisee pursuant to Federal or State law. This Agreement may be modified or amended only by a writing executed by Licensee and Licensor.

24. Survival. Any provisions of this Agreement which impose an obligation after termination of this Agreement shall survive the termination of this Agreement and be binding on the parties.

25. Statute of Limitations. Notwithstanding any applicable Statute of Limitations to the contrary, the parties agree that any and all claims and actions arising out of or relating to this Agreement or the relationship between Licensee and Licensor shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Licensor: BB Franchising LLC **Licensee:** ________________________

By: ______________________________	By: ______________________________
Name: Dominick Fedele________________	Name: ____________________
Title: Chief Executive Officer________	Title: _______________________________

#4813-1827-4492.2

EXHIBIT A

LICENSOR'S SOFTWARE

I. Licensed Technology --- CRM application including, but not limited, to:

A. "HAL" components (Hemisphericity calculation and related data)

B. Account, Contact, Product, Inquiry, Assessment and Enrollment Program activities

C. Reports, Dashboards and Content to support Program activities

D. All proprietary technological developments created to support Licensor's Program activities

II. Application used for licensing services through a Customer Relationship Management application and related capability

EXHIBIT B

CHARGES AND FEES

License Fees (One Time and Annual) *

• One time License Fee	$15,000 (Standard Center) / $5,000 (Satellite Center)
• Annual Maintenance fee payable each year starting January 1, 20__	$1,200 with CPI adjustment
• Pro-rated Annual Maintenance fee payable upon execution of Application License Agreement	$_________

* License Fees include fees for a) set-up of Software in hosting environment b) ongoing Software Maintenance (as per Exhibit D).

Third Party Platform Hosting Fees (Annually)

• Annual fee for platform license	$396

EXHIBIT C

OPERATING ENVIRONMENT

Hardware

Any IBM compatible PC capable of accessing the Internet

Operating System

Windows PC or Mac OS computer or Tablet with Wi-Fi and/or Ethernet connectivity

Browser

Web Browser in its most recent stable version (Google Chrome or Mozilla Firefox are recommended)

Hosting Link

Access to the Internet with a minimum speed of 5 MB per second is recommended

Note: above connectivity, software and hardware costs are the responsibility of Licensee.

EXHIBIT D

SOFTWARE MAINTENANCE AGREEMENT

1. Defined Terms. Any capitalized term used but not otherwise defined has the meaning assigned to such term in Section 5 hereof.

2. Support and Maintenance.

Licensee shall obtain, and Licensor shall provide, support and maintenance during each Maintenance Period as follows:

(a) Licensor shall designate sufficient support personnel who are familiar with the Software as the primary contacts for the Users (as defined in the License Agreement) for requesting support and maintenance.

(b) The support personnel shall be available to provide reasonable support via telephone and accept requests for maintenance to the Users from Monday through Friday from 8 a.m. to 6 p.m. Eastern Standard Time, excluding bank and public holidays ("Normal Hours") at:

Phone:
Fax:
E-mail:

or such new numbers or addresses as may apply in the future by notice to the Licensee.

(c) Users shall notify the support personnel of suspected Error(s) exhibited by the Software that the User believes requires Maintenance. Support personnel shall respond by confirming receipt of the notification and a reasonable estimate of the time required for diagnosis and resolution of the Error(s). Licensor shall use its commercially reasonable efforts to take the necessary steps to provide an Error Correction within a reasonable time.

(d) Licensor shall provide the Licensee such update releases containing changes to the Software for Error Correction ("Update Releases") and upgrades to new versions of the Software ("Upgrades") as are provided to its other licensees of the Software. In addition to Error Correction, Update Releases may also contain, at Licensor's sole discretion, enhancements to the Software or Software Materials.

3. Maintenance Period and Fees.

(a) Maintenance is provided for the Term of the Agreement.

(b) Maintenance fees are payable annually as set forth in Exhibit B.

4. Maintenance and Support Standards.

(a) During the Term of this Agreement, Licensee shall operate the Software in all material respects in accordance with the Software Materials.

(b) Licensee shall observe the following standards during the term of this Agreement:

(i) pursuant to request by Licensor, arrange access to its premises and/or system and make its hardware accessible to Licensor's support personnel and other designated representatives, and enable logons/passwords for such persons as necessary or appropriate for Licensor's performance under this Agreement;

(ii) Provide remote access to the Software at all times as reasonably necessary or appropriate for Licensor's performance under this Agreement;

(iii) Install, or permit Licensor to install, Upgrades to the Software from time-to-time;

(iv) When Upgrades or Update Releases are provided and the Licensee has requested assistance, provide a reasonable level of assistance to Licensor in implementation and testing of the same;

(v) Provide Licensor with notice of its intention to change any Hardware, operating system or data-feeds that would affect the Software;

(vi) Provide other reasonable assistance as Licensor may request, including, but not limited to, providing sample output and other diagnostic information as may be required by Licensor for maintenance.

(c) Licensor shall use its commercially reasonable efforts to observe the following standards during the term of this Agreement:

(i) provide reasonable support and maintenance to the Users within the Normal Hours;

(ii) Investigate and address within a reasonable time, the repair of Errors in the Software reported by the Licensee or any Errors of which Licensor otherwise becomes aware;

(iii) Correct Errors in the Software, so long as such Errors are repeatable by the Licensee, or to provide a software patch or bypass around such Error. (No warranty is made that all Errors can or shall be corrected.)

(iv) Provide diagnosis and solution of operational problems (generally on a remote basis); and

(v) Provide Update Releases and Upgrades of the Software at the Licensee site (to both fix defects or as part of ongoing development of the product).

(d) Notwithstanding any language to the contrary in this Agreement, Licensor shall not be obligated to provide maintenance or support with respect to or for:

(i) Licensee provided hardware, operating systems, networks and connectivity;

(ii) Any software other than the Software, or with respect to the Software if it has been altered or modified by anyone other than Licensor or its designated representatives;

(iii) Viruses (including, without limitation, detection of viruses and resorting or recovering software, including the Software, or data damage caused by viruses);

(iv) damage to the Software or data not caused by Licensor or its representatives (including, without limitation, entering, correcting or restoring any data lost, damaged or corrupted due to media failure, Hardware failure, viruses, power interruption, failure to back-up data, improper use of the Software or other software, or network or operating system problems); and

(v) Making modifications to, or providing support for Licensee hardware, operating system software, third party application software, data feeds or external data of the Licensee or its affiliates.

5. Definitions.

As used in this Exhibit, the following capitalized terms shall have the meaning assigned below:

"Error" means any failure of the Software to substantially conform to the specifications included with the License Agreement.

"Error Correction" means a software modification or addition that, when made or added to the Software, establishes material conformity to the specifications provided for in the License Agreement, as the same may have been updated or amended by Licensor from time to time.

"Maintenance Fee" has the meaning assigned in Section 3(b) of the License Agreement.

"Maintenance" means Error Corrections and provision of Update Releases, whether by telephone, electronic mail, fax or other delivery. Maintenance shall be within reasonable limits, as determined by Licensor, and does not include requests for basic product training or technical consulting.

"Normal Hours" has the meaning assigned in Section 2(b) hereof.

"Support" means telephone inquiries from the Users concerning problems, questions and/or assistance regarding the operation of the Software.

"**Update Releases**" has the meaning assigned in Section 2(d) hereof.

"Upgrades" has the meaning assigned in Section 2(d) hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date of the License Agreement.

Licensor: BB Franchising LLC	**Licensee:** ___________________________
By: ________________________________	By: ________________________________
Name: Dominick Fedele________________	Name: ______________________
Title: Chief Executive Officer________	Title: _________________________________

EXHIBIT 2
ACH AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS
(ACH DEBITS)

This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter.**

Add ☐ Delete ☐ Change ☐

Franchise ID:_________
Name:____
Company Name:____
Address:____
City:_____________________________________State:_________Zip:__________
Phone:___________________________________

I (we) hereby authorize BB Franchising LLC hereinafter called COMPANY, to initiate debit entries to my (our): Checking Account / Savings Account (circle one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. This account may be used to pull all funds due to Franchisor pursuant to (a) the terms and provisions of the Franchise Agreement between me and/or my entity and COMPANY; and (b) any related agreements between me and/or my entity and COMPANY. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Funds Settlement Information

Account Name:____
Bank Name:____
Bank Address:____
City:_____________________________________State:_________Zip:__________

Routing # (9 digits):______________________________________

Account #____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY reasonable opportunity to act on it. Undersigned represents and warrants to COMPANY that the person executing this Release is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

____ / / __________
Account Owner Signature Date

____
Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK OR BANK LETTER

ACH commission settlement is available for most bank accounts in the United States, Australia, Canada, Europe, Mexico, and New Zealand.

BB Franchising LLC, 1320 North Route 59, Unit 116, Naperville, IL 60563
Phone: 510-817-2786; Fax: 510-240-1261; Email: Ownership@brainbalancecenters.com

EXHIBIT 3
CONFIDENTIALITY, NON-SOLICITATION, AND NON-COMPETE AGREEMENT

CONFIDENTIALITY, NON-SOLICITATION and

NON-COMPETE AGREEMENT

I understand that BB Franchising LLC (“BBF”) and _____________ (collectively called "the Company") have developed certain confidential and proprietary information and trade secrets, as described below, in the operation of their business, and have developed clients, patronage and goodwill of many clients. I acknowledge the Company's need to protect its confidential and proprietary information from disclosure and to protect its interests in such information and the Company's clients, their patronage and goodwill.

IN CONSIDERATION OF MY ASSOCIATION WITH THE COMPANY, I HEREBY AGREE AS FOLLOWS:

1. During my employment by or involvement with the Company (my “association”), and after my association with the Company either (i) voluntarily by me or (ii) for cause, I will neither use, disclose, copy nor retain nor remove from Company’s premises any confidential or proprietary information or trade secrets including but not limited to ideas, methods, protocols, procedures, techniques, written material, Licensor Confidential Information (as defined in the Software License Agreement), and other knowhow, developed during my engagement with the Company or used in connection with the Company’s business unless known by me prior to my engagement with the Company in which case such information shall not be considered confidential or proprietary information. I agree to surrender all such confidential and proprietary material and any copies thereof to Company upon the termination of my employment other than for use in connection with authorized work I perform for the Company.

2. Any new idea, invention, improvement or copyrightable work I create, develop or help develop while employed by Company belongs to Company if it relates to Company's business. If any such development or creation occurs during my employment or up to one year after I leave Company, I will promptly disclose and explain it and assign to Company all rights I may have in it without additional compensation.

3. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for cause, I agree that I shall not directly or indirectly, whether as employee, owner, partner, stockholder, member, investor, agent or consultant, render competing services on my own behalf or on behalf of any person or entity other than the Company. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for cause, I agree that I shall not directly or indirectly, whether as employee, owner, partner, stockholder, member, investor, agent or consultant, render competing services on my own behalf or on behalf of any person or entity other than the Company for twelve (12) months in any area within a thirty-five (35) mile radius of the Company’s office located at __________________.

4. During the term of my association with the Company and for a period of one year after termination of my association with the Company either (i) voluntarily by me or (ii) for

BB Franchising LLC
1320 North Route 59, Unit 116
Naperville, IL 60563

Phone: 510-817-2786
Fax: 510-240-1261
Ownership@brainbalancecenters.com
www.brainbalance.com

cause, I agree that I shall not, directly or indirectly, in any capacity or on my own behalf or on behalf of any person or entity, solicit any clients, client contacts or employees of the Company.

5. In the event of a breach of any of the covenants set forth in this Agreement, the running of the period of the restriction shall be tolled during the continuation of any such breach, and the running of the period of such restrictions shall commence only upon compliance with the terms of the applicable paragraph.

I agree that each of my agreements set forth is reasonable and necessary to protect and preserve the business, interests and properties of Company and in the event of a breach of any of my agreements, Company shall be entitled to both temporary and permanent injunctions to prevent a breach or contemplated breach of any of my agreements and the Company also retains the right to seek other relief, including damages, which shall be the greater of the amount of the financial loss which Company suffers as a result or the amount of the financial gain which I receive. I will pay Company's reasonable attorney's fees and costs involved in enforcing this Agreement.

6. This Agreement will be interpreted and enforced under California law without regard to the conflict of law rules thereof. If a court finds any part of this Agreement invalid, the rest of it will be enforced to the extent permitted. Any legal action or proceeding brought with respect to this Agreement may be brought only in the courts of the State of California, and by my signature below, I consent to the personal jurisdiction of such courts.

7. This Agreement takes the place of all previous agreements between me and the Company. Any changes must be in writing and must be signed by me and the President of Company.

8. If any clause or provision of this Agreement is held to be excessively broad, that provision shall thereafter be deemed limited in scope and application only to the extent necessary to preserve its enforceability under the law. If any provision of this Agreement is held entirely unenforceable, that provision shall be deemed severed therefrom, and the remaining provisions of this Agreement shall be enforceable and shall be construed independent of that provision.

9. I warrant that I have not previously assumed any obligations inconsistent with those of this Agreement.

10. Either of us may end the our relationship at any time with or without cause, subject to applicable laws concerning non-discrimination.

11. The term Company shall include any subsidiaries or affiliates of Company, Company's franchisor, and its franchisees. BBF and BBI are intended third-party beneficiaries of this Agreement and shall be entitled to enforce its provisions to the fullest extent permitted by law.

12. I understand that if I am an at-will employee my employment may be terminated at any time.

13. My signature below indicates that I have read, understood and agreed to the provisions of this Agreement.

Signature ___________________________________

Name (typed/printed) ________________________

Date_________________

EXHIBIT 4 SECTION 17.04(F)
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

FOR VALUE RECEIVED, the undersigned FRANCHISEE hereby irrevocably assigns the telephone listing and numbers stated below to FRANCHISOR, BB FRANCHISING LLC, upon the following terms and conditions:

1. This assignment is made pursuant to the terms of that certain Franchise Agreement of event date herewith (hereinafter called the “Agreement”) between BB FRANCHISING LLC and FRANCHISEE.

2. FRANCHISEE shall retain the limited conditional right to use the telephone listing and numbers solely for the transaction and advertising of the Franchised Business (as defined in the “Agreement”) while the Agreement remains in full force and effect, but upon expiration and termination of the Agreement for any reason whatsoever, the limited conditional right to use of the telephone listing and numbers by FRANCHISEE shall also expire and/or terminate.

3. The telephone listing and numbers subject to this assignment are: ___________________ and any other telephone numbers used by FRANCHISEE in the Franchised Business in the future.

4. This assignment is freely transferable by FRANCHISOR, BB FRANCHISING LLC, to any person or entity. This assignment inures to the benefit of all parties who lawfully succeed to the rights or take the place of FRANCHISOR, BB FRANCHISING LLC.

IN WITNESS WHEREOF, FRANCHISEE and BB FRANCHISING LLC have hereunto set their hands and seals this ______ day of __________________, 20__.

FRANCHISOR:

BB FRANCHISING LLC

By:__________________________________
Dominick Fedele, CEO

FRANCHISEE

By:__________________________________

By:__________________________________

EXHIBIT 5 SECTION 3.05
CONDITIONAL ASSIGNMENT OF LEASE

The lease that is assigned herein (the "Lease") is identified as follows:

Landlord: ____
("Landlord")

Tenant: ____

Date: ______________, 20___

Premises: ____
("Premises")

1. This Conditional Assignment of Lease (this "Assignment") is made pursuant to the terms of that certain Franchise Agreement of even date herewith (hereinafter called the "Agreement") by and among FRANCHISOR (hereinafter "Assignee"), FRANCHISEE (hereinafter "Assignor") and Landlord, with respect to the Lease for the Premises used by FRANCHISEE in the operation of the Franchise in the Franchised Territory covered by the Agreement. Nothing in this Assignment shall be deemed to make Landlord a party to the Agreement.

2. Assignor conditionally assigns to the Assignee all the Assignor's right, title, and interest in (a) the Lease and (b) the security deposit, if any, stated in the Lease, all subject to the terms hereof.

3. As long as the conditions set forth in Section 5 are not met, Assignor shall have all rights, privileges and obligations as the tenant under the Lease.

4. Landlord shall provide Assignee with (i) fifteen (15) days' written notice prior to any modification, amendment or cancellation of the Lease, and (ii) copies of any written notices of default given to Assignor under the Lease within three (3) days of Landlord's giving such notice to Assignor. Landlord grants to Assignee, at Assignee's option, the right (but not the obligation) to cure any default under the Lease within fifteen (15) days after the expiration of the period in which Assignor may cure the default, if Assignor fails to do so. Notwithstanding any action by Assignee to cure Assignor's default under the Lease, Assignor shall be deemed to be in default under the Lease for purposes of this Assignment.

5. In the event of (i) a default under the Lease by Assignor, (ii) a default under the Agreement by Assignor, or (iii) the expiration and termination of the Agreement for any reason whatsoever, Assignee shall have the option to accept this Assignment and replace Assignor as tenant under the Lease pursuant to the terms set forth herein by providing an Assignment Notice (as defined in Section 6) to Landlord.

6. If the Assignee elects to exercise its option to accept the assignment of the Lease and replace Assignor as tenant under the Lease pursuant to the terms set forth in this Assignment, it shall provide written notice of such acceptance to the Landlord (the "Assignment Notice"). Upon Assignee's providing the Assignment Notice, Assignee shall become the tenant of the leased Premises

and shall become liable for all obligations under the Lease arising after the date of the Assignment Notice. Landlord shall recognize Assignee as the tenant of the leased Premises effective as of the date of the Assignment Notice. If the Assignee elects to exercise its option to accept the assignment of the Lease, it agrees that the obligations assumed shall benefit the Landlord named in the Lease.

7. Landlord consents to Assignor's conditional assignment of the Lease hereunder. Notwithstanding anything to the contrary herein, no assignment of Assignor's right, title and interest in the Lease to Assignee shall release Assignor or any of the Guarantors (as defined in the Lease) from any liability under the Lease.

8. Assignor shall not transfer or assign any of its rights and/or obligations under this Assignment without the prior written consent of Assignee, which consent may be granted, conditioned or denied in Assignee's sole and absolute discretion. This Assignment is fully transferable by Assignee to any person or entity. This Assignment is binding upon and inures to the benefit of the parties hereto and their respective successors, heirs, representatives, and permitted assigns.

IN WITNESS WHEREOF, the Assignor, Assignee and Landlord have duly executed this Assignment as of this ____day of _______________, 20___.

ASSIGNOR:

____

a _____________________________________

By: ___________________________________

Name: _________________________________

Title: _________________________________

ASSIGNEE:

BB Franchising LLC a Delaware limited liability company

By: ___________________________________
Name: Dominick Fedele
Title: CEO

LANDLORD:

____

a _____________________________________

By: ___________________________________

Name: _________________________________

Title: _________________________________

EXHIBIT 6 SECTION 16.07

OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by BB Franchising, LLC ("FRANCHISOR") of that certain Franchise Agreement of even date herewith (the "Agreement") between FRANCHISOR and ______________________________________ ("FRANCHISEE"), or in consideration of and as an inducement to FRANCHISOR's consent to a transfer by or of FRANCHISEE under the Agreement, each of the undersigned parties including:____
____ ("Guarantors") hereby personally and unconditionally: (1) guaranties to FRANCHISOR and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement; and agrees to punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every term, condition, covenant and provision in the Agreement. Each Guarantor expressly represents and acknowledges that he or she has read the Agreement and has had the opportunity to review the same, and this Guaranty, with counsel. Each Guarantor hereby expressly waives:

(1) acceptance and notice of acceptance by FRANCHISOR, of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or non performance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he or she may have to require that an action be brought against FRANCHISEE, Guarantor or any other person as a condition of liability;

(5) any requirement that FRANCHISOR proceed against or exhaust its remedies with respect to FRANCHISEE or any other person before demanding payment or performance by Guarantor; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(1) his or her direct and immediate liability under this guaranty shall be joint and several;

(2) he or she shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses to do so punctually;

(3) such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person;

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR may, from time to time, grant to FRANCHISEE or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be irrevocable during the term of the Agreement; and

(5) the liability and obligations under this Guaranty and Assumption shall not be diminished, relieved or otherwise affected by any modification by FRANCHISEE and FRANCHISOR of the terms or conditions of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name:______________________________________

Signature:___________________________________

Date:_______________________________________

Name:______________________________________

Signature:___________________________________

Date:_______________________________________

EXHIBIT C

FINANCIAL STATEMENTS

BB Franchising, LLC

(wholly owned subsidiary of Brain Balance Holdings, Inc.)

Financial Report

December 31, 2022

Contents

Plante & Moran, PLLC
Suite 300
19176 Hall Road
Clinton Township, MI 48038
Tel: 586.416.4900
Fax: 586.416.4901
plantemoran.com

Independent Auditor's Report

To the Member
BB Franchising, LLC

Opinion

We have audited the financial statements of BB Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, 2021, and 2020 and the related statements of operations, changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Member
BB Franchising, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

April 4, 2023

Balance Sheet

December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current Assets			
Cash	$ 61,068	$ 92,213	$ 66,984
Restricted cash	121,060	137,779	102,322
Accounts receivable - Net	433,009	357,205	333,844
Loans and notes receivable	-	20,000	17,867
Deferred franchise costs - Current	57,679	76,444	22,748
Prepaid expenses and other current assets	56,848	110,180	105,690
Total current assets	729,664	793,821	649,455
Property and Equipment - Net	3,315	20,794	37,771
Intangible Assets - Net	44,685	10,990	18,317
Other Assets			
Due from related parties	-	-	369,290
Deferred franchise costs - Less current portion	19,361	20,548	110,756
Total assets	**$ 797,025**	**$ 846,153**	**$ 1,185,589**
Liabilities and Member's Equity (Deficit)			
Current Liabilities			
Accounts payable and accrued expenses	$ 276,423	$ 195,360	$ 141,950
Current portion of long-term debt	3,120	3,006	734
Accrued advertising expenses	232,489	148,028	92,214
Deferred franchise revenue - Current	39,021	43,291	45,339
Deferred software licenses - Current	42,258	47,271	50,481
Total current liabilities	593,311	436,956	330,718
Long-term Debt - Net of current portion	150,471	153,591	149,266
Other Long-term Liabilities			
Deferred franchise revenue - Less current portion	202,006	244,014	300,659
Deferred software license - Less current portion	133,389	178,270	243,961
Total liabilities	1,079,177	1,012,831	1,024,604
Member's Equity (Deficit)	(282,152)	(166,678)	160,985
Total liabilities and member's equity (deficit)	**$ 797,025**	**$ 846,153**	**$ 1,185,589**

See notes to financial statements.

Statement of Operations

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenue			
Royalties	$ 3,376,582	$ 2,774,403	$ 2,103,600
Franchise fees	71,477	140,068	270,099
Software fees	209,105	233,291	294,675
Coaching, enrollment kit, and other revenue	1,611,326	1,359,333	929,344
Advertising fees	856,495	705,386	521,758
Total revenue	6,124,985	5,212,481	4,119,476
Operating Expenses			
Franchise-related expenses	1,704,829	1,656,936	1,729,956
License and administrative service fees	2,984,044	2,347,411	2,258,300
Advertising and marketing expenses	928,473	704,106	676,352
Total operating expenses	5,617,346	4,708,453	4,664,608
Operating Income (Loss)	507,639	504,028	(545,132)
Other Income (Expense)			
Other income	41,500	25,731	-
Interest expense	(5,765)	(6,841)	(1,550)
Other expense	(236,000)	-	-
Total other (expense) income	(200,265)	18,890	(1,550)
Net Income (Loss)	**$ 307,374**	**$ 522,918**	**$ (546,682)**

See notes to financial statements.

Statement of Changes in Member's Equity (Deficit)

Years Ended December 31, 2022, 2021, and 2020

Balance - December 31, 2019	$ 707,667
Net loss	(546,682)
Balance - December 31, 2020	160,985
Net income	522,918
Distributions	(850,581)
Balance - December 31, 2021	(166,678)
Net income	307,374
Distributions	(422,848)
Balance - December 31, 2022	**$ (282,152)**

Statement of Cash Flows

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Operating Activities			
Net income (loss)	$ 307,374	$ 522,918	$ (546,682)
Adjustments to reconcile net income (loss) to net cash and restricted cash from operating activities:			
Depreciation and amortization	24,806	25,704	19,514
Bad debt expense	-	3,938	29,712
Impairment of notes receivable	-	-	64,049
Accrued payment-in-kind interest	-	6,841	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:			
Accounts receivable	(75,804)	(27,299)	139,495
Deferred franchise costs	19,952	36,512	53,618
Prepaid expenses and other assets	53,332	(4,490)	80,248
Accounts payable and accrued expenses	81,063	53,410	(234,785)
Deferred revenue	(96,172)	(127,594)	(269,665)
Accrued advertising expenses	84,461	55,814	92,214
Net cash and restricted cash provided by (used in) operating activities	399,012	545,754	(572,282)
Cash Flows from Investing Activities			
Purchase of property and equipment	-	(1,400)	(14,289)
Issuance of notes receivable	-	(30,000)	(13,200)
Amounts received from related parties	-	-	596,336
Purchases of intangibles	(41,022)	-	(21,981)
Payments on notes receivable	20,000	27,867	8,763
Net cash and restricted cash (used in) provided by investing activities	(21,022)	(3,533)	555,629
Cash Flows from Financing Activities			
Proceeds from long-term debt	-	-	150,000
Advance to related party	(422,848)	-	-
Payments on debt	(3,006)	(244)	-
Member distributions	-	(481,291)	-
Net cash and restricted cash (used in) provided by financing activities	(425,854)	(481,535)	150,000
Net (Decrease) Increase in Cash and Restricted Cash	(47,864)	60,686	133,347
Cash and Restricted Cash - Beginning of year	229,992	169,306	35,959
Cash and Restricted Cash - End of year	**$ 182,128**	**$ 229,992**	**$ 169,306**
Classification of Cash and Restricted Cash			
Cash	$ 61,068	$ 92,213	$ 66,984
Restricted cash	121,060	137,779	102,322
Total cash and restricted cash	**$ 182,128**	**$ 229,992**	**$ 169,306**
Supplemental Cash Flow Information - Cash paid for interest	$ 5,784	$ 487	$ -
Significant Noncash Transactions			
Amounts advanced to related parties in 2022 and reclassified as distributions in 2022	$ 422,848	$ -	$ -
Amounts advanced to related parties in 2020 forgiven in 2021	-	369,290	-

Note 1 - Nature of Business

BB Franchising, LLC (the "Company"), a Delaware limited liability company, was formed on November 13, 2007 as a wholly owned subsidiary of Brain Balance Holdings, Inc. (the "Parent"). At December 31, 2022, the Parent also owns BB Corporate, LLC. The Parent provides funds for operational needs of the Company. The operating results could vary significantly if the Company operated independently of the Parent. Accordingly, this affiliation and other related party disclosures must be taken into consideration in reviewing the accompanying financial statements.

The Company is the franchisor of learning centers operating under the trade name Brain Balance Achievement Centers throughout the United States of America. Pursuant to the Company's standard franchise agreement, franchisees operate businesses known as Brain Balance Achievement Centers, offering effective and replicable nonmedical, nonpharmaceutical programs designed to help children become more focused, improve their academic performance, and exhibit positive behavior, which results in enhanced communication and social interaction skills.

Note 2 - Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include current and long-term portions of deferred revenue, depreciation expense, allocation of revenue to performance obligations and allowance for bad debts.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was $3,938, $3,938, and $26,499 as of December 31, 2022, 2021, and 2020, respectively. Accounts receivable as of January 1, 2020 was $523,485.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analyses and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

Prepaid Expenses and Other Assets

Prepaid expenses and other current assets consist primarily of prepaid expenses, training materials, and program supplies.

Notes Receivable

Notes receivable are reported at original issue amount less principal repaid. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made. During 2022, the outstanding notes receivable were repaid in full.

Note 2 - Significant Accounting Policies (Continued)

As of December 31, 2021 and 2020, notes receivable represent various uncollateralized loans to franchisees that do not bear interest. The notes are classified as current or long term on the accompanying balance sheet depending on their maturity dates. The Company has not recorded an allowance for loan losses as of December 31, 2021 and 2020, as the Company believes all amounts are collectible.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from 3 to 5 years. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

Revenue Recognition

The Company's revenue consists of franchise fees, royalties, advertising fees, enrollment kits, virtual program kits, software fees, coaching, and other. The Company franchises the right to operate Brain Balance Achievement Centers. The initial term of the franchise agreement is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer or renewal fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate Brain Balance Achievement Centers, training, and other assistance to launch their center, as well as to provide software and technology services and brand marketing and advertising support, for which fees are charged. The Company has concluded that certain training is a separate performance obligation due to the nature of the training being non-brand specific and capable of being used by trainees in other businesses. Therefore, initial franchise fees for each agreement are allocated to certain training as described above and the franchise right for each individual franchise. The training revenue is recognized over the term of the training. The franchise right revenue is recognized over the term of the respective franchise agreement beginning on the date the location is opened. Renewal fees are recognized over time, as training and renewal services are provided at the time of the renewal. Transfer fees are recognized over time, as training is provided to the transferees at the time of transfer. Typically the fee is less than the stand-alone selling price of the training provided at the time of transfer. Income for royalties, software fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying sales occur.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligations need to be satisfied, and the initial franchise fee is not refundable per the franchise agreement.

Note 2 - Significant Accounting Policies (Continued)

Enrollment and virtual program kit revenue represents the fees earned by the Company from the enrollment kits that are purchased by franchisees from a third-party supplier and the Company, respectively. These kits are given to students as part of their enrollment in the center, and revenue is recognized at the time of purchase. The Company has determined that it is acting as principal in these transactions, as the Company assumes the inventory and has responsibility to provide goods based on its specifications. Coaching fee revenue represents fees earned by the Company for additional coaching and trainings requested by the franchisees. Revenue is recognized over time as the coaching is provided. Other revenue consists of fees charged for the annual conference and settlements from terminated franchisees. Annual conference revenue is recognized over time as the conference occurs. Revenue from settlements is recognized at a point in time when the settlement is reached. For the years ended December 31, 2022, 2021, and 2020, revenue recognized at a point in time was $1,470,031, $1,200,525, and $871,540, respectively.

The Company has created a national advertising fund. An advertising fee is due monthly from each franchisee pursuant to the franchise agreement. Advertising and marketing expenses are incurred to promote brand awareness and include, but are not limited to, market and consumer research, media relations, advertising, and promotional marketing materials. Advertising fees are collected on a monthly basis, primarily based upon a percentage of franchisee gross sales. The Company recognizes these sales-based advertising fees from franchisees when the underlying franchisee sales occur. The Company records the related advertising expenses as incurred. When revenue of the advertising fund exceeds the related expenses, advertising expenses are accrued up to the amount of revenue to be utilized in the subsequent year. As of December 31, 2022, 2021, and 2020, $232,489, $148,028, and $92,214, respectively, was included in advertising fund accrued expenses. The amount of cash restricted for advertising fund expenses at December 31, 2022, 2021, and 2020 was $121,060, $137,779, and $102,322, respectively.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Software fees are paid on a monthly basis based upon a fixed amount defined within the franchise agreement. Enrollment kit fees are paid on a monthly basis based on the number of kits ordered. Coaching fee revenue is due after the coaching is provided and is invoiced net 30. Annual conference fees are typically prepaid upon registering. Settlement fees are due upon signing the settlement agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet. Deferred franchise revenue and deferred software licenses at January 1, 2020 were approximately $499,000 and $411,000, respectively.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to open and operate centers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, software fees, and advertising fees, as the transaction price is based on the franchisee's sales. The variable consideration is recognized based on the actual amounts earned each month.

Note 2 - Significant Accounting Policies (Continued)

The Company allocates consideration to the training, center opening, and grand opening services provided based on the observable stand-alone selling price of third-party service providers of similar training. The remaining consideration is allocated to the franchise right.

Costs to Obtain a Franchise Agreement

The Company occasionally incurs broker commissions paid to third parties or pays bonuses to certain employees to obtain franchise agreements with franchisees. The commissions/bonuses are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement. Deferred franchise costs as of January 1, 2020 were approximately $187,000.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company’s earnings. The Company’s net income or loss is allocated to the member in accordance with the Company’s operating agreement.

Advertising Expense

Advertising expense (exclusive of the franchisee advertising fund) is charged to expense during the year in which it is incurred. Advertising expense for 2022, 2021, and 2020 was $104,885, $30,438, and $174,274, respectively.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 4, 2023, which is the date the financial statements were available to be issued.

Note 3 - Franchised and Affiliate-owned Centers

The following data presents the status of the Company's franchised and affiliate-owned centers:

	2022	2021	2020
Centers open at beginning of year	82	83	100
Centers opened during the year	2	3	1
Centers closed during the year	(10)	(4)	(18)
Centers in operation at end of year	74	82	83
Centers sold but not yet operational	5	5	5
Affiliate-owned centers in operation (a)	-	-	1

(a) For all periods presented, the Company has waived its right to franchise fees from the affiliated franchisees.

Note 4 - Notes Receivable

The notes receivable at December 31 are as follows:

	2022	2021	2020
Note receivable from a franchisee due in 2021. The note does not require interest payments. This note was paid in full in 2021	$ -	$ -	$ 17,867
Note receivable from a franchisee due in 2022. The note does not require interest payments. This note was paid in full in 2022	$ -	$ 20,000	$ -

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021	2020
Office equipment	$ 96,097	$ 96,097	$ 95,640
Computer equipment and software	4,570	4,570	4,570
Leasehold improvements	-	20,389	20,389
Total cost	100,667	121,056	120,599
Accumulated depreciation	97,352	100,262	82,828
Net property and equipment	$ 3,315	$ 20,794	$ 37,771

Depreciation and amortization expense for 2022, 2021, and 2020 was $17,479, $18,377, and $15,850, respectively.

Note 6 - Intangible Assets

Intangible assets of the Company at December 31, 2022, 2021, and 2020 are summarized as follows:

	2022		2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets - Other intangible assets	$ 418,681	$ 373,996	$ 377,659	$ 366,669	$ 377,659	$ 359,342

Amortization expense for intangible assets totaled $7,327, $7,327, and $3,664 for the years ended December 31, 2022, 2021, and 2020, respectively.

Note 7 - Long-term Debt

Long-term debt at December 31 is as follows:

	2022	2021	2020
Note payable and accrued interest due to the Small Business Administration at 3.75 percent interest. Monthly interest and principal payments of $731 began in September 2021. The note is due in September 2050 and is secured by all assets of the Company	$ 153,591	$ 156,597	$ 150,000
Less current portion	3,120	3,006	734
Long-term portion	$ 150,471	$ 153,591	$ 149,266

The balance of the above debt matures as follows:

Years Ending	Amount
2023	$ 3,120
2024	3,239
2025	3,363
2026	3,491
2027	3,625
Thereafter	136,753
Total	$ 153,591

Interest expense for 2022, 2021, and 2020 was $5,765, $6,841, and $1,550, respectively.

Note 8 - Related Party Transactions

License Agreement

The Company has a perpetual trademark license agreement with the Parent. The license agreement calls for monthly royalty payments to the Parent based on a percentage of the Company's net sales, as further defined in the agreement. For the years ended December 31, 2022, 2021, and 2020, license fees were approximately $787,000, $676,000, and $535,000, respectively.

Administrative Services Agreement

The Company has an administrative services agreement with the Parent. The Company agreed to reimburse the Parent for the Parent's actual costs incurred in providing administrative support services on behalf of the Company. For the years ended December 31, 2022, 2021, and 2020, administrative services fees were approximately $2,197,000, $1,671,000, and $1,723,000, respectively.

Related Party Advances

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. During 2022, $422,848 of advances to the Parent were deemed to be distributions, as they are no longer expected to be repaid. Similarly, in 2021, $481,291 of advances to the Parent and $369,290 of advances from 2020 were deemed to be distributions, as they are no longer expected to be repaid.

Note 8 - Related Party Transactions (Continued)

Royalties from Related Parties

The Company is under common ownership with an entity that operates company-owned centers. These centers pay 2 percent of gross sales into the national advertising fund. Total revenue from these centers was approximately $26,772, $22,325, and $10,500 for the years ended December 31, 2022, 2021, and 2020, respectively.

Termination Fees

During 2022, the Company incurred a lease termination fee of $236,000 on behalf of a franchisee who defaulted on an outstanding lease. As of December 31, 2022, fees in the amount of $145,000 are outstanding and included in accounts payable and accrued expenses on the balance sheet and the related expense is included in other expense within the statement of operations.

BB Franchising, LLC

Financial Report

December 31, 2021

Contents

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Independent Auditor's Report

To the Member
BB Franchising, LLC

Opinion

We have audited the financial statements of BB Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2021, 2020, and 2019 and the related statements of operations, changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020, and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Member
BB Franchising, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

April 26, 2022

BB Franchising, LLC

Balance Sheet

December 31, 2021, 2020, and 2019

	2021	2020	2019
Assets			
Current Assets			
Cash	$ 92,213	$ 66,984	$ 447
Restricted cash	137,779	102,322	35,512
Accounts receivable - Net	357,205	333,844	523,485
Loans and notes receivable	20,000	17,867	41,032
Deferred franchise costs - Current	76,444	22,748	54,617
Prepaid expenses and other current assets	110,180	105,690	185,938
Total current assets	793,821	649,455	841,031
Property and Equipment - Net	20,794	37,771	39,332
Intangible Assets - Net	10,990	18,317	-
Other Assets			
Due from related parties	-	369,290	965,626
Deferred franchise costs - Less current portion	20,548	110,756	132,505
Total assets	**$ 846,153**	**$ 1,185,589**	**$ 1,978,494**
Liabilities and Member's Equity (Deficit)			
Current Liabilities			
Accounts payable and accrued expenses	$ 195,360	$ 141,950	$ 360,722
Current portion of long-term debt	3,006	734	-
Accrued advertising expenses	148,028	92,214	-
Deferred franchise revenue - Current	43,291	45,339	182,762
Deferred software licenses - Current	47,271	50,481	126,904
Total current liabilities	436,956	330,718	670,388
Long-term Debt - Net of current portion	153,591	149,266	-
Other Long-term Liabilities			
Deferred franchise revenue - Less current portion	244,014	300,659	315,998
Deferred software license - Less current portion	178,270	243,961	284,441
Total liabilities	1,012,831	1,024,604	1,270,827
Member's Equity (Deficit)	(166,678)	160,985	707,667
Total liabilities and member's equity (deficit)	**$ 846,153**	**$ 1,185,589**	**$ 1,978,494**

See notes to financial statements.

Statement of Operations

Years Ended December 31, 2021, 2020, and 2019

	2021	2020	2019
Revenue			
Royalties	$ 2,774,403	$ 2,103,600	$ 3,622,681
Franchise fees	140,068	270,099	540,882
Software fees	233,291	294,675	333,387
Coaching, enrollment kit, and other revenue	1,359,333	929,344	1,348,777
Advertising fees	705,386	521,758	921,619
Total revenue	5,212,481	4,119,476	6,767,346
Operating Expenses			
Franchise-related expenses	1,656,936	1,729,956	2,326,880
License and administrative service fees	2,347,411	2,258,300	2,867,390
Advertising and marketing expenses	704,106	676,352	1,097,823
Total operating expenses	4,708,453	4,664,608	6,292,093
Operating Income (Loss)	504,028	(545,132)	475,253
Other Income (Expense)			
Other income	25,731	-	44,144
Interest expense	(6,841)	(1,550)	-
Total other income (expense)	18,890	(1,550)	44,144
Net Income (Loss)	**$ 522,918**	**$ (546,682)**	**$ 519,397**

Statement of Changes in Member's Equity (Deficit)

Years Ended December 31, 2021, 2020, and 2019

Balance - December 31, 2018	$ 188,270
Net income	519,397
Balance - December 31, 2019	707,667
Net loss	(546,682)
Balance - December 31, 2020	160,985
Net income	522,918
Distributions	(850,581)
Balance - December 31, 2021	**$ (166,678)**

Statement of Cash Flows

Years Ended December 31, 2021, 2020, and 2019

	2021	2020	2019
Cash Flows from Operating Activities			
Net income (loss)	$ 522,918	$ (546,682)	$ 519,397
Adjustments to reconcile net income (loss) to net cash and restricted cash from operating activities:			
Depreciation and amortization	25,704	19,514	17,365
Loss on disposal of property and equipment	-	-	3,794
Bad debt expense	3,938	29,712	70,448
Impairment of notes receivable	-	64,049	-
Accrued payment-in-kind interest	6,841	-	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:			
Accounts receivable	(27,299)	139,495	(156,062)
Deferred franchise costs	36,512	53,618	50,629
Prepaid expenses and other assets	(4,490)	80,248	(123,892)
Accounts payable and accrued expenses	53,410	(234,785)	194,073
Deferred revenue	(127,594)	(269,665)	(567,609)
Accrued advertising expenses	55,814	92,214	(50,297)
Other liabilities	-	-	(17,030)
Net cash and restricted cash provided by (used in) operating activities	545,754	(572,282)	(59,184)
Cash Flows from Investing Activities			
Purchase of property and equipment	(1,400)	(14,289)	(39,489)
Issuance of notes receivable	(30,000)	(13,200)	(41,032)
Amounts received from related parties	-	596,336	134,127
Purchases of intangibles	-	(21,981)	-
Payments on notes receivable	27,867	8,763	-
Net cash and restricted cash (used in) provided by investing activities	(3,533)	555,629	53,606
Cash Flows from Financing Activities			
Proceeds from long-term debt	-	150,000	-
Payments on debt	(244)	-	-
Member distributions	(481,291)	-	-
Net cash and restricted cash (used in) provided by financing activities	(481,535)	150,000	-
Net Increase (Decrease) in Cash and Restricted Cash	60,686	133,347	(5,578)
Cash and Restricted Cash - Beginning of year	169,306	35,959	41,537
Cash and Restricted Cash - End of year	**$ 229,992**	**$ 169,306**	**$ 35,959**
Classification of Cash and Restricted Cash			
Cash	$ 92,213	$ 66,984	$ 447
Restricted cash	137,779	102,322	35,512
Total cash and restricted cash	**$ 229,992**	**$ 169,306**	**$ 35,959**
Supplemental Cash Flow Information - Cash paid for interest	$ 487	$ -	$ -
Significant Noncash Transactions - Amounts advanced to related parties in 2020 forgiven in 2021	$ 369,290	$ -	$ -

Note 1 - Nature of Business

BB Franchising, LLC (the "Company"), a Delaware limited liability company, was formed on November 13, 2007 as a wholly owned subsidiary of Brain Balance Holdings, Inc. (the "Parent"). At December 31, 2021, the Parent also owns BB Corporate, LLC. The Parent provides funds for operational needs of the Company. The operating results could vary significantly if it operated independently of the Parent. Accordingly, this affiliation and other related party disclosures must be taken into consideration in reviewing the accompanying financial statements.

The Company is the franchisor of learning centers operating under the trade name Brain Balance Achievement Centers throughout the United States of America. Pursuant to the Company's standard franchise agreement, franchisees operate businesses known as Brain Balance Achievement Centers, offering effective and replicable nonmedical, nonpharmaceutical programs designed to help children become more focused, improve their academic performance, and exhibit positive behavior, which results in enhanced communication and social interaction skills.

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Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included current and long-term portions of deferred revenue, depreciation expense, allocation of revenue to performance obligations and allowance for bad debts.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was $3,938, $26,499, and $77,888 as of December 31, 2021, 2020, and 2019, respectively.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analyses and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

Prepaid Expenses and Other Assets

Prepaid expenses and other current assets consist primarily of prepaid expenses, training materials, and program supplies.

Notes Receivable

Notes receivable are reported at original issue amount less principal repaid. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made.

Note 2 - Significant Accounting Policies (Continued)

At December 31, 2021, 2020, and 2019, notes receivable represent various uncollateralized loans to franchisees that do not bear interest. The notes are classified as current or long term on the accompanying balance sheet depending on their maturity dates. The Company has not recorded an allowance for loan losses as of December 31, 2021, 2020, and 2019, as the Company believes all amounts are collectible.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from 3 to 5 years. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Revenue Recognition

The Company's revenue consists of franchise fees, royalties, advertising fees, enrollment kits, virtual program kits, software fees, coaching, and other. The Company franchises the right to operate Brain Balance Achievement Centers. The initial term of the franchise agreement is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer or renewal fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate Brain Balance Achievement Centers, training, and other assistance to launch their center, as well as to provide software and technology services and brand marketing and advertising support, for which fees are charged. The Company has concluded that certain training is a separate performance obligation due to the nature of the training being non-brand specific and capable of being used by trainees in other businesses. Therefore, initial franchise fees for each agreement are allocated to the certain training and the franchise right for each individual franchise. The training revenue is recognized over the term of the training. The franchise right revenue is recognized over the term of the respective franchise agreement beginning on the date the store is opened. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over time, as training is provided to the transferees at the time of transfer. Typically the fee is less than the stand-alone selling price of the training provided at the time of transfer. Income for royalties, software fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying sales occur.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligations need to be satisfied, and the initial franchise fee is not refundable per the franchise agreement.

Enrollment and virtual program kit revenue represents the fees earned by the Company from the enrollment kits that are purchased by franchisees from a third-party supplier and the Company, respectively. These kits are given to students as part of their enrollment in the center, and revenue is recognized at the time of purchase. The Company has determined that it is acting as principal in these transactions, as the Company assumes the inventory and has responsibility to provide goods based on its specifications. Coaching fee revenue represents fees earned by the Company for additional coaching and trainings requested by the franchisees. Revenue is recognized over time as the coaching is provided. Other revenue consists of fees charged for the annual conference and settlements from terminated franchisees. Annual conference revenue is recognized over time as the conference occurs. Revenue from settlements is recognized at a point in time when the settlement is reached. For the years ended December 31, 2021, 2020, and 2019, revenue recognized at a point in time was $1,200,525, $871,540, and $1,294,608, respectively.

Note 2 - Significant Accounting Policies (Continued)

The Company has created a national advertising fund. An advertising fee is due monthly from each franchisee pursuant to the franchise agreement. Advertising and marketing expenses are incurred to promote brand awareness and include, but are not limited to, market and consumer research, media relations, advertising, and promotional marketing materials. Advertising fees are collected on a monthly basis, primarily based upon a percentage of franchisee gross sales. The Company recognizes these sales-based advertising fees from franchisees when the underlying franchisee sales occur. The Company records the related advertising expenses as incurred. When revenue of the advertising fund exceeds the related expenses, advertising expenses are accrued up to the amount of revenue to be utilized in the subsequent year. As of December 31, 2021, 2020, and 2019, $148,028, $92,214, and $0, respectively, was included in advertising fund accrued expenses. The amount of cash restricted for advertising fund expenses at December 31, 2021, 2020, and 2019 was $137,779, $102,322, and $35,512, respectively.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Software fees are paid on a monthly basis based upon a fixed amount defined within the franchise agreement. Enrollment kit fees are paid on a monthly basis based on the number of kits ordered. Coaching fee revenue is due after the coaching is provided and is invoiced net 30. Annual conference fees are typically prepaid upon registering. Settlement fees are due upon signing the settlement agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to open and operate centers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, software fees, and advertising fees, as the transaction price is based on the franchisees sales. The variable consideration is recognized based on the actual amounts earned each month.

The Company allocates consideration to the training, center opening, and grand opening services provided based on the observable stand-alone selling price of third-party service providers of similar training. The remaining consideration is allocated to the franchise right.

Costs to Obtain a Franchise Agreement

The Company occasionally incurs broker commissions paid to third parties or pays bonuses to certain employees to obtain franchise agreements with franchisees. The commissions/bonuses are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

Note 2 - Significant Accounting Policies (Continued)

Advertising Expense

Advertising expense (exclusive of the franchisee advertising fund) is charged to expense during the year in which it is incurred. Advertising expense for 2021, 2020, and 2019 was $30,438, $174,274, and $191,488, respectively.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 26, 2022, which is the date the financial statements were available to be issued.

Note 3 - Change to Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. During 2020 and through the date of issuance of the financial statements, the Company continues to be affected by mandatory closures and reduced capacity. Management has responded by applying for and receiving an Economic Injury Disaster Loan through the Small Business Administration for $150,000.

Due to significant uncertainty surrounding the situation, management's judgment regarding the impact of the pandemic may change in the future. The extent of any future impact cannot be reasonably estimated at this time.

Note 4 - Franchised and Affiliate-owned Centers

The following data presents the status of the Company's franchised and affiliate-owned centers:

	2021	2020	2019
Centers open at beginning of year	83	100	111
Centers opened during the year	3	1	8
Centers closed during the year	(4)	(18)	(19)
Centers in operation at end of year	82	83	100
Centers sold but not yet operational	5	5	6
Affiliate-owned centers in operation (a)	-	1	1

(a) For all periods presented, the Company has waived its right to franchise fees from the affiliated franchisees.

Note 5 - Notes Receivable

The notes receivable at December 31 are as follows:

	2021	2020	2019
Note receivable from a franchisee due in 2021. The note does not require interest payments. This note was paid in full in 2021	$ -	$ 17,867	$ -
Note receivable from a franchisee due in 2022. The note does not require interest payments	20,000	-	-

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020	2019
Office equipment	$ 96,097	$ 95,640	$ 85,921
Computer equipment and software	4,570	4,570	-
Leasehold improvements	20,389	20,389	20,389
Total cost	121,056	120,599	106,310
Accumulated depreciation	100,262	82,828	66,978
Net property and equipment	$ 20,794	$ 37,771	$ 39,332

Depreciation and amortization expense for 2021, 2020, and 2019 was $18,377, $15,850, and $17,365, respectively.

Note 7 - Intangible Assets

Intangible assets of the Company at December 31, 2021, 2020, and 2019 are summarized as follows:

	2021		2020		2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets - Other intangible assets	$ 377,659	$ 366,669	$ 377,659	$ 359,342	$ 355,678	$ 355,678

Amortization expense for intangible assets totaled $7,327, $3,664, and $0 for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 8 - Long-term Debt

Long-term debt at December 31 is as follows:

	2021	2020	2019
Note payable and accrued interest due to the Small Business Administration at 3.75 percent interest. Monthly interest and principal payments of $731 began in September 2021. The note is due in September 2050.	$ 156,597	$ 150,000	$ -
Less current portion	3,006	734	-
Long-term portion	$ 153,591	$ 149,266	$ -

Note 8 - Long-term Debt (Continued)

The balance of the above debt matures as follows:

Years Ending	Amount
2022	$ 3,006
2023	3,120
2024	3,239
2025	3,363
2026	3,491
Thereafter	140,378
Total	$ 156,597

Interest expense for 2021, 2020, and 2019 was $6,841, $1,550, and $0, respectively.

Note 9 - Operating Leases

The Company leased a facility under a noncancelable operating lease that expired in February 2019. Total rent expense under the lease was $0, $0, and $18,097 for 2021, 2020, and 2019, respectively. Upon expiration of the lease, the Company became a virtual workplace, with no additional lease expense.

The Company subleased a portion of the facility. Rental income under the sublease was $0, $0, and $9,144 for 2021, 2020, and 2019, respectively.

Note 10 - Related Party Transactions

License Agreement

The Company has a perpetual trademark license agreement with the Parent. The license agreement calls for monthly royalty payments to the Parent based on a percentage of the Company's net sales, as further defined in the agreement. For the years ended December 31, 2021, 2020, and 2019, license fees were approximately $676,000, $535,000, and $867,000, respectively.

Administrative Services Agreement

The Company has an administrative services agreement with the Parent. The Company agreed to reimburse the Parent for the Parent's actual costs incurred in providing administrative support services on behalf of the Company. For the years ended December 31, 2021, 2020, and 2019, administrative services fees were approximately $1,671,000, $1,723,000, and $2,000,000, respectively.

Related Party Advances

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. In 2021, $481,291 of advances to the Parent and $369,290 of advances from 2020 were deemed to be distributions, as they are no longer expected to be repaid.

Royalties from Related Parties

The Company is under common ownership with an entity that operates company-owned centers. These centers pay 2 percent of gross sales into the national advertising fund. Total revenue from these centers was approximately $22,325, $10,500, and $14,000 for the years ended December 31, 2021, 2020, and 2019, respectively.

BB Franchising, LLC

Financial Report
December 31, 2020

Contents

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Independent Auditor's Report

To the Member
BB Franchising, LLC

We have audited the accompanying financial statements of BB Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2020, 2019, and 2018 and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BB Franchising, LLC as of December 31, 2020, 2019, and 2018 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, certain errors resulting in an overstatement of previously reported deferred costs and revenue for the years ended December 31, 2019 and 2018 were discovered by the Company's management during the current year. Accordingly, the December 31, 2019 and 2018 financial statements have been restated, and an adjustment has been made to retained earnings as of December 31, 2017 to correct the errors. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

April 20, 2021

Balance Sheet

December 31, 2020, 2019, and 2018

	2020	2019 (As Restated)	2018 (As Restated)
Assets			
Current Assets			
Cash	$ 66,984	$ 447	$ 14,645
Restricted cash	102,322	35,512	26,892
Accounts receivable - Net	333,844	523,485	437,871
Loans and notes receivable	17,867	41,032	-
Deferred franchise costs - Current	22,748	54,617	65,294
Prepaid expenses and other current assets	105,690	185,938	50,200
Total current assets	649,455	841,031	594,902
Property and Equipment - Net	37,771	39,332	21,002
Intangible Assets - Net	18,317	-	-
Other Assets			
Due from related parties	369,290	965,626	1,099,753
Deferred franchise costs - Less current portion	110,756	132,505	172,457
Deposits	-	-	11,846
Total assets	**$ 1,185,589**	**$ 1,978,494**	**$ 1,899,960**
Liabilities and Member's Equity			
Current Liabilities			
Accounts payable and accrued expenses	$ 141,950	$ 360,722	$ 166,649
Current portion of long-term debt	734	-	-
Accrued advertising expenses	92,214	-	50,297
Deferred franchise revenue - Current	45,339	182,762	421,873
Deferred software licenses - Current	50,481	126,904	147,081
Other current liabilities	-	-	17,030
Total current liabilities	330,718	670,388	802,930
Long-term Debt - Net of current portion	149,266	-	-
Other Long-term Liabilities			
Deferred franchise revenue - Less current portion	300,659	315,998	498,168
Deferred software license - Less current portion	243,961	284,441	410,592
Total liabilities	1,024,604	1,270,827	1,711,690
Member's Equity	160,985	707,667	188,270
Total liabilities and member's equity	**$ 1,185,589**	**$ 1,978,494**	**$ 1,899,960**

Statement of Operations

Years Ended December 31, 2020, 2019, and 2018

	2020	2019 (As Restated)	2018 (As Restated)
Revenue			
Royalties	$ 2,103,600	$ 3,622,681	$ 3,951,934
Franchise fees	270,099	540,882	504,581
Software fees	294,675	333,387	347,010
Coaching, enrollment kit, and other revenue	929,344	1,348,777	1,620,123
Advertising fees	521,758	921,619	1,033,445
Total revenue	4,119,476	6,767,346	7,457,093
Operating Expenses			
Franchise-related expenses	1,729,956	2,326,880	2,786,843
License and administrative service fees	2,258,300	2,867,390	3,131,536
Advertising and marketing expenses	676,352	1,097,823	1,238,146
Total operating expenses	4,664,608	6,292,093	7,156,525
Operating (Loss) Income	(545,132)	475,253	300,568
Other Income (Expense)			
Other income	-	44,144	99,926
Interest expense	(1,550)	-	-
Total other (expense) income	(1,550)	44,144	99,926
Net (Loss) Income	**$ (546,682)**	**$ 519,397**	**$ 400,494**

Statement of Changes in Member's Equity

Years Ended December 31, 2020, 2019, and 2018

Balance - December 31, 2017 (as restated)	$ (212,224)
Net income	400,494
Balance - December 31, 2018 (as restated)	188,270
Net income	519,397
Balance - December 31, 2019 (as restated)	707,667
Net loss	(546,682)
Balance - December 31, 2020	**$ 160,985**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020, 2019, and 2018

	2020	2019 (As Adjusted)	2018 (As Adjusted)
Cash Flows from Operating Activities			
Net (loss) income	$ (546,682)	$ 519,397	$ 400,494
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation and amortization	19,514	17,365	25,010
Loss on disposal of property and equipment	-	3,794	-
Bad debt expense	29,712	70,448	108,547
Impairment of notes receivable	64,049	-	-
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	139,495	(156,062)	162,053
Deferred franchise costs	53,618	50,629	40,000
Prepaid expenses and other assets	80,248	(123,892)	(2,557)
Accounts payable and accrued expenses	(234,785)	194,073	30,068
Deferred revenue	(269,665)	(567,609)	(406,022)
Accrued advertising expenses	92,214	(50,297)	(201,653)
Other liabilities	-	(17,030)	(8,138)
Net cash (used in) provided by operating activities	(572,282)	(59,184)	147,802
Cash Flows from Investing Activities			
Purchase of property and equipment	(14,289)	(39,489)	-
Issuance of notes receivable	(13,200)	(41,032)	-
Amounts received from (advanced to) related parties	596,336	134,127	(435,139)
Purchases of intangibles	(21,981)	-	-
Payments on notes receivable	8,763	-	-
Net cash provided by (used in) investing activities	555,629	53,606	(435,139)
Cash Flows Provided by Financing Activities - Proceeds from long-term debt	150,000	-	-
Net Increase (Decrease) in Cash and Restricted Cash	133,347	(5,578)	(287,337)
Cash and Restricted Cash - Beginning of year	35,959	41,537	328,874
Cash and Restricted Cash - End of year	**$ 169,306**	**$ 35,959**	**$ 41,537**
Classification of Cash			
Cash	$ 66,984	$ 447	$ 14,645
Restricted cash	102,322	35,512	26,892
Total cash	**$ 169,306**	**$ 35,959**	**$ 41,537**

See notes to financial statements.

Note 1 - Nature of Business

BB Franchising, LLC (the "Company"), a Delaware limited liability company, was formed on November 13, 2007 as a wholly owned subsidiary of Brain Balance Holdings, Inc. (the "Parent"). At December 31, 2020, the Parent also owns BB Corporate, LLC. The Parent provides funds for operational needs of the Company. The operating results could vary significantly if it operated independently of the Parent. Accordingly, this affiliation and other related party disclosures must be taken into consideration in reviewing the accompanying financial statements.

The Company is the franchisor of learning centers operating under the trade name Brain Balance Achievement Centers throughout the United States of America. Pursuant to the Company's standard franchise agreement, franchisees operate businesses known as Brain Balance Achievement Centers, offering effective and replicable nonmedical, nonpharmaceutical programs designed to help children become more focused, improve their academic performance, and exhibit positive behavior, which results in enhanced communication and social interaction skills.

Note 2 - Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included current and long-term portions of deferred revenue, depreciation expense, allocation of revenue to performance obligations and allowance for bad debts.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was $26,499, $77,888, and $46,609 as of December 31, 2020, 2019, and 2018, respectively.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs a credit analyses and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

Prepaid Expenses and Other Assets

Prepaid expenses and other current assets consist primarily of prepaid expenses, training materials, and program supplies.

Notes Receivable

Notes receivable are reported at original issue amount less principal repaid. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made.

Note 2 - Significant Accounting Policies (Continued)

At December 31, 2020, 2019, and 2018 notes receivable represent various uncollateralized loans to franchisees that do not bear interest. The notes are classified as current or long term on the accompanying balance sheet depending on their maturity dates. The Company has not recorded an allowance for loan losses as of December 31, 2020, 2019, and 2018, as the Company believes all amounts are collectible.

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Note 2 - Significant Accounting Policies (Continued)

The Company has created a national advertising fund. An advertising fee is due monthly from each franchisee pursuant to the franchise agreement. Advertising and marketing expenses are incurred to promote brand awareness and include, but are not limited to, market and consumer research, media relations, advertising, and promotional marketing materials. Advertising fees are collected on a monthly basis, primarily based upon a percentage of franchisee gross sales. The Company recognizes these sales-based advertising fees from franchisees when the underlying franchisee sales occur. The Company records the related advertising expenses as incurred. When revenue of the advertising fund exceeds the related expenses, advertising expenses are accrued up to the amount of revenue to be utilized in the subsequent year. As of December 31, 2020, 2019, and 2018, $92,214, $0, and $50,297, respectively, was included in advertising fund accrued expenses. The amount of cash restricted for advertising fund expenses at December 31, 2020, 2019, and 2018 was $102,322, $35,512, and $26,892, respectively.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. Royalties and advertising fees are paid on a monthly basis, based upon a percentage of franchisee gross sales. Software fees are paid on a monthly basis based upon a fixed amount defined within the franchise agreement. Enrollment kit fees are paid on a monthly basis, based on the number of kits ordered. Coaching fee revenue is due after the coaching is provided and is invoiced net 30. Annual conference fees are typically prepaid upon registering. Settlement fees are due upon signing the settlement agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet.

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The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to open and operate centers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, software fees, and advertising fees, as the transaction price is based on the franchisees sales. The variable consideration is recognized based on the actual amounts earned each month.

The Company allocates consideration to the training, center opening, and grand opening services provided based on the observable stand-alone selling price of third-party service providers of similar training. The remaining consideration is allocated to the franchise right.

Costs to Obtain a Franchise Agreement

The Company occasionally incurs broker commissions paid to third parties or pays bonuses to certain employees to obtain franchise agreements with franchisees. The commissions/bonuses are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company’s earnings. The Company’s net income or loss is allocated to the member in accordance with the Company’s operating agreement.

Note 2 - Significant Accounting Policies (Continued)

Advertising Expense

Advertising expense (exclusive of the franchisee advertising fund) is charged to expense during the year in which it is incurred. Advertising expense for 2020, 2019, and 2018 was $174,274, $191,488, and $264,087, respectively.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 20, 2021, which is the date the financial statements were available to be issued.

Note 3 - Change to Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. During 2020 and through the date of issuance of the financial statements, the Company continues to be affected by mandatory closures and reduced capacity. Management has responded by applying for and receiving an Economic Injury Disaster Loan through the Small Business Administration for $150,000. The Parent also applied for and received a Paycheck Protection Program loan in the amount of $549,600.

Due to significant uncertainty surrounding the situation, management's judgment regarding the impact of the pandemic may change in the future. The extent of any future impact cannot be reasonably estimated at this time.

Note 4 - Franchised and Affiliate-owned Centers

The following data presents the status of the Company's franchised and affiliate-owned centers:

	2020	2019	2018
Centers open at beginning of year	100	111	110
Centers opened during the year	1	8	7
Centers closed during the year	(18)	(19)	(6)
Centers in operation at end of year	83	100	111
Centers sold but not yet operational	5	6	15
Affiliate-owned centers in operation (a)	1	1	3

(a) For all periods presented, the Company has waived its right to franchise fees from the affiliated franchisees.

Note 5 - Notes Receivable

The notes receivable at December 31 are as follows:

	2020	2019	2018
Note receivable from a franchisee due in 2020. The note does not require interest payments. This note was fully impaired in 2020	$ -	$ 41,032	$ -
Note receivable from a franchisee due in 2021. The note does not require interest payments	$ 17,867	$ -	$ -

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019	2018
Office equipment	$ 95,640	$ 85,921	$ 84,986
Computer equipment and software	4,570	-	-
Leasehold improvements	20,389	20,389	20,389
Total cost	120,599	106,310	105,375
Accumulated depreciation	82,828	66,978	84,373
Net property and equipment	$ 37,771	$ 39,332	$ 21,002

Depreciation and amortization expense for 2020, 2019, and 2018 was $15,850, $17,365, and $23,651, respectively.

Note 7 - Intangible Assets

Intangible assets of the Company at December 31, 2020, 2019, and 2018 are summarized as follows:

	2020		2019		2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets - Other intangible assets	$ 377,659	$ 359,342	$ 355,678	$ 355,678	$ 355,678	$ 355,678

Amortization expense for intangible assets totaled $3,664, $0, and $1,359 for the years ended December 31, 2020, 2019, and 2018, respectively.

Note 8 - Long-term Debt

Long-term debt at December 31 is as follows:

	2020	2019	2018
Note payable to the Small Business Administration at 3.75 percent interest. Monthly interest and principal payments of $731 begin in September 2021. The note is due in September 2050	$ 150,000	$ -	$ -
Less current portion	734	-	-
Long-term portion	$ 149,266	$ -	$ -

The balance of the above debt matures as follows:

Years Ending	Amount
2021	$ 734
2022	3,006
2023	3,120
2024	3,239
2025	3,363
Thereafter	136,538
Total	$ 150,000

Note 8 - Long-term Debt (Continued)

Interest expense for 2020, 2019, and 2018 was $1,550, $0, and $0, respectively.

Note 9 - Operating Leases

The Company leased a facility under a noncancelable operating lease that expired in February 2019. Total rent expense under the lease was $0, $18,097, and $74,504 for 2020, 2019, and 2018, respectively. Upon expiration of the lease, the Company became a virtual workplace, with no additional lease expense.

The Company subleased a portion of the facility. Rental income under the sublease was $0, $9,144, and $55,926 for 2020, 2019, and 2018, respectively.

Note 10 - Related Party Transactions

License Agreement

The Company has a perpetual trademark license agreement with the Parent. The license agreement calls for monthly royalty payments to the Parent based on a percentage of the Company's net sales, as further defined in the agreement. For the years ended December 31, 2020, 2019, and 2018, license fees were approximately $535,000, $867,000, and $950,000, respectively.

Administrative Services Agreement

The Company has an administrative services agreement with the Parent. The Company agreed to reimburse the Parent for the Parent's actual costs incurred in providing administrative support services on behalf of the Company. For the years ended December 31, 2020, 2019, and 2018, administrative services fees were approximately $1,723,000, $2,000,000, and $2,182,000, respectively.

Related Party Advances

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. All advances to the Parent are expected to be repaid.

Royalties from Related Parties

The Company is under common ownership with an entity that operates company-owned centers. These centers pay 2 percent of gross sales into the national advertising fund. Total revenue from these centers was approximately $10,500, $14,000, and $22,500 for the years ended December 31, 2020, 2019, and 2018, respectively.

Note 11 - Restatement

During 2020, the Company determined that the initial franchise fees were being amortized over the wrong period. Prior to 2020, the fees were being amortized 10 years from center opening instead of 10 years from the date the franchise agreement was signed, beginning when the center opened. Therefore, restatement is required to correct the error. The cumulative effect of the change on retained earnings in the balance sheet as of January 1, 2018 is $119,009.

Note 11 - Restatement (Continued)

The following financial statement line items for fiscal years 2019 and 2018 were affected by the restatement:

Statement of Operations

	2019			2018		
	As Originally Reported	As Restated	Effect of Change	As Originally Reported	As Restated	Effect of Change
Franchise fees	$ 541,457	$ 540,882	$ (575)	$ 532,748	$ 504,581	$ (28,167)
Software fees	330,564	333,387	2,823	360,244	347,010	(13,234)
Franchise-related expenses	2,324,763	2,326,880	2,117	2,785,424	2,786,843	1,419
Net income	519,266	519,397	131	443,314	400,494	(42,820)

Balance Sheet

	2019			2018		
	As Originally Reported	As Restated	Effect of Change	As Originally Reported	As Restated	Effect of Change
Deferred franchise costs - Current	$ 27,615	$ 54,617	$ 27,002	$ 29,365	$ 65,294	$ 35,929
Deferred franchise costs - Less current portion	173,594	132,505	(41,089)	220,356	172,457	(47,899)
Deferred franchise revenue - Current	$ 126,695	$ 182,762	$ 56,067	$ 415,328	$ 421,873	$ 6,545
Deferred software licenses - Current	65,375	126,904	61,529	139,675	147,081	7,406
Deferred franchise revenue - Less current portion	433,825	315,998	(117,827)	566,295	498,168	(68,127)
Deferred software licenses - Less current portion	374,617	284,441	(90,176)	444,575	410,592	(33,983)
Member's equity	631,347	707,667	76,320	112,081	188,270	76,189

EXHIBIT D

STATE ADMINISTRATORS

CALIFORNIA

Franchise Division
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

HAWAII

Director, Hawaii Department of Commerce and Consumer Affairs
1010 Richards Street
P.O. Box 40
Honolulu, HI 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

Indiana Secretary of State
302 West Washington
Room E-111
Indianapolis, IN 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
20th Floor
Baltimore, MD 21202

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913

NORTH DAKOTA

Franchise Division
Office of Securities Commission
600 East Boulevard - 5th Floor
Bismarck, ND 58505

OREGON

Corporate Securities Section
Dept. of Insurance & Finance
Labor & Industries Bldg.
Salem, OR 97310

RHODE ISLAND

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903-4232

SOUTH DAKOTA

South Dakota Department of Labor and Regulation
Division of Insurance - Securities Regulation
124 S. Euclid Avenue, Second Floor
Pierre, South Dakota 57501

VIRGINIA

Ronald W. Thomas, Director
Securities and Retail Franchising Division
State Corporation Commission
1300 East Main Street
Richmond, VA 23219

WASHINGTON

The Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033

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MINNESOTA

Franchise Division
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

WISCONSIN

Franchise Office
Wisconsin Securities Commission
201 W. Washington Street
Madison, WI 53701

NEW YORK

New York Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271

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EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

HAWAII

Business Registration Department
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813

ILLINOIS

Chief, Franchise Division
Attorney General's Office
500 South Second Street
Springfield, IL 62706

INDIANA

Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Department of the Attorney General's Office
Consumer Protection Division
Franchise Unit
670 Law Building
Lansing, Michigan 48913

NEW YORK

Secretary of State of the State of New York
162 Washington Avenue
Albany, NY 12210

NORTH DAKOTA

Securities Commission
State of North Dakota
Capitol Building
Bismarck, ND 58505

OREGON

Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

RHODE ISLAND

Chief Securities Examiner
Department of Business Regulation
Banking Division, Franchise Section
233 Richmond Street, Suite 232
Providence, RI 02903

SOUTH DAKOTA

South Dakota Department of Labor and Regulation
Division of Insurance - Securities Regulation
124 S. Euclid Avenue, Second Floor
Pierre, South Dakota 57501

TEXAS

Secretary of State
P.O. Box 12887
Austin, Texas 78711

MINNESOTA

Department of Commerce
85 7th Place E Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of Banking and Finance
1200 N Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

VIRGINIA

Clerk of the State Corporation Commission
State Corporation Commission
1300 East Main Street
Richmond, VA 23219

WASHINGTON

Securities Division
Washington Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

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EXHIBIT F

STATE ADDENDA

BB FRANCHISING LLC

CALIFORNIA ADDENDUM

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among BB FRANCHISING LLC and the Franchisee identified below.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. Neither BB FRANCHISING nor any person or franchise broker listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, (15 U.S.C.A. 78a et. seq.), suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement or Disclosure Document contains a provision that is inconsistent with the law, the law will control.

4. The Franchise Agreement and Disclosure Document provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec, 101 et seq.).

5. The Franchise Agreement and Disclosure Document contain a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in San Francisco, California, with each party bearing its own costs. This provision may not be enforceable under California law. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

7. Our website (www.brainbalancecenters.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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Dated: BB FRANCHISING LLC

By:____________________________ (L.S.)
Dominick Fedele, CEO

FRANCHISEE

By:____________________________(L.S.)

By:____________________________(L.S.)

The undersigned, officers, directors, and/or shareholders of FRANCHISEE hereby personally guarantee to BB FRANCHISING LLC the due performance of each and every obligation of FRANCHISEE in accordance with this Addendum.

____
Individually and Personally

____
Individually and Personally

____
Individually and Personally

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BB FRANCHISING LLC

HAWAII ADDENDUM

1. THESE FRANCHISES HAVE BEEN/WILL BE FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. IN THE EVENT OF A MATERIAL CHANGE IN THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR ANY PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, AN AMENDED COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. The name and address of the Franchisor's registered agent for service of process is:

   Commissioner of Securities
   Department of Commerce & Consumer Affairs
   Business Registration Division, Securities Compliance Branch
   335 Merchant Street, Room 203
   Honolulu, Hawaii 96813

Item 3 of this Disclosure Document is amended to add the following statement:

Neither the franchisor, nor any person in Item 2 of the Disclosure Document, has within the last 10 years, been subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities Exchange Act of 1934) suspending or expelling such entity or person from membership in that association or exchange. Neither the franchisor, nor any person in Item 2 of the Disclosure Document, is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating to business activity as a result of any action brought by any public agency or department.

Dated: ______________________

BB Franchising LLC

By:______________________________
Dominick Fedele, CEO

FRANCHISEE

By:______________________________

By:______________________________

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BB FRANCHISING LLC

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT (STANDARD), AND SATELLITE FRANCHISE AGREEMENT

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Item 5 of this FDD, and Section 5 of each Franchise Agreement is hereby amended to add:

> The Illinois Attorney General’s Office imposed the following fee deferral requirement on the Franchisor due to the Franchisor’s financial condition: All initial franchise fees will be deferred until the franchisor has satisfied its pre-opening obligations to the Franchisee and the Franchisee has commenced business operations.

Dated: ____________________________

BB Franchising LLC

By:_________________________________
Dominick Fedele, CEO

FRANCHISEE

By:_________________________________

By:_________________________________

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BB FRANCHISING LLC

MARYLAND ADDENDUM

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among BB FRANCHISING LLC and the Franchisee identified below:

1. Item 5 of the Disclosure Document and Section 5 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

   > Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 6 and 11 of the Disclosure Document and Section 6B of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

   > In Maryland, a FRANCHISEE may obtain an accounting of the Advertising Fund, upon written request, made no more often than once a year.

3. Item 17 of the Disclosure Document and Section 17.01(c) of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

   > The provision in the Franchise Agreement for the termination of the Franchise Agreement may not be enforceable under Federal Bankruptcy Law (11 U.S.C. §101, *et seq*.).

4. Item 17, Caption v, and Risk Factors on the cover page of the Disclosure Document and Section 21.01 of the Franchise Agreement, to the extent contrary to Maryland Franchise Registration and Disclosure Law, is hereby deleted and amended by the addition of the following language:

   > A franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Item 17, Caption l, of the Disclosure Document and Section 16.03 of the Franchise Agreement, are hereby amended by the addition of the following language:

   > The general release required as condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

6. Item 17, Caption x, of the Disclosure Document and Section 21.10 of the Franchise Agreement are hereby amended by the addition of the following language:

> All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Item 17 and the Franchise Agreement are hereby amended by the addition of the following language:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to the lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

8. The Franchise Agreement is hereby amended by the addition of the following language:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Dated: ________________________

BB Franchising LLC

By:________________________________
Dominick Fedele, CEO

FRANCHISEE

By:________________________________

By:________________________________

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BB FRANCHISING LLC

MINNESOTA ADDENDUM

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among BB Franchising LLC and the Franchisee identified below:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidate damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

7. A court will determine if a bond is required.

8. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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Dated: ______________________

BB Franchising LLC

By:______________________________
Dominick Fedele, CEO

FRANCHISEE

By:______________________________

By:______________________________

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BB FRANCHISING LLC

NEW YORK ADDENDUM

This Addendum to the Franchise Agreement and Disclosure Document applies to franchises and franchisees subject to New York laws and regulations:

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALLTHE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

   Neither we, our affiliates, nor any person identified in Item 2 of this Disclosure Document:

   A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations, or is facing any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither we nor any of our affiliates, predecessors, officers or general partners during the 10-year period immediately before the date of this Disclosure Document has (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**"

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in office; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d) titled "**Termination by franchisee**":

The Franchisee may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contractor by franchisor**":

   However, no assignment will be made except as to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The provisions of Item 17(w) and of the Disclosure Document and Section 21.01 of the Franchise Agreement with regard to the applicable law are hereby deleted and amended by the addition of the following language:

   The California choice of law should not be considered a waiver of any right conferred upon us or you by Article 33 of the General Business Law of the State of New York.

Dated: __________________________

BB Franchising LLC

By:___________________________________
Dominick Fedele, CEO

FRANCHISEE

By:___________________________________

By:___________________________________

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BB FRANCHISING LLC

NORTH DAKOTA ADDENDUM

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among BB FRANCHISING LLC and the Franchisee identified below:

1. Item 17(c) of the Disclosure Document and Section 16.03 of the Franchise Agreement, are hereby amended by the addition of the following language:

   Any release required as a condition of renewal, sale, assignment/ transfer shall be ineffective as a release from liability. Franchisor fully complies with Section 51-19-09 of the North Dakota Franchise Investment Law.

2. Item 17(i) of the Disclosure Document and Section 17.04(c) of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

   Franchisor does not require and nothing in this section shall require the franchisee to consent to termination or pay liquidated damages.

3. Item 17(r) of the Disclosure Document and Section 18 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein, with such language becoming Section 18.08 in the Franchise Agreement:

   Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. Item 17(u) of the Disclosure Document and Section 20 of the Franchise Agreement are amended to delete the requirement that arbitration or mediation of disputes must be held in California and to instead specify that the site of arbitration or mediation shall be agreeable to all parties and not remote from the franchisee's place of business.

5. The provisions of Item 17(v) of the Disclosure Document and Section 21.01 of the Franchise Agreement with regard to venue are hereby deleted and amended by the addition of the following language:

   The Franchisee is permitted to enter into litigation with BB FRANCHISING, the Franchisor, in any court within the county where the Franchised Business operates within the State of North Dakota.

6. The provisions of Item 17(w) and of the Disclosure Document and Section 21.01 of the Franchise Agreement with regard to the applicable law are hereby deleted and amended by the addition of the following language:

The Franchise Agreement will be construed and enforced under the laws of North Dakota without regard to the rules of conflict of laws.

7. Item 17(x), of the Disclosure Document and Section 21.10 of the Franchise Agreement are hereby deleted in their entirety and amended by the addition of the following language:

   Any claims arising under this Agreement shall be subject to the statute of limitations provided under North Dakota law.

8. Section 20.01 of the Franchise Agreement is hereby amended to delete the waiver of punitive or exemplary damages.

9. Section 20.04(a) of the Franchise Agreement is hereby amended to delete the waiver of trial by jury.

10. Item 5 of this FDD and Section 5 of each Franchise Agreement are hereby amended to add:

    The North Dakota Office of Securities has imposed a financial condition requiring the Franchisor to defer collection of the initial fees until all initial obligations to the Franchisee under the franchise agreement or other documents have been fulfilled by the Franchisor and the Franchisee has commenced doing business pursuant to the franchise agreement.

Dated: ________________________

BB Franchising LLC

By:________________________________
Dominick Fedele, CEO

FRANCHISEE

By:________________________________

By:________________________________

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BB FRANCHISING LLC

VIRGINIA ADDENDUM

The following modifies and amends BBF's Franchise Disclosure Document and Franchise Agreement:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for **BB FRANCHISING LLC** for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Dated: ______________________

BB Franchising LLC

By:______________________________
Dominick Fedele, CEO

FRANCHISEE

By:______________________________

By:______________________________

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BB FRANCHISING LLC

WASHINGTON ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: ___________________________

BB Franchising LLC

By:_____________________________________
Dominick Fedele, CEO

FRANCHISEE

By:_____________________________________

By:_____________________________________

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EXHIBIT G

LIST OF FRANCHISEES

Arizona

1. **Brain Balance of Mesa**
1702 S Val Vista Drive, Suite 101B
Mesa, AZ 85204
Tammy Bingham
mesa@brainbalancemesa.com
(T) (480) 401-1220

2. **Brain Balance of Peoria**
8284 W Union Hills Drive
Peoria, AZ 85382
Tammy Bingham
peoria@brainbalance.com
480-401-1220

California

3. **Brain Balance of Anaheim Hills**
8018 E Santa Ana Canyon Rd #108
Anaheim Hills, CA 92808
Anthony and Nancy Rangel
anaheimhills@brainbalancecenters.com
(T) 714-660-7485

4. **Brain Balance of Chula Vista**
310 3rd Avenue, Suite C7
Chula Vista, CA 91910
Jon Pak
ChulaVista@brainbalancecneters.com
(T) 619-500-8008

5. **Brain Balance of Lake Forest**
23708 El Toro Rd, Suite A
Lake Forest, CA 92630
Dr. Mursel Azar-Nassiry
lakeforest@brainbalancecenters.com
(T) (949) 337-1078

6. **Brain Balance of Palmdale**
412 West Rancho Road Ste D-80
Palmdale CA 93551
Yomaira Gonzalez
ygonzalez@brainbalancecenters.com
(T) (661) 434-4800

7. **Brain Balance of Pasadena**
155 E Holly Street
Pasadena CA 91103
Lori Sheldon
pasadena@brainbalancecenters.com
(T) 626-737-5000

8. **Brain Balance of Redlands**
1457 Ford Street
Suite 102/103
Redlands, CA 92373
Donna Horn
Redlands@brainbalancecenters.com
(T) (909) 790-3366

9. **Brain Balance of San Diego**
10175 Rancho Carmel Drive, Suite 124
San Diego, CA 92128
Jon Pak
SanDiego@brainbalancecenters.com
(T) (858) 324-5525

10. **Brain Balance of Visalia**
5123 W. Walnut Avenue
Visalia, CA 93277
Roland Otto
sotto@brainbalancecenters.com
(T) (559) 623-990***o***

Connecticut

11. **Brain Balance of Norwalk**
15 Cross Street
Norwalk, CT 06851
Dr. Mark Goldenberg
Norwalk@brainbalancecenters.com
(T) (203) 847-3000

Delaware

12. **Brain Balance of Wilmington**
4762 Limestone Road
Wilmington, DE 19808
Greta and Douglas Fowler
wilmington@brainbalancecenters.com
(T) (302) 397-8465

Florida

13. Brain Balance of Coral Springs
6178 W Sample Rd
Coral Springs, FL 33067
Elton Karaj
coralsprings@brainbalancecenters.com
(T) (954) 995-2099

14. Brain Balance of Jacksonville
1620 CR 210 W
Jacksonville, FL 32259
Jessica Wick
jacksonville@brainbalancecenters.com
(T) (904) 800-7279

15. Brain Balance of Lake Mary
1011 W.P. Ball Blvd.
Sanford, FL 32771
Amanda Gunter
lakemary@brainbalancecenters.com
(T) (321) 351-7501

16. Brain Balance of Naples
10641 Airport Polling Road North
Naples, FL 34105
Ronald and Gayle Nall
naples@brainbalancecenters.com
(T) (239) 260-3671

17. Brain Balance of Palm Beach Gardens
5420 Donald Ross Road #105
Palm Beach Gardens FL 33418
Mary Baker
palmbeachgardens@brainbalance.com
(T) 561-500-0609

18. Brain Balance of Westchase
4022 Tampa Rd, Suite 6
Oldsmar, FL 34677
Ronald and Gayle Nall
oldsmar@brainbalancecenters.com
(T) (813)-475-6977

19. Brain Balance of Winter Garden
13848 Tilden Road #200
Winter Garden, FL 34787
Amanda Gunter
agunter@brainbalancecenters.com
(T) (621) 351-7500

Georgia

20. Brain Balance of Peachtree City
361 Highway 74 North, Suite 104
Peachtree City, GA 30269
Amanda Gunter
Ptc@brainbalancecenters.com
(T) (770) 631-3033

21. Brain Balance of Roswell
30 E. Crossville Rd, Ste 150
Roswell, GA 30075
Dr. Ed Finucan
Roswell@brainbalancecenters.com
(T) (770) 650-8050

22. Brain Balance of Suwanee
780 Peachtree Industrial Blvd
Suwanee, GA 30024
Dr. Ed Finucan
Suwanee@brainbalancecenters.com
(T) (770) 614-4790

Idaho

23. Brain Balance of Boise
3210 E. Chindlen Blvd.
Eagle, ID 83616
Kevin and Amy Walker
kwalker@brainbalancecenters.com
(T) 208 938-1312

Illinois

24. Brain Balance of Edwardsville
1063 South State Route 157, Suite #4
Edwardsville, IL 62025
Dr. Neil Munhofen/Dr. Kyle Hack
Edwardsville@brainbalancecenters.com
(T) (618) 659-0033

Indiana

25. Brain Balance of Plainfield
160 Plainfield Village Drive
Ste 141
Plainfield IN 46168
Rhonda Zollner
rzollner@brainbalancecenters.com
(T) (317) 707-7452

Iowa

26. Brain Balance of Des Moines
8033 University Blvd., Suite A
Clive, IA 50325
Teresa Kaelin
DesMoines@brainbalancecenters.com
(T) 515-417-5083

Kansas

27. Brain Balance of Overland Park
6414 College Blvd
Overland Park, KS 66211
Anne Cahill
Overlandpark@brainbalancecenters.com
(T) (913) 627-9400

28. Brain Balance of Wichita
8338 E. 21st N.
Suite 303
Wichita, KS 67206
Amy Downing & Michelle Robertson
Wichitaeastcenter@brainbalancecenters.com
(T) (316) 252-1533

Kentucky

29. Brain Balance Center of Louisville
3588 Springhurst Blvd
Louisville, KY 40241
Dr. Neil Munhofen
louisville@brainbalancecenters.com
(T) (502) 409-5633

Michigan

30. Brain Balance of Oakland County
1972 Star-Batt Drive
Rochester Hills, MI 48309
Carrie Odrobina
oaklandcounty@brainbalancecenters.com
(T) (248) 716-5400

Minnesota

31. Brain Balance of Woodbury
700 Commerce Drive, Suite 100
Woodbury, MN 55125
Michelle Robertson and Amy Downing
woodbury@brainbalancecenters.com
(T) (651) 731-6163

Missouri

32. Brain Balance of Chesterfield
15011 Manchester Road
Ballwin, MO 63011
Dr. Neil Munhofen
chesterfield@brainbalancecenters.com
(T) (636) 527-1100

33. Brain Balance of Kansas City
8602 N Dixon Ave.
Kansas City, MO 64153
Lorne and Angie Hupp
ahupp@brainbalancecenters.com
(T) (816) 321-2737

34. Brain Balance of Lee's Summit
413 NW Murray Rd
Lee's Summit, MO 64081
Roxanne Evans
leessummit@brainbalancecenters.com
(T) (816) 393-0233

Nebraska

35. Brain Balance of Elkhorn/Millard
17837 Pierce Plaza
Omaha, NE 68130
Cale and Melanie Furstenberg
elkhorn@brainbalancecenters.com
(T) (402) 933-3541

36. Brain Balance of Lincoln
3510 Village Drive
Lincoln, NE 68516
Teresa Kaelin
lincoln@brainbalancecenters.com
(T) (531) 500-3713

37. Brain Balance of Omaha
2974 S 84th St
Omaha, NE 68124
Cale and Melanie Furstenberg
omaha@brainbalancecenters.com
(T) (402) 983-8000

Nevada

38. Brain Balance of Henderson
11 South Stephanie Street, Suite 120
Henderson, NV 89012
Dr. Susan DeVito
Henderson@brainbalancecenters.com
(T) (702) 778-9501

39. Brain Balance of Summerlin
7501 W Lake Mead Blvd, Suite 110
Las Vegas, NV 89128
Dr. Susan DeVito
summerlin@brainbalance.com
(T) (702) 778-9500

New Jersey

40. Brain Balance of Bergen County
140 Hopper Ave
Waldwick NJ, 07463
Betsy Stoeber
bergencounty@brainbalancecenters.com
(T) 201-825-1030

41. Brain Balance of Summit
33 Union Place, 2nd floor
Summit, NJ 07901
Betsy Stoeber and Michelle Young
summit@brainbalancecenters.com
(T) (908) 517-1101

North Carolina

42. Brain Balance of Charlotte
9101 Pineville-Matthews Road, Suite 12
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Lindsey Lombard
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(T) (704) 540-6363

43. Brain Balance of Cornelius
20601 Torrence Chapel Road, Suite 104
Cornelius, NC 28031
Lindsey Lombard
Cornelius@brainbalancecenters.com
(T) (704) 655-1334

44. Brain Balance of Raleigh
13600 New Falls of Neuse Rd
Ste 110
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Joanna Manning
raleigh@brainbalancecenters.com
(T) 919-554-4426

New York

45. Brain Balance of Plainview
1163 Old County Rd Ste 6
Plainview NY 11803
Jen Tham
plainview@brainbalancecenters.com
(T) (516) 828-2428

Ohio

46. Brain Balance of Cincinnati
12084 Montgomery Rd
Cincinnati, OH 45249
Sherry Martz
Cincinnati@brainbalancecenters.com
(T) (513) 707-0125

47. Brain Balance of Columbus
116 Dillmont Drive
Columbus, OH 43235
Chris and Brian Mabry
columbus@brainbalancecenters.com
(T) (614) 654-3398

48. Brain Balance of North Olmsted
5078 Great Northern Shipping Center
North Olmsted OH 44070
Nate Taninecz
ntan@brainbalancecenters.com
(T) (216) 400-8292

Oklahoma

49. Brain Balance of Tulsa
6022 South Yale Avenue
Tulsa, OK 74135
Dr. Isaac and Kristen Johnson
Tulsa@brainbalancecenters.com
(T) (918) 488-8991

50. **Brain Balance of Oklahoma City**
3545 W Memorial Road
Oklahoma City, OK 73134
Dr. Isaac and Kristen Johnson
okc@brainbalancecenters.com
(T) (405) 492-6722

Pennsylvania

51. **Brain Balance of Wexford**
10672 Perry Highway
Wexford, PA 15090
Megan Galando
wexford@brainbalancecenters.com
(T) (724) 443-6287

South Carolina

52. **Brain Balance of Greenville**
2531 Woodruff Rd, Ste 113
Simpsonville, SC 29681
Bryan Dobbs
Greenville@brainbalancecenters.com
(T) (864) 329-9933

53. **Brain Balance of Lexington**
5318 Sunset Blvd, Suite B
Lexington, SC 29072
Bryan Dobbs
lexington@brainbalancecenters.com
(T) (803) 630-5009

54. **Brain Balance of Mount Pleasant**
1117 Market Center Blvd. Suite 101
Mount Pleasant, SC 29464
Jessica Wick
mtpleasant@brainbalancecenters.com
(T) (843) 352-7751

Tennessee

55. **Brain Balance of Farragut**
10341 Kingston Pike
Knoxville, TN 37922
Angel Ogden
farragut@brainbalancecenters.com
(T) (865) 675-5100

56. **Brain Balance of Franklin**
790 Jordan Road, Suite 110
Franklin, TN 37067
Amy Downing and Michelle Robertson
franklin@brainbalancecenters.com
(T) (615) 224-6627

Texas

57. **Brain Balance of Allen**
816 W McDermott Dr
Allen, TX 75013
Babar Choudhry
allen@brainbalancecenters.com
(T) (469) 656-4580

58. **Brain Balance of Austin**
4613-A Bee Caves Road
Austin, TX 78746
Anna Bauereis
Austin@brainbalancecenters.com
(T) (512) 328-7771

59. **Brain Balance of Cedar Park**
920 N. Vista Ridge Blvd., Suite 600
Cedar Park, TX 78613
Anna Bauereis
brainbalanceofcedarpark@gmail.com
(T) (737) 204-0171

60. **Brain Balance of Denton**
2735 W. University Drive
Suite 1075
Denton, TX 76201
Tammy Tubbs
ttubbs@brainbalancecenters.com
(T) (940) 654-7878

61. **Brain Balance of Fort Worth**
6323 Camp Bowie Blvd, Suite 115
Fort Worth, TX 76116
Taylor Barrett
fortworth@brainbalancecenters.com
(T) (817) 720-6157

62. **Brain Balance of Katy**
1450 West Grand Parkway South
Katy, TX 77494
Heather Wells
katy@brainbalancecenters.com
(T) (281) 394-9258

63. Brain Balance of Lubbock
6620 Milwaukee Avenue
Suite 500
Lubbock, TX 79424
Sarah McDowell
lubbock@brainbalancecenters.com
(T) (806) 993-3341

64. Brain Balance of Mansfield
1560 E. Debbie Lane
Suite 100
Mansfield, TX 76063
Heather Wells
mansfield@brainbalancecenters.com
(T) (682) 400-4930

65. Brain Balance of New Braunfels
1551 N Walnut Ave #1
New Braunfels, TX 78130
Dr. Zach and Amanda Petter
newbraunfels@brainbalancecenters.com
(T) (830) 609-9525

66. Brain Balance of North San Antonio
1742 N. Loop 1604 East, Suite 121
San Antonio, TX 78232
Dr. Zach and Amanda Petter
sanantonio@brainbalancecenters.com
(T) (210) 620-7378

67. Brain Balance of The Woodlands
121 Vision Park Blvd., Suite 120
Shenandoah, TX 77384
Heather Wells
TheWoodlands@brainbalancecenters.com
(T) 936-224-6995

Utah

68. Brain Balance of Bountiful
(In process of relocation/currently offering Virtual Program)
Tammy and Bo Bingham
Bountiful@brainbalanceutah.com
(T) 801-298-3613

69. Brain Balance of Utah Valley
432 West 800 N
Orem, UT 84057
Tammy and Bo Bingham
UtahValley@brainbalanceutah.com
(T) (801) 899-4949

70. Brain Balance of South Jordan
10441 South Redwood Road
South Jordan, UT 84095
Tammy and Bo Bingham
southjordan@brainbalanceutah.com
(T) (801) 253-8799

Virginia

71. Brain Balance of Glen Allen
9980 Brook Rd
Unit 16A
Glen Allen, VA 23059
Virginia Heine and Kathryn Wentworth
gheine@brainbalancecenters.com
(T) (804) 553-9868

72. Brain Balance of Midlothian
15833 City View Drive
Midlothian, VA 23113
Wendy Pickenpaugh
Midlothian@brainbalancecenters.com
(T) (804) 379-4697

Wisconsin

73. Brain Balance of Fox Valley
1401 Arbor Way
Kaukauna, WI 54103
Lynn Brittnacher
FoxValley@brainbalancecenters.com
(T) (920) 372-2044

74. Brain Balance of Mequon
11649 N. Port Washington Rd., Suite 101
Mequon, WI 53092
Lynn Brittnacher
lbrittnacher@brainbalancecenters.com
(T) (262) 240-9915

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EXHIBIT H

LIST OF FORMER FRANCHISEES THAT LEFT THE SYSTEM

Sold:

NE
Teresa kaelin & Melissa Delaney
BBC of Elkhorn/Millard
Here to Serve, LLC
2234 S. 217th Street
Elkhorn, NE 68022
hone #: 417-496-1957

Non-Renewal:

PA
Michael and Lori Swank
BBC of York
Swank Enterprises, LLC, LLC
2300 Carlisle Road
York, PA 17408
Phone #: 717-586-1669

Closed/Ceased Operating for Other Reason:

CO:
Tammy and Jedediah Bingham
BBC of Aurora
Pure Genius of Aurora, LLC
24484 South 203rd Court
Queen Creek AZ 85142
Phone #: 435-313-2269

Tammy and Jedediah Bingham
BBC of Superior
Pure Genius of Superior, LLC
24484 South 203rd Court
Queen Creek AZ 85142
Phone #: 435-313-2269

Tammy and Jedediah Bingham
BBC of Windsor
Pure Genius of Windsor, LLC
24484 South 203rd Court
Queen Creek AZ 85142
Phone #: 435-313-2269

MO
James Marvine
BBC of Shelterwood
Doulos Ministries, Inc.
PO Box 25743
Overland Park, KS 66225
Phone #: 913-709-5010

Neil Munhofen
BBC of St. Charles
St. Louis Synergy, LLC
4095 Banbury Plac
Belleville, IL 62226
Phone #: 618-581-6448

OR
Tammy & Jedediah Bingham
BBC of Portland Northwest
Pure Genius of Portland, LLC
24484 South 203rd Court
Queen Creek AZ 85142
Phone #: 435-313-2269

Tammy and Jedediah Bingham
BBC of Tualatin
Pure Genius of Portland South, LLC
24484 South 203rd Court
Queen Creek AZ 85142
Phone #: 435-313-2269

SC:
Bryan Dobbs
BBC of Bluffton
Two Heathers, LLC
49 Timbercrest Circle
Hilton Head Island, SC 29926
(T) 706-202-1658

EXHIBIT I

OPERATIONS MANUAL – TABLE OF CONTENTS

EXHIBIT J

STATE EFFECTIVE DATES

EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:

California, Hawaii. Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

Jurisdiction	**Effective Date**
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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EXHIBIT K

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BBF offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement or make a payment to BBF or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If BBF does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit D.

BBF's franchise sellers include:

Dominick Fedele, CEO	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786
Michael Miller, COO	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786
Zoraida Krell, Sr. Executive Director	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786

And additional franchise sellers listed here: Kimberly Malandrino, Controller; Dr. Rebecca Jackson, VP of Programs and Outcomes; and Arwen Rosser, Director of Franchise Operations. All with the address and phone number listed above,

Issuance Date: April 28, 2023

BBF authorizes the agents listed in Exhibit E to receive service of process for BBF.

I have received a Franchise Disclosure Document effective _________ that included the following exhibits:

Exhibit A Franchise Agreement and Exhibits and Schedules to Franchise Agreement:
- Schedule 1 – Franchised Territory
- Exhibit 1 – Application License Agreement
- Exhibit 2 – ACH Agreement
- Exhibit 3 – Confidentiality/Non-Competition Agreement
- Exhibit 4 – Conditional Assignment of Telephone Numbers
- Exhibit 5 – Conditional Assignment of Lease
- Exhibit 6 – Owner's Guaranty and Assumption of Franchisee's Obligations

Exhibit B Satellite Franchise Agreement
- Schedule 1 – Franchise Territory
- Exhibit 1 – Application License Agreement
- Exhibit 2 – ACH Agreement
- Exhibit 3 – Confidentiality/Non-Competition Agreement
- Exhibit 4 – Conditional Assignment of Telephone Numbers
- Exhibit 5 – Conditional Assignment of Lease
- Exhibit 6 - Owner's Guaranty and Assumption of Franchisee's Obligations

Exhibit C Financial Statements
Exhibit D List of State Administrators
Exhibit E Agents for Service of Process
Exhibit F State Addenda to Disclosure Document
Exhibit G List of Franchisees
Exhibit H List of Former Franchisees
Exhibit I Operations Manual - Table of Contents
Exhibit J State Effective Dates
Exhibit K Receipts

______________________________ ______________________________
Date Franchisee

Please sign and date the above and retain this page in your possession as part of your records.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BBF offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement or make a payment to BBF or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If BBF does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit D.

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Dominick Fedele, CEO	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786
Michael Miller, COO	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786
Zoraida Krell, Sr. Executive Director	1320 North Route 59, Unit 110, Naperville, IL 60563	(510) 817-2786

And additional franchise sellers listed here: Kimberly Malandrino, Controller; Dr. Rebecca Jackson, VP of Programs and Outcomes; and Arwen Rosser, Director of Franchise Operations. All with the address and phone number listed above,

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______________________________ ______________________________

Date Franchisee

Please sign and date the above and return this page to BB Franchising LLC, 1320 North Route 59, Unit 110, Naperville, IL 60563 for their records.