

FRANCHISE DISCLOSURE DOCUMENT



Ellie Fam LLC

a Minnesota limited liability company

1345 Mendota Heights Road
Mendota Heights, Minnesota 55120
651-313-8080
www.elliementalhealth.com

The franchise offered is for a business that operates an outpatient counseling and therapy clinic under the “Ellie Mental Health®” service mark providing counseling, medication management, and therapeutic products and services, by licensed clinical counselors and therapists and prescribers.

The total investment necessary to begin operation of a business that operates a new startup Ellie Mental Health clinic (ranging from 4 Qualified Clinicians and no Qualified Prescribers to 7 Qualified Clinicians and 1 Qualified Prescriber) is \$278,500 to \$480,350. This includes \$90,000 to \$91,000 that must be paid to the franchisor or our affiliates.

The total investment necessary to begin operation of a business that operates an Ellie Mental Health clinic converted from an existing clinic (ranging from 4 Qualified Clinicians and no Qualified Prescribers to 7 Qualified Clinicians and 1 Qualified Prescriber) is \$212,100 to \$345,775. This includes \$50,000 to \$51,000 that must be paid to the franchisor or our affiliates.

The total investment necessary under an Area Development Agreement is \$116,000 to \$194,000 (to develop 2 to 4 startup Ellie Mental Health clinics). This includes \$110,000 to \$187,500 that must be paid to the franchisor or our affiliates. The total investments for a startup Ellie Mental Health clinic also apply to each Ellie Mental Health clinic that you develop under an Area Development Agreement, and you will pay to the franchisor a Development Fee based upon the number of Ellie Mental Health clinics that you commit to open (credited against the initial franchise fee due under each Franchise Agreement).

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 document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an 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 the availability of disclosures in different formats, contact Chris Pash at 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120 and 651-313-8080. There may also be laws on franchising in your state. Ask your state agencies about them.

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 contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer's Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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.

Issuance Date: April 19, 2023

How to Use This Franchise Disclosure Document

Here are some questions 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 Item 20 or Exhibit D.
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 E 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 Ellie Mental Health 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 an Ellie Mental Health franchisee?	Item 20 or Exhibit D 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.

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 B.

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.

Special Risk(s) to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. 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 Minnesota than in your own state.
2. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **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.
4. **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.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement and Area Development Agreement, even if your spouse has no ownership interest in the franchise. This guaranty will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
6. **Pricing.** We can implement pricing policies, such as maximum price policies. This may reduce the anticipated profit of your franchise business.

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.

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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

To simplify the language in this Disclosure Document, “Company,” “we,” “us,” “our,” or the “Franchisor,” means Ellie Fam LLC. “You,” “your,” or the “Franchisee,” means the person, corporation, limited liability company, partnership, or other business entity that buys the franchise, which will either be the direct professional person or entity that owns and operates the Franchised Business under the Direct Ownership Model or the management person or entity that provides Management Services to a professional person or entity under the Managed Operation Model, as discussed below. If you are a corporation, limited liability company, partnership, or other entity, these terms also include your shareholders, members, partners, and owners who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement and Area Development Agreement.

The Franchisor

We are a Minnesota limited liability company formed on September 6, 2019. Our principal business address is 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120.

From our inception to about June 2021, we did business under our company name and “Ellie Family Services®”. In June 2021, we rebranded “Ellie Family Services” to “Ellie Mental Health®”. We currently do business only under our company name and “Ellie Mental Health”. Although our affiliates have operated Ellie Mental Health businesses since November 2015 (previously under the “Ellie Family Services” mark), we have never operated a business of the type being franchised. In June 2021, we began offering franchises for Ellie Mental Health businesses. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

Our agents for service of process are disclosed on Exhibit B.

The Franchised Business

The franchise offered is for a business that operates an outpatient counseling and therapy clinic under the “Ellie Mental Health®” service mark providing counseling, medication management, and therapeutic products and services, by Licensed Providers, to individuals, couples, families, and groups. These businesses are referred to in this Disclosure Document as a “Franchised Business.” A “Licensed Provider” means, as applicable: (1) a counselor or therapist licensed or otherwise permitted to provide outpatient counseling and therapy products and services, directly or indirectly, at or through your Franchised Business under applicable local, state, and federal laws and regulations; and (2) a prescriber providing evaluation and management services that is licensed to prescribe medication to patients, directly or indirectly, at or through your Franchised Business under applicable local, state, and federal laws and regulations. We offer 2 paths for the ownership, development, and operation of a Franchised Business, depending on the qualifications of the franchisee and the applicable local, state, and federal laws and regulations—Direct Ownership Model and Managed Operation Model, as discussed below. Regardless of the development path for your Franchised Business, all mental health counseling and therapy products and services provided through your Franchised Business must be provided by Licensed Providers, and you are solely responsible for ensuring that the ownership, development, and operation of the Franchised Business complies with all applicable local, state, and federal laws and regulations. In either case, the Franchised Business must be operated under the “Ellie Mental Health®” service mark and logo and other trademarks, trade names, service marks, and commercial symbols we may authorize (the “Marks”).

Your Ellie Mental Health Franchised Business may be converted from an existing outpatient counseling and therapy clinic not operated under the Marks (“Conversion Franchised Business”) or may be a new startup Ellie Mental Health Franchised Business (“Startup Franchised Business”).

Direct Ownership Model

Under the direct ownership path for the ownership, development, and operation of a Franchised Business, you must be a Licensed Provider who is permitted to own and operate a business offering outpatient counseling and therapy products and services under applicable state law, or you must own and operate the Franchised Business in a state that permits individuals who are not Licensed Providers to own and operate businesses offering outpatient counseling and therapy products and services ("Direct Ownership Model"). You must sign our standard Franchise Agreement for the ownership, development, and operation of a Franchised Business under the Direct Ownership Model.

Managed Operation Model

Under the managed operation path for the ownership, development, and operation of a Franchised Business, you will provide management, administrative, marketing, technology, and facility-based services, but not medical products, services, or advice, or judgment ("Management Services"), to a Practice Entity that is directly operated, and potentially owned, by one or more Licensed Providers ("Managed Operation Model"). We typically do not offer Franchised Businesses under the Managed Operation Model to Licensed Providers. A "Practice Entity" means 1 or more Licensed Providers, working together, typically as a professional corporation, professional limited liability company, or other professional entity, who are licensed to offer and provide outpatient counseling and therapy products and services under applicable local, state, and federal laws and regulations.

For the ownership, development, and operation of a Franchised Business under the Managed Operation Model, you must sign our standard Franchise Agreement and Managed Services Addendum to Franchise Agreement (attached to this Disclosure Document as Exhibit G). You must also enter into a management services agreement ("Management Agreement") with a Practice Entity that we approve to provide the Practice Entity and its Licensed Providers the Management Services and grant them a sublicense to use the Names and Marks at or through the Franchised Business. You, as the franchisee, will be responsible for construction and build-out of the Franchised Business for use by the Practice Entity and its Licensed Providers and ensuring that the Practice Entity and its Licensed Providers operate the Franchised Business in conformance with our System, specifications, and standards, but only the Licensed Providers are permitted to exercise professional or medical judgment and to offer outpatient counseling and therapy products or services. You must hire an attorney to prepare the Management Agreement and to independently evaluate, review, and ensure that your Management Agreement complies with all applicable local, state, and federal laws. The Management Agreement must be approved by us before you open your Franchised Business, and must remain in effect for the entire term of your Franchise Agreement.

The System

Your Franchised Business will use our customized electronic health records systems and electronic billing systems ("EHR Systems"). Our EHR Systems provide online practice management solutions for your Franchised Business, including secure client portals allowing your clients to schedule appointments and view their profiles, electronic case note and treatment plans, progress notes to billing with clinical data flows, scheduling, billing and claims (including with third party payors), and staffing reports. We also provide third party reimbursement (credentialing) support directly or through our vendors.

You will operate your Franchised Business using our unique operating system, which, in addition to our EHR Systems, includes our proprietary billing and third party reimbursement (credentialing) support, branded email accounts, recognizable exterior and interior layout, décor, and design, technology system, Franchised Business website within our brand website, and other know-how, information, trade secrets, and confidential information, as well as our standards, designs, methods of trademark and service mark usage, and research and development (the "System"). By granting you a franchise, we are only granting you a right to use our System and Marks. We may change or otherwise modify the System at any time as we see fit. Your Franchised Business will generally require 1 to 15 Licensed Providers, as well as other staff, depending on the size and location of your Franchised Business and the products and services that

you offer. Your Franchised Business must generally be between 2,600 and 4,000 square feet, with a lobby/waiting area and typically 8 to 14 separate counseling rooms.

Products and Services

Ellie Mental Health Franchised Businesses focus on developing human connections and strong relationships in the process of healing and self-discovery. The specific products and services you may offer from your Franchised Business will vary depending on the licensure of the medical professionals involved and we must approve the products and services you offer. As described in Item 16, your Franchised Business will use our System to provide individuals, couples, families, and groups of all ages counseling and therapeutic products and services, which may include (subject to our approval and depending on your licensure and your Licensed Providers and Clinic Director):

- Adult rehabilitative mental health services
- Therapy on a variety of subjects, including abuse, addiction, anger, anxiety, behavior, divorce, family conflict, grief/loss, maternal mental health, parenting, psychological and personality disorders, relationships, and trauma/PTSD
- Materials such as books that we develop or may require you to sell from your Franchised Business

If you offer medication management services through Licensed Providers (see Item 6), you must hire and retain at least 1 medication management assistant per each Qualified Prescriber working at your Franchised Business to provide support services to that Qualified Prescriber. The medication management assistant must work an equivalent number of hours per week as the Qualified Prescriber in order to ensure adequate support.

You must obtain our prior approval for all products and services you offer through your Franchised Business, and you can only offer those products or services that the medical professionals involved in your Franchise Business are licensed to provide. These products and services must be offered through in-office sessions. We may also permit your Franchised Business to offer certain products and services through in-office and in-home sessions, class and group sessions and workshops, and online, remote, or telehealth sessions and workshops, as we may direct. In-office and in-home sessions are offered on an as-requested basis from your clients, and your Franchised Business may also host class and group sessions and workshops which may focus on particular subjects or themes. We do not interfere, affect, or limit the independent exercise of medical judgment by the licensed medical professionals. However, we require that your Franchised Business adhere to all applicable laws including any state standards on counseling and therapeutic services, and we reserve the right to restrict you from offering certain products or services for any reason.

Franchise and Development Rights

If we approve your application to become an Ellie Mental Health unit franchisee, you will sign our Franchise Agreement in the form attached to this Disclosure Document as Exhibit F (the "Franchise Agreement") for each Franchised Business.

If we approve your application to become an Ellie Mental Health area developer franchisee and you commit to develop and open at least 2 Franchised Businesses, you will sign our Area Development Agreement in the form attached to this Disclosure Document as Exhibit H (the "Area Development Agreement") along with our then-current form of Franchise Agreement for each Franchised Business you develop and open under that Area Development Agreement (which may differ from the form of Franchise Agreement attached to this Disclosure Document as Exhibit F).

If we approve your application to become an Ellie Mental Health franchisee, we will typically require that you commit to develop at least 2 Franchised Businesses. You will either sign separate Franchise

Agreements for each Franchised Business you agree to develop, or an Area Development Agreement with a minimum commitment to develop at least 2 Franchised Business within your Development Territory. We typically require that you sign a Franchise Agreement for your first Franchised Business at the same time you sign your Area Development Agreement.

Franchise Agreement

You must sign our standard Franchise Agreement for each Franchised Business, whether under the Direct Ownership Model or Managed Operation Model and whether a Startup Franchised Business or Conversion Franchised Business (as we determine). Each Franchise Agreement grants you the right to operate 1 Franchised Business in your Designated Territory. You may not operate an additional Franchised Business, whether in your Designated Territory or elsewhere, unless you acquire additional franchise rights from us and sign another Franchise Agreement. The Franchised Business you operate may only provide the products and services we authorize and that your Licensed Providers are licensed or otherwise permitted to provide by state law. You must follow all of our policies and procedures in operating your Franchised Business, but all medical professionals involved with your Franchised Business must exercise their own independent medical judgment. We can change and modify our policies at any time.

Area Development Agreement

Under the Area Development Agreement, you will have the right to develop, open, and operate at least 2 Startup Franchised Businesses within a defined geographic area (the "Development Territory") according to a mandatory development schedule (the "Development Schedule"). We typically require that you sign a Franchise Agreement for your first Franchised Business at the same time you sign your Area Development Agreement. Each Franchised Business you develop and open under the Area Development Agreement must meet our then-current System standards and approval requirements. You or your affiliates must sign our then-current form of Franchise Agreement for each Franchised Business you develop and open under the Area Development Agreement, which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document as Exhibit F.

Predecessors, Affiliates, and Parents

Our founder is also the founder and owners of Ellie Family Services, PLLP ("EFS"), which was organized in March 2015. EFS opened its first clinic in St. Paul, Minnesota in November 2015. As of the date of this Disclosure Document, our founder operates 19 clinics in Minnesota, through our affiliate. In March 2018, our founder formed Ellie Family Services Management PLLC, which provides certain payroll services to EFS. In March 2022, our founder formed Ellie Creative LLC, which provides certain advertising and creative services to EFS. EFS, Ellie Family Services Management PLLC, and Ellie Creative LLC are affiliates of us and may provide products and services to you. They have the same principal business address as we have. They have not offered franchises in any line of business.

EFS is the owner of the Ellie Mental Health service mark and various other trademarks, trade names, and intellectual property you will use in your Franchised Business, and is therefore a predecessor of ours as well.

Our parent company is EMH PEP Holdco, LLC, an affiliate of Princeton Equity Group, LLC. Our ultimate parent is Princeton Equity Group, LLC, and its principal business address is 47 Hulfish Street, Suite 305, Princeton, New Jersey 08542 and 2300 North Field Street, Suite 2130, Dallas, Texas 75201. As of the issuance date of this Disclosure Document, Princeton Equity Group, LLC has interests in several companies that offer franchises in other lines of business and therefore would be affiliates of us (but which do not conduct or franchise the type of business that you will operate under this Disclosure Document):

- Five Star Bath, L.L.C. has offered bathroom renovation franchises since 2015, from its principal business address of 761 W. Spring Creek Pl., Springville, Utah 84663. As of December 31, 2022, it had 75 franchises in operation.

- Gotcha Covered Franchising, LLC has offered window covering and treatment franchises since 2009, from its principal business address of 303 S. Broadway, Suite 200-153, Denver, Colorado 80209. As of December 31, 2022, it had 144 franchises in operation.
- Ringside Development Company has offered hazardous material cleaning service franchises since 2010, from its principal business address of 8200 South Park Cir. #300, Littleton, Colorado 80120. As of December 31, 2022, it had 127 franchises in operation.
- 1-800-Packouts Franchise LLC has offered contents restoration service franchises since 2015, from its principal business address of 110 Bruner Way, Ball Ground, Georgia 30107. As of December 31, 2022, it had 60 franchises in operation.
- 1-800-Textiles Franchises, LLC has offered textile restoration service franchises since 2022, from its principal business address of 110 Bruner Way, Ball Ground, Georgia 30107. As of December 31, 2022, it had 53 franchises in operation.
- Mosquito Shield Franchise, LLC has offered mosquito treatment service franchises since 2013, from its principal business address of 500 E. Washington St. #24, North Attleboro, Massachusetts 02760. As of December 31, 2022, it had 345 franchises in operation.
- Five Star Connect, Inc. has been in the business of delivering support services to franchise systems since 2015, including to us and some of our affiliates; these services include call center, software, and marketing services. The principal business address of Five Star Connect, Inc. is 761 W. Spring Creek Pl., Springville, Utah 84663.
- SB Oil Change Franchising, LLC has offered Strickland Brothers 10 Minute Oil Change franchises since 2019, from its principal business address of 301 North Main Street, Suite 2030, Winston Salem, North Carolina 27101. As of December 31, 2022, it had 139 franchises in operation.
- CMY Franchising, LLC has offered yard greeting franchises since 2017, from its principal business address of 2009 Ranch Road 620 N., Suite 420, Austin, Texas 78734. As of December 31, 2022, it had 512 franchises in operation.
- D1 Sports Franchise LLC, has offered athletic performance training facility franchises since 2015, from its principal address of 7115 S. Springs Drive, Franklin, Tennessee 37067. As of December 31, 2022, it had 83 franchises in operation.
- International Franchise Professionals Group, LLC operates a franchise consultant network from its principal business address of 499 Ernston Rd, Parlin, New Jersey 08859. As of December 31, 2022, it had no franchises in operation.
- Career Transition Leads, LLC offers franchise consultant lead generation services from its principal business address of 499 Ernston Rd. Parlin, New Jersey 08859. As of December 31, 2022, it had no franchises in operation.
- Stretch Zone Franchising LLC has offered Stretch Zone franchises since 2016, from its principal business address of 6700 North Andrews Avenue, # 210, Fort Lauderdale, Florida 33309. As of December 31, 2022, it had 243 franchises in operation.

Except as provided above, we have no parent companies or affiliates that offer franchises in any line of business or provide products or services to you. We do not have any other predecessors required to be disclosed in this Item 1.

Market and Competition

The target market for your Franchised Business is any individual, couple, family, or group interested in or requiring counseling or therapy or other mental health care services (including the parent or guardian of any minor). We believe it is a competitive market as you will be competing for clients with other counseling and therapy clinics (which may be solo practitioners, independent clinics, or parts of regional or national chains), places of education and worship, community organizations, hospitals, and government agencies which may offer free or low-cost counseling services to underprivileged individuals, all of which may offer some or all of the products and services you will offer through your Franchised Business. We believe this market is well developed, especially in urban areas. The mental health industry is not seasonal.

Industry Specific Regulations

Your Franchised Business will be subject to many federal, state, and local laws, regulations, and licensing requirements. You must comply with all laws, regulations, and licensing requirements that apply to your Franchised Business. You are responsible for investigating and evaluating the federal, state, and local laws that may apply to the structuring and operation of your Franchised Business, and the federal, state, and local restrictions regarding the ownership of your Franchised Business and the individuals that may or may not provide services through your Franchised Business. We require you to consult with an attorney regarding the laws and regulations and the permit, license, and certificate requirements that may apply to your Franchised Business before signing a Franchise Agreement with us.

The health care industry is heavily regulated. Some of the laws, regulations, and licensing requirements that apply to mental health clinics and will apply to your Franchised Business, relate to the practice of mental health and the licensing and operation of counseling services; privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the Health Information for Economic and Clinical Health Act, or HITECH); the relationship of providers and suppliers of health care services with mental health professionals, including state and federal anti-kickback and self-referral laws and state Medicaid laws concerning reimbursement for services for those who participate in Medicaid; prohibitions on fee splitting and self-referral restrictions (such as the federal "Stark Law" and similar state laws); and payment systems for medical benefits available to individuals through private insurance and government resources (including Medicare and Medicaid). The form of Business Associate Agreement that you must sign is attached to this Disclosure Document as Exhibit I. Your Franchised Business may also be required to meet credentialing and enrollment requirements in order to participate in private and government insurance programs.

Whether many of these laws, regulations, and licensing requirements will apply to your Franchised Business, will depend on the location of your Franchised Business, the type of products and services you offer through your Franchised Business, and the types of private and government insurance that you accept at your Franchised Business. The laws and regulations and the permit, license, and certificate requirements that apply to counseling and therapy clinics varies state by state.

Corporate Practice of Medicine

You must not engage in the practice of medicine, mental health, or any other profession that requires specialized training, licensure, or certification unless properly trained, licensed, and certified. You must obtain and maintain all required permits, licenses, and certificates necessary for the operation of your Franchised Business and for offering counseling and therapy products and services. We require, and all states also require, that any person who provides counseling and therapy products and services through your Franchised Business pass all applicable licensing tests and board certifications, be licensed mental health professionals according to state law, and maintain at all times all permits, licenses, and certificates necessary to provide these products and services. You may not employ or retain any person who does not meet these requirements, and under no circumstance may a non-licensed medical professional influence, or direct the supervision, administration, delivery, or performance of, medical or mental health services.

Many states have adopted the corporate practice of medicine doctrine, which generally only permit medical professionals licensed by the state to provide medical services through a professional corporation, professional limited liability company, or other professional practice entity owned by the licensed medical professionals. Some states limit the legal type of professional practice entity. These laws apply to therapists and counselors providing counseling, medication management, and therapeutic products and services. These laws only permit the professional practice entity to receive payment from patients for medical services or medical reimbursement from government health programs or private payor health plans. These laws may permit licensed medical professionals, or their professional practice entity, to contract with a non-licensed person or entity through a Managed Operation Model.

Medicare Anti-Assignment Rule

The Medicare Anti-Assignment Rule prohibits anyone, except the provider, from receiving payments from federal government healthcare programs. If your Franchised Business accepts payments from federal government healthcare programs, you will need to comply with this Rule and may need to maintain separate bank accounts to separate payments received from federal government healthcare programs from commercial payors.

Advertising and Promotion

There are also local, state, and federal laws, rules, and regulations that regulate the type of marketing that you may or may not make as to the products and services offered by your Franchised Business, the results that a customer or patient may or may not achieve, and whether or not the products and services are authorized, cleared, or approved by any government agency or authority. Many states require that health care providers make a proper disclosure to their patients regarding their affiliation with a person or entity if they will receive, directly or indirectly, remuneration for securing or soliciting the patient. Medicare regulations, and many state regulations, also impose a duty to collect payments from clients.

General Laws and Regulations

In addition to the specific laws, regulations, and licensing requirements discussed above, your Franchised Business will be subject to national, state, and local laws, regulations, and licensing requirements that apply to all businesses, such as the Americans With Disabilities Act of 1990, labor and wage laws, employment practices, immigration and employment laws, construction, zoning, health, and safety requirements, taxes, Federal Trade Commission regulations, and business licensing requirements. You must also comply with all zoning laws and regulations that apply to your Franchised Business.

ITEM 2. BUSINESS EXPERIENCE

Erin Pash, MA LMFT, CCTP (Chief Executive Officer and Founder)

Ms. Erin Pash, MA LMFT, CCTP, is our founder and has been our Chief Executive Officer since our formation in September 2019, located in Mendota Heights, Minnesota. She has also been a Therapist and the Mental Health and Co-Parenting Director of EFS since March 2015, located in Mendota Heights, Minnesota.

Jeff Harmsen (Chief Financial Officer)

Mr. Harmsen has been our Chief Financial Officer since November 2022, located in Mendota Heights, Minnesota. From January 2016 to July 2022, he was the Chief Financial Officer for Icaro, Inc., located in Minneapolis, Minnesota.

Dr. Justin Gerstner (Chief Medical Officer)

Dr. Justin Gerstner has been our Chief Medical Officer since September 2022, located in Mendota Heights, Minnesota. He was our Medical Director from March 2021 to September 2022, located in Mendota Heights, Minnesota. From May 2016 to April 2021, Dr. Gerstner was a Psychiatrist for PrairieCare, located in Brooklyn Park, Minnesota.

Suzette Schommer (General Counsel and Chief Compliance Officer)

Ms. Suzette Schommer has been our General Counsel and Chief Compliance Officer since January 2023, located in Mendota Heights, Minnesota. From June 2020 to January 2023, she was the Vice President, Deputy General Counsel & Privacy Officer for Medica Health Plans, located in Minnetonka, Minnesota. From February 2016 to June 2020, Ms. Schommer was Associate General Counsel for Prime Therapeutics, located in Bloomington, Minnesota.

Christopher Pash (Senior Vice President of Growth and Development)

Mr. Christopher Pash has been our Senior Vice President of Growth and Development since April 2022. From November 2019 to April 2022, he was our Chief Business Officer. From July 2019 to April 2021, he was the Director of Clienteling/Strategy at Best Buy, located in Richfield, Minnesota. From November 2015 to July 2019, Mr. Pash was the Sales Leader, Best Buy Business/Education, at Best Buy, located in Richfield, Minnesota.

Jesse McBain (Senior Vice President of Franchise Operations)

Mr. Jesse McBain has been our Senior Vice President of Franchise Operations since July 2022, located in Mendota Heights, Minnesota. From July 2018 to July 2022, he was Vice President of Franchise Operations for The Joint Chiropractic. From May 1999 to July 2018, he was Head Coach – People Operations for Papa Johns International.

LaShelle London (Vice President of Real Estate, Design, and Construction)

Ms. London has been our Vice President of Real Estate, Design, and Construction since April 2023, located in Mendota Heights, Minnesota. From November 2020 to March 2023, she was the Director of Real Estate for Papa Johns International, located in Flossmoor, Illinois. From March 2010 to November 2020, Ms. London was a Real Estate Manager for Dunkin' Brands, located in Flossmoor, Illinois.

Shawn Fredrickson (Vice President of Information Technology)

Mr. Shawn Fredrickson has been our Vice President of Information Technology since February 2023, located in Mendota Heights, Minnesota. From June 2018 to February 2023, he was the Senior Director of Information Technology for Surmodics, located in Eden Prairie, Minnesota. From July 2012 to June 2018, Mr. Fredrickson was the Director of Information Technology for Summit Orthopedics, located in Woodbury, Minnesota.

Katie Schoenberger (Vice President of Revenue Cycle Management)

Ms. Katie Schoenberger has been our Vice President of Revenue Cycle Management since February 2023, located in Mendota Heights, Minnesota. From October 2021 to February 2023, she was the Associate Vice President of Revenue Cycle Management for vRad, located in Eden Prairie, Minnesota. From April 2017 to October 2021, she was the Senior Director of Payer Services for vRad, located in Eden Prairie, Minnesota.

Emma Martin LaPlant, MA, CSM (Vice President of Global Operations Services and Training)

Ms. Emma Martin LaPlant, MA, CSM, has been our Vice President of Global Operations Services and Training since February 2023, located in Mendota Heights, Minnesota. She was previously our Senior Director of Enterprise strategy from October 2021 to February 2023, located in Mendota Heights, Minnesota. Ms. Martin LaPlant was the Senior Director of Operations at EFS, from April 2021 to October 2021, located in Mendota Heights, Minnesota. From September 2020 to April 2021, she was the Director of Project Management, at EFS, located in Mendota Heights, Minnesota. From August 2019 to September 2020, she was a Supervisor – School Based Therapy Programs for Headway Emotional Health, located in Richfield, Minnesota. From July 2018 to August 2019, she was a Coordinator – School Based Therapy Programs for Headway Emotional Health, located in Richfield, Minnesota. From August 2016 to July 2018, Ms. Martin LaPlant was a Mental Health Therapist for Headway Emotional Health, located in Richfield, Minnesota.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

We typically require that you commit to develop at least 2 Franchised Businesses. You will either sign separate Franchise Agreements for each Franchised Business you agree to develop, or an Area Development Agreement with a minimum commitment to develop at least 2 Franchised Business within your Development Territory. We typically require that you sign a Franchise Agreement for your first Franchised Business at the same time you sign your Area Development Agreement. All fees in this Item 5 are per Franchised Business unless otherwise noted.

Initial Franchise Fee

Our standard initial franchise fee for each Franchised Business is \$60,000 (“Initial Franchise Fee”). The Initial Franchise Fee is due and payable when you sign the Franchise Agreement, and is fully earned by us when you sign the Franchise Agreement. It is nonrefundable and is not credited against any other obligation you have to us, and we do not offer any financing for the Initial Franchise Fee. However, we do offer certain pricing options as described below.

If you sign 2 Franchise Agreements at the same time, we will discount the Initial Franchise Fee to \$55,000 for each Franchised Business.

Veteran’s and First Responder’s Program

We have a veteran’s and first responder’s program that offers a reduced Initial Franchise Fee to veterans who received an honorable discharge from a branch of the United States military and to current or former

first responders. If you qualify for this discount, we will reduce the Initial Franchise Fee by \$5,000 for the first Franchised Business to be developed by you and your affiliates. A reduced Initial Franchise Fee only applies to a Franchise Agreement you enter into with us during the time we offer the applicable program. We may modify or terminate this program at any time, but no modification or termination will affect any Franchise Agreement you sign during the time the applicable program is offered. This discount does not apply to Conversion Franchised Businesses and is not available if you are signing a Franchise Agreement under an Area Development Agreement.

Conversion Franchised Business

If you are converting an existing outpatient counseling and therapy clinic to an Ellie Mental Health Franchised Business, the Initial Franchise Fee will be reduced to \$20,000 per converting clinic. We will determine whether an existing outpatient counseling and therapy clinic qualifies as a Conversion Franchised Business based on various factors, including the length of time the existing clinic has operated; current products and services offered by the existing clinic; the qualifications of the Licensed Providers; the current technology systems used by the existing clinic; the current buildout, layout, design, and décor of the existing clinic; and the overall community presence, relationships with hospital, government, and other systems, client recognition, and culture of the existing clinic as it may relate to our concept and brand.

Development Fee

If you are signing a Franchise Agreement in connection with an Area Development Agreement with us, the Initial Franchise Fee you will pay for each Startup Franchised Business you develop and open under the Area Development Agreement will be based on the number of Franchised Businesses you committed to develop as provided in your Area Development Agreement (the minimum commitment is 2 Franchised Businesses). When you sign the Area Development Agreement, you will pay us a development fee based on the number of Franchised Businesses you commit to develop and open under your Area Development Agreement, due and payable in full when you sign the Area Development Agreement (the “Development Fee”):

Development Commitment	Development Fee	Initial Franchise Fee
2 Franchised Businesses	\$110,000	\$55,000 per Franchised Business
3 Franchised Businesses	\$135,000	\$45,000 per Franchised Business
4 Franchised Businesses	\$180,000	\$45,000 per Franchised Business
5 Franchised Businesses	\$225,000	\$45,000 per Franchised Business
6 Franchised Businesses	\$240,000	\$40,000 per Franchised Business
7 Franchised Businesses	\$280,000	\$40,000 per Franchised Business
8 Franchised Businesses	\$320,000	\$40,000 per Franchised Business
9 Franchised Businesses	\$360,000	\$40,000 per Franchised Business
10 or more Franchised Businesses	\$350,000 (plus \$35,000 for each additional Franchised Business over 10)	\$35,000 per Franchised Business

The Development Fee is fully earned by us when you sign the Area Development Agreement. A portion of the Development Fee paid by you, equal to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs for each Startup Franchised Business developed under the Area Development Agreement, will be credited to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs under the Area Development Agreement. The Development Fee is nonrefundable, even if you fail to open the required Franchised Businesses under your Development Schedule.

Extension Fee

Under the Area Development Agreement, we may grant you 1 extension to meet the Development Schedule in full-month increments per Franchised Business you commit to develop. You must request from us an extension of the applicable deadline at least 14 days before the deadline date, and provide the number of full months of extensions requested, up to 3 months. If we grant an extension on any deadline, we will determine the length of the extension in our sole discretion, not to exceed the lesser of the number of full months requested by you or 3 months, and you must pay an extension fee to us equal to \$2,500 per full month to compensate us for our costs, expenses, and lost opportunities related to the proposed extension (the “Extension Fee”). You must also sign a general release. We may consider a variety of factors in granting or denying an extension, including the diligence you have shown in meeting the Development Schedule. The Extension Fee is fully earned by us when due and is nonrefundable, and will not be credited against any Initial Franchise Fee.

Onboarding Package Fees

You must pay us our current fee for our onboarding package (the “Onboarding Package Fee”) for certain products and services we provide to you before or after opening (the “Onboarding Package”). The current Onboarding Package Fee is \$30,000, due and payable when you sign the Franchise Agreement and is fully earned by us when you sign the Franchise Agreement. It is nonrefundable and is not credited against any other obligation you have to us or our affiliates.

Our Onboarding Package may currently include the following products and services that we provide to you before or after opening (typically, within 90 days of opening) (in our discretion):

- Outreach to develop awareness of your Franchised Business within hospital, government, and other systems.
- Contracting and credentialing services for behavioral health panels only (for up to 10 payors and providers, total) to process credentialing-related administrative functions, including NPI/facility setup for insurance contracts and the addition of clinicians, for each insurance plan that you want to invoice. The contracting and credentialing services you need for your Franchised Business will vary depending on whether you decide to accept insurance, the insurance plans that you want to accept, and existing credentials. You will need to obtain additional credentialing for the products and services you offer, at your cost, including medical credentialing.
- Billing set-up through our Client Access Team.
- Technology set-up of certain technology and online services we provide to you. You will also pay us monthly Technology Fees (see Item 6) These are not the only technology or technology services you will need to operate your Franchised Business and you are responsible for obtaining any additional technology and services.
- A license from us to access to our online Learning Management System (LMS) library. You will also pay us an annual license fee to continue accessing our Learning Management System (LMS) library (see Item 6).

- An initial supply package, which may include branded items such as pens, stationery, uniforms and t-shirts, marketing materials and promotional items.

The actual products and services we provide to you through the Onboarding Package will vary based on the market area of your Franchised Business; current client base and awareness within hospital, government, and other systems; the size of your Franchised Business; the extent to which you accept insurance; and your experience in the Ellie Mental Health franchise system. Regardless, the Onboarding Package Fee is uniform as provided above.

Initial Training Program

You, your owners, and your Clinic Director(s) (if your Franchised Business is not owner-operated) must successfully complete our Initial Training Program after you obtain property control for the premises of your Franchised Business, but in any event before you open the Franchised Business. We do not charge for the Initial Training Program for you, your owners, and your Clinic Director(s) that attend the Initial Training Program together before the Franchised Business opens; however, the current charge for any additional attendee(s), whether attending together or separately, is \$1,500 per attendee for the first day and \$750 per attendee for each additional day. These amounts are nonrefundable and are payable before the training begins.

Management Agreement Review Fee

For the ownership, development, and operation of a Franchised Business under the Managed Operation Model, you must sign our standard Franchise Agreement and Managed Services Addendum to Franchise Agreement (attached to this Disclosure Document as Exhibit G); you must also enter into a Management Agreement with a Practice Entity that we approve to provide the Practice Entity and its Licensed Providers the Management Services and grant them a sublicense to use the Names and Marks at or through the Franchised Business. If we elect to review the Management Agreement that your attorney prepares under state laws applicable to your Franchised Business, you must pay us a one-time review fee of up to \$1,000. We do not review the Management Agreement to ensure that it complies with applicable laws, but rather, limit our review to ensure consistency with our System of Operation and the Names and Marks. This fee is nonrefundable.

In our fiscal year ending December 31, 2022, the range of initial fees paid by our franchisees was \$55,000 to \$350,000.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Qualified Clinician System Fee	\$1,000 per month per Qualified Clinician in the prior month, not to exceed 7.5% of Collected Revenue per Qualified Clinician in the prior month	Payable on the 10th day of each month for the prior month	(Note 1)

Type of Fee	Amount	Due Date	Remarks
Qualified Prescriber System Fee	\$3,000 per month per Qualified Prescriber in the prior month, not to exceed 7.5% of Collected Revenue per Qualified Prescriber in the prior month	Payable on the 10th day of each month for the prior month	(Note 1)
Marketing Fee	\$100 per month per each Qualified Clinician and Qualified Prescriber in the prior month	Payable on the 10th day of each month for the prior month	Contributed to the System Brand Fund. (Note 2)
Local Marketing Spend	\$50 per month per each Qualified Clinician and Qualified Prescriber in the prior month	Monthly after opening	Contributed to the System Brand Fund only if you do not spend the minimum amount each month. (Note 3)
Technology Fees	Currently, \$150 per month per Qualified Clinician in the prior month Currently, \$400 per month per Qualified Prescriber in the prior month	Payable on the 10th day of each month for the prior month	(Note 4)
Shared Services Fees	7.5% of Collected Revenue in the prior month	Payable on the 10th day of each month for the prior month	(Note 5)
Additional Contract and Credentialing Services	Currently, \$300 per additional payor or provider	Upon demand	Payable for any additional payors or providers beyond our Onboarding Package
LMS Library License Fee	\$2,500 annually	Payable on each annual anniversary of your opening date or invoice	(Note 6)
Training Fees	Currently, \$1,500 for the first day plus \$750 for each additional day	Upon demand	(Note 7)
Ellie Family Reunion Registration Fee	Varies depending on length and location of convention or conference	120 days before the convention or conference	(Note 8)
Supplies and Inventory	Varies based on amount and type of purchases	As incurred	(Note 9)

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	\$10,000	At least 30 days before the term of your Franchise Agreement expires	Payable only if you want to renew your franchise.
Transfer Fee	\$10,000 per Franchise Agreement or Franchised Business	Before transfer occurs	Payable only if you seek to sell or transfer your Franchise Agreement, Franchised Business or a majority interest in it.
Relocation Fee	\$7,500	Upon demand	Payable only if you seek to relocate your Franchised Business.
Insurance	Amount equal to amount we incur to purchase insurance for you	Upon demand	Payable only if you fail to obtain the required insurance and we obtain it on your behalf.
Audit	Cost of audit	Upon demand	Payable only if we audit your records and the audit shows an understatement of the amount of fees due to us or the number of Qualified Clinicians for any period.
Indemnification	Varies	As incurred	You must reimburse us if we are sued or held liable for claims arising from your Franchised Business.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	As incurred	Payable only if we retain counsel following your breach of any obligation you have to us, or if we are successful in defending any claim you bring against us.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law	As incurred	Payable on all overdue amounts.
Extension Fee (Area Development Agreement)	\$2,500 per full month granted	Upon demand	You must pay us an Extension Fee for each full month of extensions we grant you under your Development Schedule.

All fees are paid to us and are nonrefundable (except as provided below). None of these fees are imposed by a cooperative. We currently intend that all fees will be uniform for all new franchisees but may deviate

based on whether the franchise is a Conversion Franchised Business or a Startup Franchised Business. However, in the past we have charged different fees, we have added fees, and in certain situations reduced or waived fees. Existing franchisees who have signed earlier franchise agreements may have different fees. These fees apply to each Franchise Agreement and Area Development Agreement that you sign.

You must pay fees and other amounts due to us via electronic funds transfer or other similar means. To implement this procedure you must sign an agreement authorizing us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the number of licensed counselors and therapists to us for any reporting period, we can, at our option, debit your account for the greater of: (a) 110% of the fees transferred from your account for the last reporting period for which a report of the number of licensed counselors and therapists was provided to us; (b) the amount due based on information we have regarding your business activities; or (c) 110% of the fees transferred from your account for the same period in the prior year. A sample form of this authorization is attached to this Disclosure Document as Exhibit J. We reserve the right, upon prior notice to you, to charge and collect any fees which are based on the number of Qualified Clinicians and Qualified Prescribers weekly rather than monthly.

If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you must pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay, nor does this apply to franchisees residing or located in Washington.

Defined Terms

A “Qualified Clinician” means a Licensed Provider providing outpatient counseling and therapy products and services, directly or indirectly, at or through your Franchised Business in a given calendar month (whether working part-time or full-time, whether providing services for a full or partial month, and whether retained as an employee or independent contractor). However, if a Qualified Clinician provides products or services, directly or indirectly, at or through multiple Ellie Mental Health clinics owned or managed by you or your affiliates, we will allocate the Qualified Clinician on a pro-rata basis to each clinic based on the approximate hours worked at each clinic or allocate the Qualified Clinician to a single clinic, as we may determine.

A “Qualified Prescriber” means a Licensed Provider who provides evaluation and management services that is licensed to prescribe medication to patients, directly or indirectly, at or through your Franchised Business in a given calendar month (whether working part-time or full-time, whether providing services for a full or partial month, and whether retained as an employee or independent contractor). However, if a Qualified Prescriber provides products or services, directly or indirectly, at or through multiple Ellie Mental Health clinics owned or managed by you or your affiliates, we will allocate the Qualified Prescriber on a pro-rata basis to each clinic based on the approximate hours worked at each clinic or allocate the Qualified Prescriber to a single clinic, as we may determine.

“Collected Revenue” means the total amount of revenues, income, receipts, reimbursements, and other fees actually received that are attributable to or earned by the Licensed Providers or other employees or contractors of the Franchised Business for activities and services taking place by or through the Franchised Business or processed through the EHR System, and all other services and products, if any, sold under the Marks, or otherwise related to the Franchised Business, including amounts received for co-pays, private payments, and insurance reimbursements. Amounts collected and remitted by you to any governmental taxing authority in satisfaction of sales or occupation taxes are excluded from Collected Revenues.

Notes

Note 1. In consideration of the license to use our System and Marks, you must pay us a monthly Qualified Clinician System Fee, and if you offer or sell medication management services

at or through your Franchised Business, you must also pay us a monthly Qualified Prescriber System Fee. Qualified Clinician System Fees and Qualified Prescriber System Fees are calculated and due on a per Qualified Clinician and per Qualified Prescriber basis, respectively, based on data available in our EHR System or otherwise available to us.

Note 2. You must pay us a monthly Marketing Fee based on the number of Qualified Clinicians and Qualified Prescribers in the prior calendar month. Marketing Fees are calculated and due on a per Qualified Clinician and per Qualified Prescriber basis, respectively, based on data available in our EHR System or otherwise available to us. Marketing Fee contributions will be deposited in the System Brand Fund (see Item 11).

Note 3. In addition to the Marketing Fee, once your Franchised Business opens, you must spend at least \$50 per each Qualified Clinician and Qualified Prescriber in the prior calendar month on approved local marketing activities (see Item 11). Your local marketing spend requirement is calculated and due on a per Qualified Clinician and per Qualified Prescriber basis, respectively, based on data available in our EHR System or otherwise available to us. Upon 60 days' notice to you, we may decrease or increase the minimum local marketing spend requirement and increase or decrease the Marketing Fee by the same amount. If you do not meet this monthly requirement, we may require you to contribute to the System Brand Fund the difference between what you actually spent on approved local marketing and the minimum that you were required to spend on approved local marketing. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for paid media advertising where keyword strategy or pay-per-click tactics are used and advertising conducted at your Franchised Business (such as grand opening marketing expenses, in-clinic materials, and signage or banners) will not count towards these minimum expenditure requirements.

Note 4. You must pay us our current monthly Technology Fees based on the number of Qualified Clinicians and Qualified Prescribers in the prior calendar month. Technology Fees are calculated and due on a per Qualified Clinician and per Qualified Prescriber basis, respectively, based on data available in our EHR System or otherwise available to us. These Technology Fees are for providing various technology and online services to you, which we may change at any time. As of the issuance date of this Disclosure Document, these services include a license to the EHR System, Microsoft Office 365 license, a virtual front desk license, telehealth integration, franchise system intranet, a Service Now license, Absorb, HIPAA compliance software, and credentialing maintenance and compliance (whether or not your Franchised Business accepts insurance). We reserve the right to change the Technology Fees upon 30 days' prior notice to you. These are not the only technology or technology services you will need to operate your Franchised Business and you are responsible for obtaining any additional technology and services.

Note 5. You must pay us a monthly Shared Services Fee for providing various administrative services to you, including a call center with lead routing, Client Access Team (customer service), billing services, first appointment scheduling, and credentialing maintenance (including in-network, attestations, payors, and provider eligibility).

Note 6. You must pay us a one-time setup fee (see Item 5) and an annual license fee, due on each annual anniversary of the opening of your Franchise Business or upon invoice, to access our Learning Management System (LMS) library.

Note 7. Any new owner of you or Clinic Director must complete our Initial Training Program. You are responsible for providing to your staff members, including all counselors and therapists employed or retained by you, a training program meeting our requirements. We may also provide mandatory additional training if we feel you or your staff are not meeting our standards, at any time. If we provide it, you or a staff member that we approve must attend

this mandatory training. We may also provide additional training that you request and we agree to provide. If you request additional on-site training, or you do not meet our standards and we require you to have additional on-site training, you must reimburse our travel, lodging, and food expenses that we incur in providing this on-site training.

Our current charge for any of these trainings is \$1,500 per attendee for the first day and \$750 per attendee for each additional day.

Note 8. If we host annual or biannual conventions or conferences (Ellie Family Reunions) for our franchisees, you must attend each Ellie Family Reunion. You must pay this fee to cover the cost of that registration, regardless of whether you attend an Ellie Family Reunion. If you want to send additional people to an Ellie Family Reunion, for each one you will pay an additional registration fee. We currently anticipate the registration fee will be \$1,500 per Franchised Business (for up to 2 attendees), but this amount will likely increase.

Note 9. We or an affiliate may sell to you a supply of inventory to use in your Franchised Business, which may include branded items such as pens, stationary, uniforms and t-shirts, marketing materials including grand opening materials, and other items we or our affiliate may decide to sell to you. The cost for these items will vary depending upon many factors including the type and quantity of the items purchased.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

Franchise Agreement – Startup Franchised Business (Note 1)

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 4)	\$60,000	\$60,000	Lump sum	Upon signing Franchise Agreement	Us
Onboarding Package Fee (Note 5)	\$30,000	\$30,000	Lump sum	(Note 5)	Us
Lease Deposit and Payments (Note 6)	\$16,500	\$48,075	Lump sum	As incurred	Landlord
Utility Deposits (Note 7)	\$1,000	\$2,500	As incurred	Before opening	Vendors
Local Pre-Opening Marketing	\$13,000	\$15,000	As incurred	As incurred	Vendors
Furniture, Fixtures, & Equipment (Note 8)	\$20,000	\$36,000	As incurred	Before opening	Vendors
Computers and Office Equipment (Note 9)	\$2,900	\$9,000	As incurred	Before opening	Vendors

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Leasehold Improvements/Buildout (Note 10)	\$30,000	\$100,000	As incurred	As incurred	Vendors
Architectural and Engineering Services (Note 11)	\$0	\$10,000	As incurred	As incurred	Vendors
Project Management Services Fee (Note 12)	\$2,500	\$13,325	As incurred	(Note 13)	Vendors
Exterior Signage, Interior Signage, and Graphics	\$1,000	\$10,000	Lump sum	Before opening	Vendors
Insurance (Note 13)	\$1,000	\$3,000	As incurred	Varies	Vendors
Permits, Licenses, and Accreditation (Note 14)	\$1,000	\$5,000	As incurred	Before opening	Government agencies
Accounting and Legal Fees (Note 15)	\$10,000	\$20,000	As incurred	As incurred	Vendors
Training Expenses (Note 16)	\$1,000	\$3,000	As incurred	Before opening	Vendors
Additional Funds – 3 Months (Note 17)	\$88,600	\$115,450	As incurred	As incurred	Us, vendors, and government agencies
Total (Note 18)	\$278,500	\$480,350			

Franchise Agreement – Conversion Franchised Business (Note 2)

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 4)	\$20,000	\$20,000	Lump sum	Upon signing Franchise Agreement	Us
Onboarding Package Fee (Note 5)	\$30,000	\$30,000	Lump sum	(Note 5)	Us

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Lease Payments (Note 6)	\$14,000	\$24,000	Lump Sum	As incurred	Landlord
Local Pre-Opening Marketing	\$13,000	\$15,000	As incurred	Monthly	Vendors
Furniture, Fixtures, & Equipment (Note 8)	\$20,000	\$36,000	As incurred	Before opening	Vendors
Computers and Office Equipment (Note 9)	\$0	\$9,000	As incurred	Before opening	Vendors
Leasehold Improvements/Buildout (Note 10)	\$10,000	\$40,000	As incurred	As incurred	Vendors
Architectural and Engineering Services (Note 11)	\$0	\$2,000	As incurred	As incurred	Vendors
Project Management Services Fee (Note 12)	\$2,500	\$13,325	As incurred	As incurred	Vendors
Exterior Signage, Interior Signage, and Graphics	\$1,000	\$10,000	Lump Sum	Before opening	Vendors
Insurance (Note 13)	\$1,000	\$3,000	As incurred	Varies	Vendors
Permits, Licenses, and Accreditation (Note 14)	\$1,000	\$5,000	As incurred	Before opening	Government agencies
Accounting and Legal Fees (Note 15)	\$10,000	\$20,000	As incurred	As incurred	Vendors
Training Expenses (Note 16)	\$1,000	\$3,000	As incurred	Before opening	Vendors
Additional Funds – 3 Months (Note 17)	\$88,600	\$115,450	As incurred	As incurred	Us, vendors, and government agencies
Total (Note 18)	\$212,100	\$345,775			

Area Development Agreement (Note 3)

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (Note 4)	\$110,000	\$180,000	Lump sum	Upon signing Area Development Agreement	Us
Professional Fees and Licenses	\$4,000	\$8,000	As incurred	As incurred	Vendors and government agencies
Additional Funds – 3 Months	\$2,000	\$6,000	As incurred	As incurred	Vendors
Total (Note 18)	\$116,000	\$194,000			

Notes to All Tables

- Note 1. This table is an estimate of your initial investment to start a single newly constructed Startup Franchised Business under a Franchise Agreement from a leased space that is between 2,600 to 4,000 square feet with 8 to 14 counseling rooms. Your Franchised Business will generally be located in a commercial area. The low estimates assume your Franchised Business has 4 Qualified Clinicians and no Qualified Prescribers and the high estimates assume your Franchised Business has 7 Qualified Clinicians and 1 Qualified Prescriber. None of these payments are refundable (except as provided below).
- Note 2. This table is an estimate of your initial investment to convert a single existing outpatient counseling and therapy clinic to an Ellie Mental Health Franchised Business under a Franchise Agreement, and assumes this Conversion Franchised Business will be operated from a leased space that is between 2,600 to 4,000 square feet with 8 to 14 counseling rooms. Your Franchised Business will generally be located in a commercial area. The low estimates assume your Franchised Business has 4 Qualified Clinicians and no Qualified Prescribers and the high estimates assume your Franchised Business has 7 Qualified Clinicians and 1 Qualified Prescriber. None of these payments are refundable (except as provided below).
- Note 3. This table is an estimate of your initial investment under the Area Development Agreement, and do not include any extensions of the Development Schedule. The low estimate assumes you commit to develop 2 Startup Franchised Businesses within your Development Territory. The high estimate assumes you commit to develop 4 Startup Franchised Businesses within your Development Territory. For each Franchised Business you develop and open under the Area Development Agreement, you will also incur the estimated initial investment described in this Item 7 for a Startup Franchised Business opened and operated under a Franchise Agreement (except that a portion of the Development Fee, equal to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs for each Startup Franchised Business developed under the Area Development Agreement, will be credited to the Initial Franchise Fee due under each

Franchise Agreement you or your affiliate signs). None of these payments are refundable (except as provided below).

Note 4. The Initial Franchise Fee is described in Item 5. The Development Fee is described in Item 5. The Development Fee paid by you will be credited to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs for each Franchised Business developed under the Area Development Agreement.

Note 5. The Onboarding Package Fee is described in Item 5. These estimates are based on your first Franchised Business.

Note 6. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and whether you are leasing or buying.

Your landlord may require a lease deposit and will typically require monthly rent in advance. Rent will vary depending upon the location of the premises and other related factors. The prepaid rent is usually nonrefundable. We have assumed you will lease space for your Franchised Business. These assumptions are based on the average of our affiliate's costs and our franchisees' costs in leasing and building out clinics in various markets; leasing costs will vary in other markets. Our estimates for a Startup Franchised Business include a security deposit equal to 1 months' rent, along with the first 3 months' rent. Our estimates for a Conversion Franchised Business include 3 months' rent (without security deposit). Our estimates also assume the location has been prepped with heating/cooling delivery systems, lighting, electrical, bathrooms, finished ceilings, and walls for separate rooms that are prepped for painting, etc., and that you do not receive any tenant improvements or allowances from your landlord. You will have additional build-out costs if you receive the premises in any other condition than what we have assumed.

If you choose to purchase, rather than rent, real estate on which a building suitable for your Franchised Business already is constructed or could be constructed, your real estate costs will be higher.

Note 7. Most utilities, such as local water, sewer, gas, and electric, companies, require deposits prior to initial services.

Note 8. These estimates includes the cost of purchasing the minimum furniture, fixtures, and equipment required to furnish your Franchised Business. The estimated costs include purchase price, delivery, and installation. The actual cost will vary depending on the size and build-out of your Franchised Business. All of these items must meet our specifications, and must be purchased from approved vendors.

Note 9. These estimates are for the minimum technology you must acquire to open your Franchised Business. These estimates assume 1 personal computer or tablet per Licensed Provider in your Franchised Business, 1 printer (with scanning and faxing capabilities), and 1 tablet for the front desk/self-serve digital sign-in kiosk. All of these items must meet our specifications, including those related to model, brand, and functionality, and must be purchased from an approved vendor. We also require you to purchase modems, routers, and access points for secure Wi-Fi throughout your Franchised Business. You must also have Internet (Wi-Fi) access at your Franchised Business (see Item 11). These estimates also include the above technology.

Note 10. Leasehold improvement costs include floor covering, cabinets, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work. These amounts depend on various factors, including: the existing site condition, location, and size; the demand for the site among prospective tenants; the site's previous use; the build-out required to conform

the site for your location; and any construction or other allowances the landlord grants. Our estimates assume that you remodel an existing building that has previously been used as an office, clinic, or similar space. Construction of a new building on a pad site would require a greater initial investment, the amount of which would depend on market conditions.

Note 11. Your location will typically be converted from an existing office, clinic, or similar space. We will review and provide support with layout of a typical space; however, you may be required to work with a licensed architect in order to permit and build out your location. The low estimate assumes you have an existing medical or therapy office space with the layout we require.

Note 12. We currently have an approved vendor that provides certain real estate construction project management services for the construction and buildout of your Franchised Business. If you use our approved vendor, you must sign the approved vendor's current form of project management agreement within 14 days of your signing of the Franchise Agreement. Our approved vendor offers 3 real estate construction project management service tiers. Our low estimate assumes you engage our approved vendor for its "Procurement" service tier for \$2,500 for only procurement, delivery, and installation of furniture (without construction drawings or permits required). Our approved vendor's "Refresh" service tier costs \$7,500 for an existing office space that is being converted to an Ellie Mental Health clinic and that only requires paint, carpet, and furniture procurement (without construction drawings or permits required). The high estimate assumes you engage our approved vendor for its "Full Buildout" service tier for \$12,500 and incur a single site visit for a space that requires construction drawings, full permitting, and major modifications. If you use our approved vendor, you must also reimburse the approved vendor for reasonable, pre-approved travel and lodging costs plus an additional administrative fee equal to 10% of these costs per pre-approved site visit. Our high estimate includes \$750 for travel and lodging costs and assume our approved vendor only requires a single site visit. You are not required to use our approved vendor for real estate construction project management services for the construction and buildout of your Franchised Business; however, you must obtain our prior approval to use another vendor for real estate construction project management services. We may require that you obtain real estate construction project management services from only us or our affiliates.

Note 13. You must carry the types and amounts of insurance we specify, at your cost. We currently require that you obtain and maintain on a primary and non-contributory basis at least a general liability insurance policy, auto liability insurance policy, medical malpractice (also known as E&O or professional) liability policy, umbrella liability insurance policy, property insurance policy, workers compensation and employers liability insurance policy, employment practices liability insurance policy, cyber liability/data privacy insurance policy, and sexual and physical abuse or misconduct liability policy. This estimate is for an initial deposit of 3 months for our minimum required insurance coverages. We may require you to obtain some or all of these minimum required insurance coverages from our approved vendor or through our centralized/group insurance program for all franchisees, at your cost.

Note 14. This estimate reflects the fees you will pay to apply for various permits, licenses and accreditation. These fees can include building permits, sales tax permits, incorporation fees, fire inspection fees, and licensing board and health department fees. The application and fees required will depend upon the regulations of the governing agencies in your city and state.

Note 15. You must retain an attorney licensed to practice law in your state to validate your business structure and licensure under applicable state laws. We recommend, but do not require, that you also retain an attorney to review any insurance contracts for any payors that you desire to accept at your Franchised Business. The high estimate includes our

Management Agreement Review Fee if you own, develop, and operate your Franchised Business under the Managed Operation Model.

Note 16. We do not charge for the Initial Training Program for you, your owners, and your Clinic Director(s) that attend the Initial Training Program together before the Franchised Business opens; however, the current charge for any additional attendee(s), whether attending together or separately, is \$1,500 per attendee for the first day and \$750 per attendee for each additional day. You are also responsible for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all attendees. The low estimate assumes only you, as the owner-operator of your Franchised Business, attend the Initial Training Program and that you either drive to training or obtain a discounted airfare and budget hotel accommodations. The high estimate assumes you and a Clinic Director attend the Initial Training Program together and that your travel costs are higher. The Initial Training Program will be held in Minnesota or at another location we specify or virtually, in our discretion. Your actual costs will vary depending on the distance to be traveled, your method of travel, and your personal circumstances. Your costs will also be higher if you have additional people attend this training, or if you have people attend a different training session than the one you attend.

Note 17. These amounts include estimated operating expenses you should expect to incur during the first 3 months of operation of your Franchised Business, which include estimated franchise fees payable to us, utility costs, gas, waste and recycling removal, landscaping, Internet charges, permits and licensure, maintenance and repair costs, and costs of uniforms for your employees. These amounts do not include any salary or compensation to you or any other employee of the Franchised Business, which you may determine in your discretion, or any other costs separately included above. These estimates will vary depending on the size of your Franchised Business and the number of Qualified Clinicians and Qualified Prescribers at your Franchised Business.

Note 18. We have relied on the experiences of our affiliate in opening clinics in Minnesota since November 2015 and of our franchisees in opening clinics in 2022 to compile these estimates. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Specifications

Most of the furniture, fixtures, and equipment, design and décor, branded items and signage, marketing and advertising, computer hardware and software, technology systems, insurance policies, payment processing services, insurance contracting and credentialing, products you purchase for use or sale at your Franchised Business, and counseling and therapy products and services must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the Operations Manual that we provide to you either hard copy or online, or we may issue them separately. You must obtain our approval before you use any advertising materials you prepare, and before you establish any web page, social media, and/or social networking site, profile, account, or hashtag that refers to us, your Franchised Business, or the System.

You can expect that the items you purchase to meet our specifications will represent about 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 65% and 85% of your total annual expenses.

Required Purchases and Suppliers

We require you to purchase certain products, supplies, equipment, services, marketing and advertising products and services, software licenses, and our EHR Systems used in or offered by your Franchised Business, and other items, from vendors we approve, and we will provide you with a list of approved suppliers. There may be only a single approved supplier of an item or service, and we may not approve another supplier for this item or service. Although we do not currently have an arrangement with any supplier to pay any rebates to us based on purchases by our franchisees, we do anticipate negotiating these types of arrangements in the future. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases.

You must purchase only from us or our affiliates our Onboarding Package. You must also purchase only from us or our affiliates certain branded items that we offer, including printed materials, cards, tote bags, shirts, books, and other branded “swag” items that you would like to use in your Franchised Business or that we require. We or our affiliates are also the sole approved supplier of training. We or our affiliates may be the only approved suppliers for these items and services and we do not intend to approve another supplier for these items or services. We intend to earn a profit on any items or services we sell to you, including those described above.

In our fiscal year ended December 31, 2022, we received \$2,564,311 in revenues from the sales or leases of required goods and services to our franchisees, or about 41% of our total revenues of \$6,247,542. In our fiscal year ended December 31, 2022, neither we nor our affiliates received any payments or other consideration from suppliers for purchases by our franchisees. Our officers do not own any interest in any of our suppliers other than any affiliates of ours.

Computer Hardware, Computer Software, and Technology Services

You must purchase and use at a minimum, 1 personal computer or tablet per Licensed Provider, 1 printer (with scanning and faxing capabilities), and 1 tablet for the front desk/self-serve digital sign-in kiosk. All of these items must meet our specifications, including those related to model, brand, and functionality, and must be purchased from an approved vendor. You must also purchase modems, routers, and access points for secure Wi-Fi throughout your Franchised Business.

Each of the computers discussed above must contain the computer software and technology services we require, or have access to the software and technology services we require. Some of the software will come preinstalled on a computer. For programs that are not preinstalled, you will need to purchase them and install them on your computer or access them through the Internet. Some of these technology services are provided by our approved vendors through us and you will pay us our current Technology Fee for these services. As of the issuance date of this Disclosure Document, these include our EHR System (including telehealth), Microsoft Office 365, a virtual front desk license, franchise system intranet, a Service Now license, Absorb, HIPAA compliance software, and credentialing maintenance and compliance (whether or not your Franchised Business accepts insurance). We currently require you to obtain from our approved vendor at least 1 digital sign-in software license for the self-serve digital sign-in kiosk. The cost for this license is included in the Technology Fee. For technology services not provided through us, you must obtain sufficient licenses to use these programs from our approved vendor.

Insurance

Your insurance coverage must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations, co-defense requirements, and subrogation waivers. Your insurance policies must name us as an additional named insured, and you must provide us

a certificate of insurance before you open your Franchised Business. We currently require you to carry, at a minimum:

- General Liability Insurance coverage of \$1,000,000 per occurrence and \$2,000,000 general aggregate, per location (including personal and advertising injury, damage to rented premises and fire damage legal liability of not less than \$300,000, and medical payments coverage).
- Auto Liability Insurance for hired and non-owned auto of \$1,000,000 combined single limit and for owned auto of \$1,000,000 combined single limit (as applicable).
- Medical Malpractice (also known as E&O or Professional) Liability Insurance coverage (including telemedicine, consent to settle endorsement, HIPAA violation defense endorsement, licensing board protection defense endorsement, wage loss/deposition expenses, and reputation coverage) of \$1,000,000 per occurrence and \$3,000,000 aggregate.
- Umbrella Liability Insurance coverage of \$1,000,000 per occurrence and \$1,000,000 aggregate for up to 4 locations and \$2,000,000 per occurrence and \$2,000,000 aggregate for 5 to 9 locations.
- Property Insurance coverage (including business income and extra expense coverage of at least 12 months' income replacement and business personal property and tenant improvements and betterments at full replacement cost).
- Workers Compensation and Employers Liability Insurance coverage in amounts required by law (including employers liability coverage of at least \$500,000 per accident, \$500,000 per employee, and \$500,000 policy limit).
- Employment Practices Liability Insurance coverage of \$500,000 per claim (including first and third party coverage and wage and hour defense sublimit of at least \$25,000).
- Cyber Liability/Data privacy Insurance coverage of \$1,000,000 policy aggregate (including first and third party coverage and cyber business interruption coverage).
- Sexual and Physical Abuse or Misconduct Liability Insurance coverage of \$100,000 per occurrence and \$300,000 aggregate.

We may require you to obtain some or all of these minimum required insurance coverages from our approved vendor or through our centralized/group insurance program for all franchisees, at your cost.

Real Estate Construction Project Management Services

We currently have an approved vendor that will provide certain real estate construction project management services for the construction and buildout of your Franchised Business. Our approved vendor offers 3 real estate construction project management service tiers that range from \$2,500 to \$12,500, plus its costs for site visits and a 10% administrative fee (see Item 7). You are not required to use our approved vendor for real estate construction project management services for the construction and buildout of your Franchised Business; however, you must obtain our prior approval to use another vendor for real estate construction project management services. We may require that you obtain real estate construction projection management services from only us or our affiliates.

Accounting and Payroll Services

You must use our approved vendors that will provide certain accounting services, payroll services, and technology for your Franchised Business.

Clinically Integrated Network

Subject to the independent exercise of medical judgment by your Licensed Providers, you may be required to participate in an Ellie Mental Health clinically integrated network ("Clinically Integrated Network") for Ellie

Mental Health clinics and other providers, and comply with all terms and conditions of the Clinically Integrated Network.

As of the date of this Disclosure Document, we only have a single approved supplier for the above items and services.

Approval of Alternative Specifications or Suppliers

If you want to purchase items for your Franchised Business that differ from our specifications or from a supplier we have not approved or for which we have not designated a single supplier, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

Although we do not make available the criteria we review when approving suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources; would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; and is the product of a commercial quality with a proven record of durability. We will generally notify you of our approval or disapproval within 60 days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

Negotiated Prices

We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees.

Material Benefits

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

Cooperatives

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document.

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 Franchise Disclosure Document.

Franchise Agreement

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3; Lease Rider	Items 7 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
b. Pre-opening purchases/leases	Sections 3, 5, 6(a), 11, and 13	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3 and 8	Items 7 and 11
d. Initial and ongoing training	Section 8	Items 5, 6, and 11
e. Opening	Sections 3(c), 5, 6(a), and 9(a)	Items 7 and 11
f. Fees	Sections 5, 6, 7, and 9	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 8 and 9	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Sections 10, 12(d), and 14	Items 13 and 14
i. Restrictions on products/services offered	Sections 9 and 11	Items 8, 11, and 16
j. Warranty and client service requirements	Section 9	Items 6 and 16
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Sections 5, 6(d), 9, 11, and 13	Items 5, 6, and 8
m. Maintenance, appearance, and remodeling requirements	Sections 3, 9(i), and 11	Items 5 and 6
n. Insurance	Section 13	Items 7 and 8
o. Advertising	Section 6	Items 5, 6, 7, and 11
p. Indemnification	Sections 21(b) and 21(c)	Item 6
q. Owner's participation/management/staffing	Section 9	Item 15
r. Records and reports	Section 12(a)	Not Applicable
s. Inspections and audits	Sections 12(b) and 12(c)	Not Applicable
t. Transfer	Section 16	Item 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 19	Item 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
w. Non-competition covenants	Section 15	Items 15 and 17
x. Dispute resolution	Section 20	Item 17
y. Other: Guaranty of franchise obligations (Note 1)	Guaranty (which follows the Franchise Agreement)	Item 15

Area Development Agreement

Obligation	Section in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3	Items 7 and 11
b. Pre-opening purchases/leases	Section 3	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Section 3	Items 7 and 11
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Section 3	Items 7 and 11
f. Fees	Sections 2(d) and 2(f)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Section 3	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Section 2(f)	Items 13 and 14
i. Restrictions on products/services offered	Not Applicable	Not Applicable
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 2	Items 1, 5, 6, 7, 11, 12, and 17
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable

Obligation	Section in Area Development Agreement	Disclosure Document Item
p. Indemnification	Not Applicable	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Not Applicable	Not Applicable
s. Inspections and audits	Not Applicable	Not Applicable
t. Transfer	Section 4	Item 17
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	Section 5(c)	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Section 7(d)	Item 17
y. Other: Guaranty of franchise obligations (Note 2)	Guaranty (which follows the Area Development Agreement)	Item 15

Notes to All Tables

- Note 1. Each individual who is an owner of any business entity that is the franchisee, and their spouse, must sign a personal guaranty of all the obligations of the franchisee. This guaranty also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.
- Note 2. Each individual who is an owner of any business entity that is the developer, and their spouse, must sign a personal guaranty of all the obligations of the developer. This guaranty includes an agreement to be bound by all provisions of the Area Development Agreement.

**ITEM 10.
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. Designate your Development Territory (if you are signing an Area Development Agreement) and Designated Territory, and approve the location for your Franchised Business (Area Development Agreement – Section 2; Area Development Agreement – Rider; Franchise Agreement – Section 3; Franchise Agreement – Rider). Under the Area Development Agreement, you must commit to develop at least 2 Franchised Businesses in the Development Territory, and we will approve or reject each location for a Franchised Business that you propose (Area Development Agreement – Sections 2-3).
2. If you have signed an Area Development Agreement we will designate your Development Schedule (Area Development Agreement – Section 2; Area Development Agreement – Rider).
3. Provide you a “search area” in which you must locate your Franchised Business (Franchise Agreement – Section 3(a); Franchise Agreement – Rider), assuming you do not have a site for your Franchised Business that we have approved at the time you sign the Franchise Agreement. Provide general guidelines to you for the selection of a site for your Franchised Business, and review any proposed sites you select (Franchise Agreement – Section 3(a)).
4. Designate your Designated Territory and approve the location for your Franchised Business (Franchise Agreement – Section 3(b); Franchise Agreement – Rider).
5. Provide you a sample layout of the interior of a typical Ellie Mental Health clinic, including sample blueprints and décor specifications, and approve any layout and design plans or specifications created by you for your Franchised Business (Franchise Agreement – Section 3(c)).
6. Provide you with a subpage or address listing for your Franchised Business on our or our affiliate’s website (Franchise Agreement – Section 6(d)).
7. Provide the Initial Training Program (Franchise Agreement – Section 8(a)).
8. License you access or loan you a copy of our manuals that contain various information including mandatory and suggested specifications, standards, and procedures. We may provide our manuals electronically only, in our discretion. We may modify any manual periodically in our discretion. (Franchise Agreement – Section 8(f)). As of the issuance date of this Disclosure Document, our Operations Manual contains about 200 pages (including additional supplemental materials). A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit C.
9. Provide you with a list of the approved suppliers for certain equipment, supplies, and services for your Franchised Business (Franchise Agreement – Section 11).
10. Sell to you marketing materials, including printed materials, cards, tote bags, and other branded items, which you may use or customize for use in your Franchised Business (Franchise Agreement – Section 6(b)).
11. Provide our Onboarding Package (Franchise Agreement – Section 5(b)).

12. If you operate your Franchised Business under the Managed Operations Model, review the Management Agreement that you prepare for conformity with our System of Operation and Names and Marks; however, you are solely responsible to independently evaluate, review, and ensure that your Management Agreement complies with all applicable local, state, and federal laws.

Post-Opening Assistance

During the term of the Franchise Agreement and so long as you are not in default under the Franchise Agreement, we will:

1. Be available during normal business hours to provide you with telephone or email support on operating issues you confront (Franchise Agreement – Section 8(b)).
2. Provide at your cost our Initial Training Program to any new owner or Clinic Director (Franchise Agreement – Section 8(a)).
3. Maintain and administer the System Brand Fund (Franchise Agreement – Section 6(a)).
4. Provide example forms and templates which you may adopt for use in your Franchised Business (Franchise Agreement – Section 8(h)).
5. Provide or sell to you marketing materials, including printed materials, cards, tote bags, and other branded items, which you may use or customize for use in your Franchised Business (subject to our approval) (Franchise Agreement – Section 6(b)).
6. Host a subpage on our or our affiliate's website to advertise your Franchised Business (Franchise Agreement – Section 6(d)).
7. Provide our EHR System, an electronic health records system with electronic billing support, at your cost (Franchise Agreement – Section 5(e)).
8. License you access to our Learning Management System (LMS) library, at your cost (Franchise Agreement – Section 5(g)).

Optional Assistance

During the term of the Franchise Agreement, you will be responsible for setting your own pricing and rates for the products and services you offer. We may, but are not obligated to, implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies, to the extent allowed by applicable law (Franchise Agreement – Section 11(c)).

We may also create or organize a Clinically Integrated Network for Ellie Mental Health clinics and other providers (Franchise Agreement – Section 9(o)). Subject to the independent exercise of medical judgment by your Licensed Providers, you may be required to participate in the Clinically Integrated Network and comply with all terms and conditions of the Clinically Integrated Network.

Training

Initial Training Program

You, your owners, and your Clinic Director (if your Franchised Business is not owner-operated) must successfully complete our Initial Training Program (Franchise Agreement – Section 8(a)). The Initial Training Program must be completed after you obtain property control for the premises of your Franchised Business but in any event before you open the Franchised Business. In most cases, this means you will complete the Initial Training Program 30 to 45 days before you open the Franchised Business. The Initial

Training Program will usually be conducted in Minnesota at a location we specify (typically at our corporate headquarters, in a conference room, or at one of our affiliate’s locations) or virtually, in our discretion. The Initial Training Program will typically be held monthly and you must schedule to attend 30 to 45 days before you open your Franchised Business. We do not charge for the Initial Training Program for you, your owners, and your Clinic Director(s) that attend the Initial Training Program together before the Franchised Business opens, but the charge for any additional attendee(s), whether attending together or separately, is \$1,500 per attendee for the first day and \$750 per attendee for each additional day. The cost for this training must be paid before the training begins. You will also be responsible for all travel and living expenses you and your attendees incur in attending the training. If you or any other attendee fail to complete the Initial Training Program to our satisfaction, we may terminate the Franchise Agreement and we will not reimburse any fees to you, including the Initial Franchise Fee.

Our Initial Training Program as of the issuance date of this Disclosure Document consists of approximately 5 days of training. A breakdown of the Initial Training Program as of the issuance date of this Disclosure Document is as follows:

INITIAL TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Compliance	2	0	Minnesota
Operations	8	0	Minnesota
Technology	2	0	Minnesota
Overview and Brand Standards	4	0	Minnesota
Contracting/Credentialing	2	0	Minnesota
Billing	2	0	Minnesota
Client Access Team	2	0	Minnesota
Marketing and Outreach	2	0	Minnesota
Electronic Health Records	2	0	Minnesota
Serving as a Clinic Director	6	0	Minnesota
Leadership	6	0	Minnesota
Recruiting	2	0	Minnesota
Total Training Time	About 40 hours	0	

The classroom training will be held in a conference room setting, or may be provided to you via webinar or other online/electronic method that allows us to administer, track, and deliver e-learning education courses and training via a software application. The on-the-job training will be held at one of the Ellie Mental Health clinics owned by our affiliate.

As of the issuance date of this Disclosure Document, the instructors in charge of our Initial Training Program are Emma Martin LaPlant and Jesse McBain. We may also have additional employees of ours assist in providing the Initial Training Program. Ms. Martin LaPlant, MA, CSM, is our Vice President of Global Operations Services and Training and will oversee our Initial Training Program. She has been with Ellie Mental Health since September 2020. Mr. McBain has been our Senior Vice President of Franchise Operations since July 2022 and has held similar franchise operations roles with other franchise systems since May 1999.

Our Operations Manual and demonstrations of the software used by our affiliate in operating Ellie Mental Health clinics will all be used during the Initial Training Program.

Additional Assistance and Optional Training

We will be available during normal business hours, and without charge to you, to provide you with reasonable telephone and email support on operating issues concerning your Franchised Business (Franchise Agreement – Section 8(b)). We may also provide periodic meetings, either via conference calls, virtually, or in Minnesota at a location we specify (typically at our corporate headquarters, in a conference room, or at one of our affiliate's locations), to discuss strategy, obstacles, and growth for up to 2 hours each (Franchise Agreement – Section 8(b)). We may also provide additional training that you request and we agree to provide, at our current charges for additional training (Franchise Agreement – Section 8(c)). Our current charge for any optional training is \$1,500 per attendee for the first day and \$750 per attendee for each additional day. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your staff incur in attending these optional trainings.

Additional Mandatory Training

Any new owner of you or new Clinic Director must attend and successfully complete our Initial Training Program before starting to work at your Franchised Business (Franchise Agreement – Section 8(a)). Each of these trainings is provided at the locations and times we specify. We charge \$1,500 per attendee for the first day and \$750 per attendee for each additional day for this Initial Training Program. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your staff incur in attending this training.

We may also provide mandatory training (Franchise Agreement – Section 8(d)). If we provide it, you or one of your staff members that we approve must attend the training. This training will be held periodically depending upon the need for the training. Our current charge for this mandatory training is \$1,500 per attendee for the first day and \$750 per attendee for each additional day. If you request additional on-site training, or you do not meet our standards and we require you to have additional on-site training, you must pay us our then-current daily fee (Franchise Agreement – Section 8(e)). Currently the fee is \$1,500 for the first day and \$750 for each additional day. The cost for this training must be paid before the training begins. If we agree to provide any training on-site, you must also reimburse our travel, lodging, and food expenses that we incur in providing this on-site training.

You, or your Clinic Director if your Franchised Business is not owner-operated, must train your staff (including all counselors and therapists employed or retained by your Franchised Business) and certify to us that the staff have been trained (Franchise Agreement – Section 9(d)). This training must include clinical and operational concepts as applicable to their roles. This training must occur before the staff begin performing services on your behalf.

Site Selection and Opening

Area Development Agreement

Under the Area Development Agreement, you will have the right to develop, open, and operate 2 or more Franchised Businesses within the Development Territory according to a mandatory Development Schedule

and according to our then-current System standards and other approval requirements. You or your affiliates will be required to sign our then-current form of Franchise Agreement for each Franchised Business you develop and open under the Area Development Agreement (Area Development Agreement – Section 3), which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document as Exhibit F. We will determine or approve the location of future Franchised Businesses and any Designated Territories for those Franchised Businesses based on our then-current System standards for sites and Designated Territories (Area Development Agreement – Section 3).

Franchise Agreement

If you do not have a location that we have approved for your Franchised Business at the time you sign the Franchise Agreement, we will assign you a non-exclusive “search area” in which you must locate your Franchised Business (Franchise Agreement – Section 3(a)). You must operate your Franchised Business from 1 location we approve (Franchise Agreement – Section 3). Before you open your Franchised Business, we will provide general guidelines to you for the selection of sites for your Franchised Business, and review any proposed sites you select. It will, however, be your obligation to select the site for your Franchised Business and to obtain our approval (Franchise Agreement – Section 3). You must submit to us information and materials we require and obtain our approval of the site. The factors we take into consideration when reviewing a site include the location and proximity of the site to residential neighborhoods, the demographics of the surrounding area, whether the site is on a main thoroughfare, size of the proposed premises, sufficient parking availability, and the types of counseling and therapy clinics and other activities in the vicinity of the proposed site. Your Franchised Business will generally be located in a commercial area. You must also provide us with a copy of your lease or sublease so that we can confirm that it meets the requirements of the Franchise Agreement. We will typically approve or reject a proposed site within 30 days of your complete submission of the site information we require. You must actively find and negotiate a lease within 60 days of your signing of the Franchise Agreement. If you and we are not able to agree on an approved premise for your Franchised Business, or if you fail to obtain property control for the approved premises of your Franchised Business within 90 days of your signing of the Franchise Agreement, we can terminate your Franchise Agreement and retain all amounts you have paid to us (Franchise Agreement – Sections 3, 9(a), and 19(a)).

Although we provide you with prototypical plans and specifications for a Franchised Business, we do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel, or decorate the premises. We do not own any premises that we lease to you.

You may not open your Franchised Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled and you are current on all amounts due to us and our affiliates; (2) you and your owners and Clinic Director (if your Franchised Business is not owner-operated) have completed our Initial Training Program to our satisfaction and you certify that you have provided all of your employees and contractors with the training we require; (3) you have furnished us with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request (Franchise Agreement – Section 13); (4) you notify us that all approvals and conditions in the Franchise Agreement have been met; and (5) you have obtained all required permits, licenses, and credentialing, and provide evidence of these to us. You must open your Franchised Business within 9 months of the date you sign your Franchise Agreement, but no later than the required opening date provided in the Development Schedule, if applicable (Franchise Agreement – Section 3(c); Area Development Agreement – Section 3(e)). If you do not, we can terminate your Franchise Agreement and retain all amounts you have paid to us (Franchise Agreement – Sections 3(c), 9(a), and 19(a)).

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Franchised Business will be 3 to 6 months (for a Conversion Franchised Business) and 6 to 9 months (for a Startup Franchised Business). Some factors that may affect this timing include how long it takes you to select a suitable site for your Franchised Business and obtaining a lease or sublease; any shortages of, or delays in the installation of, any furniture, fixtures, equipment, and signs; whether, and to what extent, you need to remodel your site; your ability to secure any necessary financing; finding Licensed

Providers; structuring the ownership of your Franchised Business under applicable local, state, and federal laws; and obtaining any licenses and credentialing.

Advertising/Marketing

System Brand Fund

Under the Franchise Agreement, you must pay the monthly Marketing Fee to the Ellie Mental Health system-wide brand fund (the "System Brand Fund") in the amount of \$100 per each Qualified Clinician and Qualified Prescriber in the prior calendar month, due and payable on the 10th day of each month for the prior month. All our franchisees must contribute to the System Brand Fund, but the Ellie Mental Health clinics we or our affiliates own are not required to contribute to the System Brand Fund.

We account for the contributions to the System Brand Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the System Brand Fund and for creative services, including salaries and overhead of the individuals performing these tasks. The purpose of the System Brand Fund is to develop and implement marketing programs and materials that benefit the Ellie Mental Health brand and promote the Marks. This means we may use monies in the System Brand Fund for any purpose that promotes the Ellie Mental Health name, including the creation, production, and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio, and written advertisements; to pay for direct mail and other media advertising, including radio and Internet advertising, Internet search engine campaigns, and the cost to maintain and update our or our affiliate's websites and web pages, and for social media, and social networking sites, profiles and accounts, for the cost of search engine optimization; in-house staff assistance and related administrative, overhead, and salary costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities (Franchise Agreement – Section 6). However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises.

We may create marketing materials in-house or use national, regional, and local agencies. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, electronic and online advertising, radio, or television. We do not guarantee that expenditures from the System Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We also have no obligation to conduct marketing. It is our responsibility to determine how these monies are spent. We are not required to use monies in the System Brand Fund to benefit any individual market. We collected \$10,000 in the System Brand Fund but did not have any expenditures from the System Brand Fund in the fiscal year ending December 31, 2022.

Any unused amounts in the System Brand Fund in any calendar year will be carried over to the following year. We will use any interest the System Brand Fund earns before we use any principal. At your request, we will make available to you an annual accounting for the System Brand Fund that shows how the System Brand Fund proceeds were spent for the previous year, but these statements will not be audited. We may, but have no obligation to, loan amounts to the System Brand Fund and can determine the repayment obligation of the System Brand Fund, including interest rate of the loan and repayment terms, as we see fit.

We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as to the use of the System Brand Fund.

Local Marketing

Once your Franchised Business opens, you must spend at least \$50 per each Qualified Clinician and Qualified Prescriber in the prior calendar month on approved local marketing activities (Franchise Agreement – Section 6(c)). Upon 60 days' notice to you, we may decrease or increase the minimum local

marketing spend requirement and increase or decrease the Marketing Fee by the same amount. If you do not meet this monthly requirement, we may require you to contribute to the System Brand Fund the difference between what you actually spent on approved local marketing and the minimum that you were required to spend on approved local marketing. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for paid media advertising where keyword strategy or pay-per-click tactics are used and advertising conducted at your Franchised Business (such as grand opening marketing expenses, in-clinic materials, and signage or banners) will not count towards these minimum expenditure requirements.

You must obtain our prior approval of all local marketing you engage in for your Franchised Business. Your use of the Marks and other materials identifying our brand must be consistent with our approved standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval (Franchise Agreement – Section 6). You must also obtain our approval before establishing, or having established, any websites, hashtags, profiles, or accounts that refer to us, your Franchised Business, or to the System (Franchise Agreement – Section 6). Although we must approve all local marketing you engage in, you are ultimately responsible for ensuring that your advertising and marketing complies with all applicable laws before implementing it.

Although we can require you to, we do not currently require our franchisees to participate in a local or regional advertising cooperative. If we do, we will define the area of membership of the cooperative and determine how much you must contribute to the cooperative. Amounts you contribute to the cooperative will be credited against the local marketing spend requirement. If we establish a cooperative in a market serviced by Ellie Mental Health clinics we or our affiliates own, they will participate in the cooperative too. We will be responsible for administering any cooperatives (Franchise Agreement – Section 6(g)). We do not anticipate any cooperatives will operate from governing documents or prepare annual or periodic financial statements, but if they do, we will make them available to you upon request. We have the power to form, change, dissolve, or merge these cooperatives.

Software and Computer Equipment

Computer Hardware

You must purchase and use at a minimum, 1 personal computer or tablet per Licensed Provider, 1 printer (with scanning and faxing capabilities), and 1 tablet for the front desk/self-serve digital sign-in kiosk. All of these items must meet our specifications, including those related to model, brand, and functionality, and must be purchased from an approved vendor. You will use the computers for point of sale and to send invoices, perform accounting functions, process payments, complete forms and reporting, maintain financial information, produce daily reports, email correspondence with clients, us, and others, and access the computer software we require for the Franchised Business. Your Franchised Business must have a self-serve digital sign-in kiosk. You must also purchase modems, routers, and access points for secure Wi-Fi throughout your Franchised Business.

We estimate the total cost to purchase the items above to be approximately \$600 to \$1,000 per Licensed Provider in your Franchised Business plus an additional \$500 to \$1,000 for general Franchised Business purchases described above. We do not have any obligation to upgrade or maintain these items. Although most new computers come with a limited warranty we are not aware of any third parties with an obligation to upgrade or maintain these items.

Computer Software and Technology Services

Each of the computers discussed above must contain the computer software we require, or have access to the software or technology services we require. The software and technology services are not proprietary to us, except that the EHR System was designed for use by Ellie Mental Health clinics. Some of the software and technology services will come preinstalled on a computer. For programs that are not

preinstalled, you will need to purchase them and install them on your computer or access them through the Internet.

Some of these technology services are provided by our approved vendors through us and you will pay us our current Technology Fee for these services. As of the issuance date of this Disclosure Document, these include our EHR System (including telehealth), Microsoft Office 365, a virtual front desk license, HIPAA compliance software, and credentialing maintenance and compliance (whether or not your Franchised Business accepts insurance). We currently require you to obtain from our approved vendor at least 1 digital sign-in software license for the self-serve digital sign-in kiosk. The cost for this license is included in the Technology Fees. For technology services not provided through us, you must obtain sufficient licenses to use these programs from our approved vendor.

You must use our EHR System, which can be accessed via the Internet. The EHR System provides practice management solutions for your Franchised Business, including secure client portals allowing your clients to schedule appointments and view their profiles, electronic case note and treatment plans, progress notes to billing with clinical data flows, scheduling, billing and claims (including with third party payors), and staffing reports. The cost for this license is included in the Technology Fees.

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the technology discussed above. We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. We do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise. We estimate that you will spend approximately \$500 to \$1,500 annually on maintenance and support contracts for the technology discussed above.

You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. We will provide an email account for each employee or contractor working at your Franchised Business, as well as 1 to 2 general email accounts. We can independently access your electronic information and data, other than any employment records, and collect and use this electronic information and data in any manner we choose without any compensation to you. There is no contractual limitation on our right to receive or use information we obtain from you. The form of Business Associate Agreement that you must sign is attached to this Disclosure Document as Exhibit I.

ITEM 12. TERRITORY

Area Development Agreement

When you sign an Area Development Agreement, you or your affiliates will commit to develop a specified number of Startup Franchised Businesses within the Development Territory according to the Development Schedule. We will determine the size and boundaries of your Development Territory before signing the Area Development Agreement. The size and boundaries for the Development Territory will vary depending on the number of Franchised Businesses that we approve you to develop, demographics and population, geographic area, natural boundaries and access to streets and highways, neighborhood character, location and number of competing clinics, site availability, and other factors. There is no minimum Development Territory size and the exact size of each Development Territory varies based on the applicable factors. You do not have the right to change your Development Territory. You and we will negotiate the Development Schedule describing the number and type of Franchised Businesses that you must develop to keep your development rights and the dates by which you must develop them. You and we will complete the Development Schedule in the Area Development Agreement before signing it. You will sign our then-current form of Franchise Agreement for each Franchised Business you develop and open under the Area

Development Agreement, which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document as Exhibit F.

For any Franchised Business you desire to develop in the Development Territory under your Area Development Agreement, you must first locate and obtain our approval for the proposed site. We will approve or reject that proposed site based on our then-current standards for franchise sites. Upon approval of the location for the Franchised Business, we will complete the Franchise Agreement indicating the address and the Designated Territory granted to you or your affiliate for that Franchised Business, but in no event will the Designated Territory be outside the Development Territory.

As long as you and your affiliates are in compliance with the Development Schedule and the Area Development Agreement and any other agreements between us or our affiliates and you or your affiliates, then during the term of the Area Development Agreement, we will not operate or grant a third party the right to operate an outpatient counseling and therapy clinic providing counseling, medication management, and therapeutic products and services, under the Ellie Mental Health mark, that is physically located in your Development Territory. Other than this limitation there are no other prohibitions on us in your Development Territory. We may exercise all of the rights that we now reserve in the Franchise Agreement (as described below). Upon termination or expiration of the Area Development Agreement, regardless of the reason, we may operate or grant to third parties the right to operate outpatient counseling and therapy clinics providing counseling, medication management, and therapeutic products and services under the Ellie Mental Health mark or under any other trademarks in the Development Territory, or engage in any other activities within or outside your Development Territory, despite any rights you previously had, subject only to your or your affiliate's rights in any Designated Territory under any Franchise Agreement then in effect.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

There are no other restrictions on us or our affiliates under the Area Development Agreement. You may not develop or operate Franchised Businesses outside the Development Territory without our written consent. We may terminate the Area Development Agreement, but not Franchise Agreements, if you do not satisfy your development obligations according to the Development Schedule. Except as described above, continuation of your territorial rights in the Development Territory does not depend on you achieving a certain sales volume, market penetration, or other contingency. Except as provided above, during the term of the Area Development Agreement, we may not alter your Development Territory or your territorial rights without your written consent.

Franchise Agreement

When you sign a Franchise Agreement, you will receive the right to operate a single business that will operate an outpatient counseling and therapy clinic under the name Ellie Mental Health, from a single location. If you do not have a site for your Franchised Business when you sign your Franchise Agreement, we will list a general "search area" in the Rider to your Franchise Agreement. You do not acquire any exclusive rights in this search area. It is only the area in which you will look for a site for your Franchised Business. We may grant other people a franchise within this search area as well. Once you identify a site for your Franchised Business, and we approve that site, we will then update the Rider to your Franchise Agreement to identify this location. At that time, we will also grant you a territory within which this site is located. We refer to this territory as the "Designated Territory" and we describe it in the Rider to your Franchise Agreement. Your Designated Territory will generally be a 3-mile radius around your location or have a population of about 75,000 people. However, the exact size will depend upon various factors including natural boundaries like highways and bodies of water, the demographics of the metropolitan area, whether your Franchised Business is located in an urban, suburban, or rural area, and the size of your Franchised Business. Your site may not be located within the Designated Territory of another Ellie Mental Health franchisee; however, your Designated Territory may overlap with the designated territory of another Ellie Mental Health franchisee.

As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate an outpatient counseling and therapy clinic providing counseling, medication management, and therapeutic products and services under the Ellie Mental Health mark physically located in your Designated Territory, except we can operate or grant a third party the right to operate any of the following in your Designated Territory or elsewhere under the Ellie Mental Health mark or otherwise, even if they compete with your Franchised Business:

- A business that operates in a self-contained location serving a restricted or limited population (such as corporate campuses, military bases, schools and colleges, or hospitals).
- A business that provides in-home, virtual, or online counseling and therapy products and services.
- A business that provides community-based programs.

We can also acquire businesses in the Designated Territory that are similar to your Franchised Business or sell our business, whether through a sale of assets or equity, to anyone, regardless whether they operate or franchise the operation of businesses similar to your Franchised Business. Other than the above limitation, there are no other prohibitions on us in your Designated Territory. For example, we can operate or allow others to operate similar or identical business outside of your Designated Territory under the Ellie Mental Health mark or under any other trademarks even if the businesses compete with your Franchised Business in your Designated Territory. We can also operate or allow others to operate businesses inside the Designated Territory under any marks, including the Ellie Mental Health mark, if the businesses do not provide counseling and therapy services. We can sell any products we or our affiliates provide to you for use in your Franchised Business to any person, whether in or outside your Designated Territory. We can sell or grant third parties the right to sell goods or services competitive with those sold by your Franchised Business under the Ellie Mental Health mark or otherwise through other distribution channels including the Internet, catalog sales, telemarketing, or other direct marketing, in and outside of your Designated Territory. Although we have reserved our right to do so, neither we nor our affiliate currently operate, franchise, or plan to operate or franchise a business under a different trademark that would sell products or services similar to those that you would offer through your Franchised Business.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive businesses that we control.

Relocation

We will allow you to relocate your site within your market, if it is not within the Designated Territory of another Ellie Mental Health clinic, the new site meets our other then-current requirements for a site, and you pay us a Relocation Fee of \$7,500. We may change your Designated Territory to our current standards for the grant of similar territories if we approve your relocation.

Rights of First Refusal and Similar Rights

Unless you sign an Area Development Agreement, you will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your Designated Territory.

Restrictions on Clients

We do not restrict the clients you may serve, and you may solicit clients outside your Designated Territory, if you are licensed to provide the applicable products or services to these clients and you obtain our prior approval for all products and services you offer through your Franchised Business. These products and services must be offered through in-office sessions. We may also permit you to offer certain products and services through in-office and in-home sessions, class and group sessions and workshops, and online,

remote, or telehealth sessions and workshops, as we may direct. Although you can solicit clients outside of your Designated Territory, you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Designated Territory, unless we approve otherwise. Other Ellie Mental Health clinics may also solicit clients in your Designated Territory.

We may assign a potential client or referral that we receive to any Ellie Mental Health clinic based on our current policies and appointment availability as we determine in the interests of the client, regardless of proximity of the client to your Franchised Business and without any obligation or compensation to you.

We may also create or organize a Clinically Integrated Network for Ellie Mental Health clinics and other providers. Subject to the independent exercise of medical judgment by your Licensed Providers, you may be required to participate in the Clinically Integrated Network and comply with all terms and conditions of the Clinically Integrated Network.

ITEM 13. TRADEMARKS


The Franchise Agreement gives you the right to operate a Franchised Business under the trade names, trademarks, and service marks that we establish. The Area Development Agreement does not grant you any rights to use the Marks. These rights arise only under the Franchise Agreement.

We obtained the rights to use the principal Marks and all other marks, logos, commercial symbols, and other intellectual property owned by our affiliate, and to license others to use these items, under an Intellectual Property License Agreement dated June 22, 2021, between us and our affiliate, EFS. Under the terms of that Intellectual Property License Agreement, our affiliate may continue to operate its own counseling, medication management, and therapy clinics under these or other Marks, provided it does not do so within any Designated Territory granted to any of our franchisees. We are not restricted in any way in which we use these items and the length of the Intellectual Property License Agreement is indefinite. We therefore essentially have all the rights as the owner of the intellectual property to license others to use the intellectual property. If this Intellectual Property License Agreement were terminated you would have to stop using the Marks and all other intellectual property licensed to us under the Intellectual Property License Agreement.

Principal Marks

We consider the following trademarks, which have been registered on the Principal Register or Supplemental Register, as provided below, of the United States Patent and Trademark Office (“USPTO”) by EFS, to be our principal Marks:

Trademark	Registration Number	Registration Date	USPTO Register
ELLIE MENTAL HEALTH	6867843	October 4, 2022	Principal Register
SKY SESSIONS	6133177	August 25, 2020	Principal Register
LIVE AUTHENTIC	6141181	September 1, 2020	Principal Register
ELLIE EXPRESS	6809997	August 2, 2022	Principal Register

Trademark	Registration Number	Registration Date	USPTO Register
	6809996	August 2, 2022	Principal Register
Embedded Services	6087376	June 23, 2020	Supplemental Register

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. Except as disclosed above, no currently effective agreement limits our right to use or license the use of these Marks. All affidavits required to preserve and renew the principal Marks disclosed above will be filed. We do not know of any infringing uses that could materially affect your use of these Marks.

Usage Rights and Obligations

You must follow our standards when you use our Marks. You may not use any of our Marks alone or with modifying words, designs, or symbols as part of a corporate or business name or in any form on the Internet, including URLs, domain names, hash tags, e-mail addresses, locators, links, metatags, or search techniques. You may not use any of our Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have an obligation to protect and maintain your rights to use the Marks against encroachment, misuse, or unauthorized use or against any challenges to any rights of use. You must notify us immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. We are not required to defend you against a claim based on your use of the Marks.

We may change the Marks and require you, at your cost, to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of the Marks. We will have no liability or obligation, and you will have no right to compensation or otherwise, because of the discontinuation, modification, or change. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information, or business techniques that are part of our System. You must use the designations of ®, TM, and SM in advertising and promotions using the Marks, as we designate.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our manuals, our counseling and therapy programs and materials, books, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee,

and only as provided in your Franchise Agreement. We may change these items at any time and you must modify your operations to comply with these changes. We will have no liability or obligation because of the discontinuation, modification, or change of any item.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide you. You may use these materials, in the manner we approve, only in the operation of your Franchised Business during the duration of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, forms, administrative support systems, EHR System, credentialing, vendor and supplier information, training, and methods of operation. You may disclose this information to your staff but only to the extent necessary to operate the Franchised Business, and only while your Franchise Agreement is in effect.

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

Area Development Agreement

You must develop Franchised Business(es) under the Area Development Agreement according to the Development Schedule. We prefer, but do not require, that you personally supervise the development of Franchised Businesses under the Area Development Agreement. You must hire sufficient personnel to manage and supervise the development of Franchised Businesses under the Area Development Agreement, who do not need to have an ownership interest in you or complete our Initial Training Program.

If you are a corporation, limited liability company, or partnership or you transfer your Area Development Agreement to a corporation, limited liability company, or partnership, you and any other owners (and your and their spouses) must sign a personal guaranty of all obligations under the Area Development Agreement.

We will grant Franchised Businesses under the Area Development Agreement only to you or your affiliates that we approve, and subject to applicable local, state, and federal laws and regulations. The affiliate must generally be a corporation, limited liability company, or partnership, of which you or 1 or more of your majority owners owns at least 51% of the total authorized ownership interests, but only if you or the owner(s) also has the right to control the day-to-day management of the corporation, limited liability company, or partnership. Any Ellie Mental Health franchise that we grant to you or your approved affiliate under the Area Development Agreement will be granted under our then-current Franchise Agreement, and the Franchised Business must be supervised and operated by you (if the Franchised Business is owner-operated) or by a Clinic Director we approve (as provided below).

Franchise Agreement

We prefer that you participate personally, on a full-time basis, in the operation of your Franchised Business. You may, however, delegate the day-to-day operation of the Franchised Business to 1 or more on-site clinic

director (“Clinic Director”) who meets all of our requirements for a Clinic Director in our Operations Manual, is a Licensed Provider (as required by state law), and has successfully completed our Initial Training Program before assuming any managerial responsibility. In any event, you and all of your owners (if you are not an individual) must also have successfully completed our Initial Training Program. Except if required by state law, your Clinic Director does not need an ownership interest in your Franchised Business but must sign non-competition and confidentiality agreements that restrict him or her to the same extent as you are restricted under the Franchise Agreement (to the extent allowed by state law).

You and your Clinic Director are responsible for the day-to-day operation of the Franchised Business, including: hiring; setting the conditions of employment; training your staff members; supervising, discipline, and termination of all personnel; purchases (or leases) and maintenance of equipment and supplies; maintenance of employment records; daily maintenance, safety, security, and the achievement of compliance with our System; and the provision of health or medical products and services and the exercise of medical judgment.

If a Clinic Director resigns or is otherwise terminated, and the Franchised Business does not have any other Clinic Director, either you or your owners must assume operation of the Franchised Business or you must hire a replacement Clinic Director that meets our current requirements for a Clinic Director in our Operations Manual. The replacement Clinic Director must successfully complete our Initial Training Program before starting to work at your Franchised Business.

If you are a corporation, limited liability company, or partnership or you transfer your Franchise Agreement to a corporation, limited liability company, or partnership, you and any other owners (and your and their spouses) must sign a personal guaranty of all obligations under the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Approved Products and Services

You may not offer or sell any products and services that we have not approved, and you and your Licensed Providers and Clinic Director must be properly licensed, educated, and trained to provide the products and services offered in your Franchised Business under applicable law. You may not offer or sell other products or services in your Franchised Business without our prior written approval. Your Franchised Business will use our System to provide individuals, couples, families, and groups of all ages counseling and therapeutic products and services, which may include (subject to our approval and depending on licensure, education, and training):

- Adult rehabilitative mental health services
- Therapy on a variety of subjects, including abuse, addiction, anger, anxiety, behavioral, divorce, family conflict, grief/loss, maternal mental health, parenting, psychological and personality disorders, relationships, and trauma/PTSD
- Materials such as books that we develop or may require you to sell from your Franchised Business

Subject to applicable law, your Franchised Business may also offer and sell medication management services through a Qualified Prescriber.

Subject to the independent exercise of medical judgment by your Licensed Providers, you may be required to participate in a Clinically Integrated Network for Ellie Mental Health clinics and other providers, and comply with all terms and conditions of the Clinically Integrated Network.

You, and your Licensed Providers and Clinic Director employed or retained by your Franchised Business, must maintain proper licenses, permits, and certifications to operate an Ellie Mental Health clinic and to provide the products and services offered in your Franchised Business, and you can only offer those products or services that you are licensed to provide. We reserve the right to restrict you from offering certain products or services for any reason. You must not engage in the practice of medicine, mental health, or any other profession that requires specialized training, licensure, or certification unless properly trained, licensed, and certified. Neither we nor the Franchise Agreement will interfere, affect, or limit the independent exercise of medical judgment by your Licensed Providers and Clinic Director. However, we require that your Franchised Business adhere to all applicable laws including any state standards on counseling and therapeutic services and that your Franchised Business meet our minimum standards for client service. Your Franchised Business must accept cash/credit payments directly from clients, and may also accept third party reimbursements, including through insurance providers.

We can limit the type of products or services you may sell. We can also change the products or services we allow you to offer at any time, and there are no restrictions on our right to make these changes. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing products or services through your Franchised Business. You cannot operate other businesses from your Franchised Business.

Restrictions on Clients

You may not provide products or services to a minor unless the minor's parent or guardian signs a payment form or acknowledgment, the form of which we must approve. We do not place geographic restrictions or limits on the clients you may serve, so long as you are licensed to provide the applicable products or services to these clients and you obtain our prior approval for all products and services you offer through your Franchised Business. However, these products and services must be offered through in-office sessions. We may also permit you to offer certain products and services through in-office and in-home sessions, class and group sessions and workshops, and online, remote, or telehealth sessions and workshops, as we may direct. We may assign a potential client or referral that we receive to any Ellie Mental Health clinic based on our current policies and appointment availability as we determine in the interests of the client, regardless of proximity of the client to your Franchised Business and without any obligation or compensation to you.

Membership Programs and Gift Cards

We may require you to give full reciprocity to clients of other Ellie Mental Health clinics at your Franchised Business, which would require you to give clients of other Ellie Mental Health clinics the full benefits of membership at your Franchised Business including reduced rates. You must also participate in all gift card, gift certificate, and other promotional programs we establish. We will provide in our Operations Manual our current policies and practices for allocating funds generated from the sale or redemption of gift cards and memberships that involve multiple Ellie Mental Health clinics. You may not create or issue your own gift cards or gift certificates. We can also implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies.

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

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.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2(a)	10 years
b. Renewal or extension of the term	Section 2(b)	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 10-year period.
c. Requirements for you to renew or extend	Section 2(b)	Give written notice; sign new franchise agreement (which may have materially different terms and conditions than your original Franchise Agreement); upgrade your Franchised Business and update your equipment to comply with then-current standards; provide us with evidence of property control; provide us with evidence of licensure; sign general release; pay renewal fee.
d. Termination by you	Section 19(b)	You may terminate only if we default and do not cure our default after receiving notice from you (subject to state law).
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	Sections 19(a) and 19(c)	We may terminate only if you default.
g. "Cause" defined – curable defaults	Section 19(a)	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults), subject to state law variations.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 19(a)	You lose the right to occupy your Franchised Business premises; you fail to timely obtain property control or open; you abandon the business; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes; you or any Licensed Provider is disciplined or reprimanded by any governmental agency or licensing board; you maintain false books or records or submit any false or misleading application, statement, or report to us; you misuse the Marks or materially impair the value of, or the goodwill associated with the Marks or the System; or you or your affiliates is in default under any agreement, including the Area Development Agreement, with us or our affiliates.
i. Your obligations on termination/non-renewal	Sections 19(d) and 19(e)	Stop operating the Franchised Business, stop using our names and the Marks, return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites, and domain names, and pay all amounts you owe us.
j. Assignment of contract by us	Section 16(a)	No restriction on our right to assign (subject to state law).
k. "Transfer" by you – defined	Section 16(b)	Includes transfer of the Franchise Agreement or Franchised Business, or transfer of majority control of the Franchise Agreement or of the Franchised Business.
l. Our approval of transfer by franchisee	Section 16(c)	We must approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met.
m. Conditions for our approval of transfer	Section 16(c)	Transferee must meet our requirements, including sign a new franchise agreement on our then-current form for the remaining term of your Franchise Agreement. (The new franchise agreement may have materially different terms and conditions than your Franchise Agreement, and we will require the transferee to pay us a new initial franchise fee.) You must also pay a transfer fee and sign a release (subject to state law).
n. Our right of first refusal to acquire your Franchised Business	Section 17	We can match any offer for your Franchised Business or an interest in the Franchised Business, including a sale between owners or between an owner and you, or for the property upon which the Franchised Business is located.

Provision	Section in Franchise Agreement	Summary
o. Our option to purchase your Franchised Business	Section 19(e)	We have the option to purchase any or all of your approved inventory, furniture, fixtures, and equipment, supplies, signs, and branded items at fair market value.
p. Your death or disability	Section 16(c)(2)	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Section 15(a)(1)	No involvement in a business, clinic, program, or other venture that provides outpatient counseling or therapy products or services.
r. Non-competition covenants after the franchise is terminated or expires	Section 15(a)(2)	For 2 years, no involvement in any business, clinic, program, or other venture that provides outpatient counseling or therapy products or services and that is located in your Designated Territory, a radius of 10 miles from the Designated Territory, or a radius of 10 miles from any other Ellie Family Services or Ellie Mental Health clinic.
s. Modification of the agreement	Section 23(h)	No modifications without consent by all parties, but our manuals are subject to change.
t. Integration/merger clause	Section 23(l)	Only the terms of the Franchise Agreement and other written agreements are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits, and amendments.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain disputes, all disputes must be first mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Section 20(c)	Subject to state law, arbitration must be in Minnesota.
w. Choice of law	Section 23(b)	Subject to state law, Minnesota law generally applies.

Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	Section 5(a)	Expires on date when last Franchised Business under the Development Schedule opens, or should have opened, for business, or the Area Development Agreement is terminated (subject to state law).

Provision	Section in Area Development Agreement	Summary
b. Renewal or extension of the term	Sections 2(a) and 2(e)	You have no right to renew the term. At your request and in our sole discretion, we may extend the Development Schedule in full-month increments.
c. Requirements for you to renew or extend	Section 2(e)	For Development Schedule extensions only, you must request an extension 14 calendar days before the deadline date, provide the number of full months of extensions requested, and pay us an Extension Fee.
d. Termination by you	Not Applicable	You may not terminate (subject to state law).
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 5(b)	We may terminate only if you default.
g. "Cause" defined – curable defaults	Not Applicable	You have no right to cure defaults (subject to state law).
h. "Cause" defined – non-curable defaults	Section 5(b)	Failure to meet Development Schedule; breach of any obligation under the Area Development Agreement; termination of any Franchise Agreement with you or your affiliate; an assignment for the benefit of creditors; any unauthorized assignment or transfer; conviction of an offense related to the Franchised Business; or submitting of any false or misleading application, statement, or report to us.
i. Your obligations on termination/non-renewal	Section 5(c)	Your development rights cease, and your rights to use the System and Marks is limited to those Franchised Businesses in development or in operation pursuant to effective Franchise Agreements.
j. Assignment of contract by us	Section 4(a)	No restriction on our right to assign.
k. "Transfer" by you – defined	Section 4(b)	Not transferable.
l. Our approval of transfer by franchisee	Section 4(b)	No transfers.
m. Conditions for our approval of transfer	Section 4(b)	No transfers.
n. Our right of first refusal to acquire your Franchised Business	Not Applicable	Not Applicable

Provision	Section in Area Development Agreement	Summary
o. Our option to purchase your Franchised Business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 7(j)	No modifications without consent by all parties, but our manuals are subject to change.
t. Integration/merger clause	Section 7(n)	Only the terms of the Area Development Agreement and other written agreements are binding (subject to state law). Any representation or promises made outside of this Disclosure Document and Area Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits, and amendments.
u. Dispute resolution by arbitration or mediation	Section 7(d)	Except for certain disputes, all disputes must be first mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Section 7(d)	Subject to state law, arbitration must be in Minnesota.
w. Choice of law	Section 7(c)	Subject to state law, Minnesota law generally applies.

**ITEM 18.
PUBLIC FIGURES**

We currently do not use any public figure to promote the sale of franchises.

**ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the

information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet 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.

Outlet Information

As of December 31, 2022, our affiliate, EFS, owned and operated 19 Ellie Mental Health clinics. Of these clinics, our affiliate's Chaska, Minnesota clinic is excluded from this Item 19 because it operates under a different model than what we offer franchisees. Also excluded from this Item 19 are our affiliate's 4 clinics that opened during 2022 and therefore were not open the full 12-month period ending December 31, 2022 (Chanhassen, Minnesota; Cottage Grove, Minnesota; Minnetonka, Minnesota; and Sauk Rapids, Minnesota). The following chart provides locational and opening information of the 14 clinics that were open the full 12-month period ended December 31, 2022:

Clinic Location	Location Type (Note 1)	Opened (Note 2)
Bloomington, Minnesota	Urban	November 2018
Brainerd, Minnesota	Rural	June 2020
Brooklyn Center, Minnesota	Suburban	September 2021
Burnsville, Minnesota (Note 3)	Suburban	September 2017
Coon Rapids, Minnesota	Suburban	September 2020
Edina, Minnesota	Suburban	December 2020
Grand Rapids, Minnesota	Rural	January 2021
Mendota Heights, Minnesota	Suburban	March 2020
Minneapolis, Minnesota	Urban	July 2019
Moorhead, Minnesota	Rural	April 2021
Rochester, Minnesota	Rural	August 2021
St. Paul, Minnesota	Urban	November 2015
Winona, Minnesota	Rural	May 2021
Woodbury, Minnesota	Suburban	September 2018

Note 1. All of these affiliate-owned clinics are located in Minnesota. We consider an "urban location" to be one that is located in an area with a higher population density and near other commercial businesses. We consider a suburban location to be one that is located in an area with a lower population density, but may be near other commercial businesses. "Rural locations" are outside the Bloomington-Minneapolis-St. Paul, Minnesota metropolitan area.

Note 2. There were no clinics that permanently closed in 2021 or 2022 after being open for less than 12 months.

Note 3. The Burnsville, Minnesota clinic was formerly located in Lakeville, Minnesota but relocated in 2020. This clinic is counted as a single continuous location.

These clinics offer counseling and therapy programs, and also sell certain products. These clinics did not offer medication management services during the years reported. We would expect franchisees to provide these same products and services; however, the actual products and services that you will offer may vary depending on your state licensure. Franchisees may also offer medication management services through Qualified Prescribers, subject to applicable law. While these clinics offer a variety of products and services, the term “collected revenue”, as used in this Item 19, means the total amount received from all counseling and therapy products and services taking place by or through the clinic. Because these clinics do not offer medication management services, the term “collected revenue”, as used in this Item 19, does not include any medication management revenue. These figures also exclude from collected revenue, sales tax, discounts, allowances, refunds, and any revenue from non-therapy products and services such as sublease rent income. We have provided this collected revenue information based on unaudited information provided to us by our affiliate. All amounts are rounded to the nearest dollar.

We had no franchised outlets open the full 12-month period ending December 31, 2022.

Statement of Historic Collected Revenues and Certain Disclosed Expenses

Included below are statements of actual 2021 and 2022 collected revenues for these 14 clinics owned and operated by our affiliate, EFS, that were open the full 12-month period ending December 31, 2022. Of these 14 clinics, 9 clinics were also open the full 12-month period ending December 31, 2021. Also included below are statements of certain 2022 disclosed expenses (the “Disclosed Expenses”) for these 14 clinics that were open the full 12-month period ended December 31, 2022.

CLINIC INFORMATION		COLLECTED REVENUES		DISCLOSED EXPENSES (Note 1)	
Location	Opened	2021	2022	2022 Rent (Note 2)	2022 Wages and Benefits (Note 3)
Bloomington, Minnesota	November 2018	\$699,935	\$656,187	\$37,501	\$504,029
Brainerd, Minnesota	June 2020	\$521,435	\$743,633	\$39,358	\$528,980
Brooklyn Center, Minnesota	September 2021	\$308,195	\$2,414,782	\$127,806	\$1,717,744
Burnsville, Minnesota	September 2017	\$1,152,654	\$1,342,710	\$71,065	\$955,130
Coon Rapids, Minnesota	September 2020	\$809,747	\$997,229	\$52,780	\$709,375
Edina, Minnesota	December 2020	\$1,795,289	\$1,957,909	\$103,625	\$1,392,750
Grand Rapids, Minnesota	January 2021	\$238,110	\$562,376	\$29,765	\$400,044
Mendota Heights, Minnesota	March 2020	\$2,452,394	\$3,503,576	\$185,432	\$2,492,253
Minneapolis, Minnesota	July 2019	\$1,711,728	\$2,393,295	\$126,669	\$1,702,459
Moorhead, Minnesota	April 2021	\$364,396	\$1,306,623	\$69,155	\$929,460
Rochester, Minnesota	August 2021	\$333,692	\$1,238,534	\$65,551	\$881,025

CLINIC INFORMATION		COLLECTED REVENUES		DISCLOSED EXPENSES (Note 1)	
Location	Opened	2021	2022	2022 Rent (Note 2)	2022 Wages and Benefits (Note 3)
St. Paul, Minnesota	November 2015	\$1,893,690	\$3,935,915	\$208,314	\$2,799,795
Winona, Minnesota	May 2021	\$464,062	\$943,079	\$49,914	\$670,855
Woodbury, Minnesota	September 2018	\$1,888,628	\$2,269,815	\$120,133	\$1,614,623

As these clinics did not offer medication management services for the years represented above, these figures do not include medication management revenues or Disclosed Expenses that would be due if these clinics offered medication management services.

Note 1. You will have additional expenses that we have not included in this Item 19, such as cost of sales, operating expenses, franchise fees that would be payable to us or our affiliates, repair and maintenance costs, office supplies costs, training expenses, finance charges, insurance, taxes, utilities, professional services, and other costs or expenses, all of which must be deducted from the revenue figures to calculate net income or profit. We have not included any other expenses incurred by these clinics other than the Disclosed Expenses above.

Note 2. Certain markets have substantially higher rent and labor costs than others and you are urged to investigate local rent and labor costs before making any assumptions about what your costs will be.

Note 3. These figures represent the total compensation, including salaries, wages, and benefits, paid by these clinics to its employees and independent contractors, as well as related employment and withholding taxes. As these clinics do not offer medication management services, these figures do not include any compensation that would be payable to Qualified Prescribers or medication management assistants that you would be required to hire if you offer medication management services from your Franchised Business.

General Notes

As a reminder, these figures only represent collected revenues (as defined above for purposes of this Item 19) and certain Disclosed Expenses. These figures do not reflect the cost of sales, operating expenses, or other costs or expenses, other than certain Disclosed Expenses, that must be deducted from the revenue figures to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Ellie Mental Health Franchised Business.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

These figures were prepared without an audit. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the content or form. Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Ellie Mental Health businesses. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you are purchasing an existing Ellie Mental Health business, however, we may

provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chris Pash at 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120 and 651-313-8080, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022 (Note 1)**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	37	+37
Company-Owned (Note 2)	2020	4	10	+6
	2021	10	15	+5
	2022	15	19	+4
Total Outlets	2020	4	10	+6
	2021	10	15	+5
	2022	15	56	+41

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliate, EFS.

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Years 2020 to 2022 (Note 1)**

State	Year	Number of Transfers
Florida	2020	0
	2021	0
	2022	1
Texas	2020	0

State	Year	Number of Transfers
	2021	0
	2022	2
North Carolina	2020	0
	2021	0
	2022	1
Utah	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	0
	2022	5

Note 1. The numbers for each year are as of December 31.

**Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022 (Note 1)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	0	4
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Missouri	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	14	0	0	0	0	14
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	37	0	0	0	0	37

Note 1. The numbers for each year are as of December 31.

**Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022 (Note 1)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Minnesota (Note 2)	2020	4	6	0	0	0	10
	2021	10	5	0	0	0	15
	2022	15	4	0	0	0	19
Total	2020	4	6	0	0	0	10
	2021	10	5	0	0	0	15
	2022	15	4	0	0	0	19

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliate, EFS.

Table No. 5
Projected Openings
As of December 31, 2022 (Note 1)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in 2023	Projected New Company-Owned Outlet in 2023
Alabama	3	3	0
Alaska	0	0	0
Arizona	6	8	0
Arkansas	0	0	0
California	0	0	0
Colorado	5	14	0
Connecticut	3	5	0
Delaware	0	0	0
Florida	15	19	0-1
Georgia	11	15	0
Hawaii	0	0	0
Idaho	1	4	0
Illinois	2	1	0
Indiana	3	6	0
Iowa	1	1	0
Kansas	0	6	0
Kentucky	0	0	0
Louisiana	0	2	0
Maine	1	1	0
Maryland	1	1	0
Massachusetts	5	6	0
Michigan	6	10	0
Minnesota	0	0	5

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in 2023	Projected New Company-Owned Outlet in 2023
Mississippi	1	1	0
Missouri	8	8	0
Montana	0	0	0
Nebraska	1	1	0
Nevada	2	2	0
New Hampshire	3	3	0
New Jersey	5	8	0
New Mexico	1	1	0
New York	1	2	0
North Carolina	7	7	0
North Dakota	0	0	0
Ohio	6	11	0
Oklahoma	2	2	0
Oregon	2	2	0
Pennsylvania	7	11	0
Rhode Island	0	0	0
South Carolina	5	6	0
South Dakota	0	0	0
Tennessee	2	5	0
Texas	22	25	0
Utah	2	3	0
Vermont	0	0	0
Virginia	11	11	0
Washington	1	1	0
West Virginia	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in 2023	Projected New Company-Owned Outlet in 2023
Wisconsin	3	3	0
Wyoming	0	0	0
Total	155	216	5-6

The Ellie Mental Health clinics owned by our affiliate as of December 31, 2022 and the franchised Ellie Mental Health clinics open as of December 31, 2022 are listed in Exhibit D. Exhibit D also lists the name, city and state, and the current business telephone number or, if unknown to us, the last known home telephone number, of the 5 franchisees who transferred their franchises or had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily stopped doing business under their Franchise Agreement during the fiscal year ended December 31, 2022, or who had not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences in the Ellie Mental Health franchise system or their experiences with us. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

**ITEM 21.
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit E is a copy of our audited financial statements for the fiscal years ending December 31, 2020, December 31, 2021, and December 31, 2022.

Attached to this Disclosure Document as Exhibit E is a copy of our unaudited financial statements for the 3-month period ending March 31, 2023. These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

**ITEM 22.
CONTRACTS**

The following agreements and other required exhibits are attached to this Disclosure Document:

Exhibit A. Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document.

Exhibit F. Attached to this Disclosure Document as Exhibit F is a copy of the form Franchise Agreement, Lease Rider, state specific addenda to the Franchise Agreement, if any, Statement of Ownership and Management, and form of a Guaranty to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee, if you are a corporation, limited liability company, or partnership. Also attached is a transfer form if you want to sell, assign, or transfer your Franchise Agreement to a corporation, limited liability company, or partnership you own

and an example of a release you must sign if you want to sell, assign, or transfer your Franchise Agreement to an unrelated third party or to an entity or partnership you do not own or control.

- Exhibit G. Attached to this Disclosure Document as Exhibit G is a copy of the form Managed Services Addendum to Franchise Agreement that you must sign (along with our Franchise Agreement) if we agree to permit you to establish, develop, and operate your Franchised Business under the Managed Operation Model.
- Exhibit H. Attached to this Disclosure Document as Exhibit H is a copy of the form Area Development Agreement, state specific addenda to the Area Development Agreement, if any, Statement of Ownership and Management, and form of Guaranty to be signed by shareholders of a corporate developer, members of a limited liability company developer, or partners of a partnership developer, if you are a corporation, limited liability company, or partnership.
- Exhibit I. Attached to this Disclosure Document as Exhibit I is a copy of the form Business Associate Agreement that you must sign.
- Exhibit J. Attached to this Disclosure Document as Exhibit J is a copy of a sample Electronic Transfer of Funds Authorization authorizing us to initiate one-time, weekly, and/or monthly ACH debit and credit entries against your bank account for amounts that become due and payable by you to us or any affiliate.
- Exhibit K. Attached to this Disclosure Document as Exhibit K is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

ITEM 23. RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

**EXHIBIT A
STATE SPECIFIC ADDENDA
TO DISCLOSURE DOCUMENT**

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary in the Ellie Fam LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to Ellie Mental Health franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

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 14 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.
2. Our website 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.
3. Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement. We have or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.
4. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph:

“Neither Ellie Fam LLC nor any person described in Item 2 of the FDD 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. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”
5. Item 17 of the FDD is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.”

“The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”
6. Item 19 of the FDD is amended by insertion of the following:

“The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue 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 the Disclosure Document, may be one source of this information.”

7. The Franchisor has or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.
8. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.
9. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
10. The highest interest rate allowed by law in California for late payments is 10% annually.
11. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

12. The franchisor's website address is: www.elliementalhealth.com.
13. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.
14. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF HAWAII**

Notwithstanding anything to the contrary in the Ellie Fam LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to Ellie Mental Health franchises offered and sold in the state of Hawaii:

1. Ellie Fam LLC's Franchise Disclosure Document is currently registered or exempt, or seeking registration or exemption, in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
2. The states in which Ellie Fam LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
3. No state has refused, by order or otherwise, to register the franchise which is the subject of Ellie Fam LLC's Franchise Disclosure Document.
4. No state has revoked or suspended the right to offer the franchise which is the subject of Ellie Fam LLC's Franchise Disclosure Document.
5. Ellie Fam LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS 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.

The franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF ILLINOIS**

Notwithstanding anything to the contrary in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede and apply to all Ellie Mental Health franchises Illinois:

1. Illinois law governs the Franchise Agreement.
2. Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. 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.
4. 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 the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
5. Based upon the Franchisor's financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, we secured a surety bond in the amount of \$180,000 from Great Midwest Insurance Company. A copy of the bond is on file at the Illinois Attorney General's Office, 500 South 2nd Street, Springfield, Illinois 62701.
6. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Maryland.

1. Item 17 of the Franchise Disclosure Document is amended as follows:

“Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).”

2. Items 17l and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Items 17(v) and (w) are modified by insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Based upon the Franchisor’s financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. Therefore, we secured a surety bond in the amount of \$187,500 from Great Midwest Insurance Company. A copy of the bond is on file at the Securities Division of the Maryland Office of the Attorney General, 200 Saint Paul Place, Baltimore, Maryland 21202.

6. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF MINNESOTA**

Notwithstanding anything to the contrary in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede and apply to all Ellie Mental Health franchises offered and sold to residents of the State of Minnesota or if the Franchised Business will be located in Minnesota:

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 liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Disclosure Document or agreement(s) can abrogate or reduce (a) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) 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) (a) 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 (b) that consent to the transfer of the franchise will not be unreasonably withheld.
3. To the extent required by Minnesota Statutes, Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief.
6. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.
7. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF NEW YORK**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of New York.

1. **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. 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:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- a. No such party 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.
- b. No such party has 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.
- c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 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.
- d. No such party 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 the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of the “Summary” sections of Item 17I, titled “Requirements for franchisee to renew or extend,” and Item 17(m), titled “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 force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

7. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of North Dakota:

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 171 and from any other place it appears in the Disclosure Document.
2. Item 171 is revised to provide that covenants not to compete, such as those mentioned in Item 171 of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.
3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.
4. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

"Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business."
5. Any references in the Disclosure Document to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
6. Any references in the Disclosure Document to any requirement to consent to a waiver of trial by jury are deleted.
7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.
8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.
9. Any references in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.
10. Any references in the Disclosure Document requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.
11. Based upon the Franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, we secured a surety bond in the amount of \$60,000 from

Great Midwest Insurance Company. A copy of the bond is on file at the North Dakota Securities Department, 600 E Boulevard Avenue, 5th Floor, Bismarck, North Dakota 58505.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Rhode Island.

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of South Dakota:

1. The Summary column of Item 17 Paragraph (g) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”
2. The Summary column of Item 17 Paragraph I of this Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”
3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”
4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Minnesota.
5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

“The law of South Dakota governs.”

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Virginia.

1. Item H of the chart in Item 17 is hereby amended by the addition of the following disclosure:

“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 Franchise Act or the laws of Virginia, that provision may not be enforceable.”

2. The following is added to the page entitled “Special Risk(s) to Consider About *This* Franchise”:

Special Risk(s) to Consider About *This* Franchise

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

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$278,500 to \$480,350. This amount may exceed the franchisor’s members’ deficit as of December 31, 2022, which is \$199,288.

3. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum.

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF WASHINGTON**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. 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.
3. 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.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf

of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH
FRANCHISE DISCLOSURE DOCUMENT
FOR THE
STATE OF WISCONSIN**

Notwithstanding anything to the contrary in the Ellie Mental Health Franchise Disclosure Document, the following provisions shall supersede and apply to all Ellie Mental Health franchises offered and sold to residents of the State of Wisconsin or if the Franchised Business will be located in Wisconsin:

1. The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law.
2. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

**EXHIBIT B
LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS**

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 Tel: 1-866-275-2677	Commissioner of Financial Protection and Innovation Same Address
Connecticut	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 Tel: 860-240-8230	
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 Tel: 850-245-6000	
Georgia	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 Tel: 404-656-3790	
Hawaii	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 Tel: 808-586-2744	
Illinois	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 Tel: 217-782-4465	

State	State Administrator	Agent for Service of Process
Indiana	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 Tel: 317-232-6681	Indiana Secretary of State 200 West Washington Street Indianapolis, IN 46204
Iowa	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 Tel: 515-281-4441	
Kentucky	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 Tel: 502-696-5389	
Louisiana	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6 th Floor One America Place Baton Rouge, LA 70801 Tel: 504-342-7013 (gen. info.) Tel: 504-342-7900	
Maine	Department of Business Regulations State House – Station 35 Augusta, ME 04333 Tel: 207-298-3671	
Maryland	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 Tel: 410-576-7786	Maryland Securities Commissioner Same Address Tel: 410-576-6360
Michigan	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 Tel: 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address

State	State Administrator	Agent for Service of Process
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 Tel: 651-296-6328	Minnesota Commissioner of Commerce Same Address Tel: 651-539-1600
Nebraska	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tel: 402-471-2171	
New Hampshire	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 Tel: 603-271-3641	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 Tel: 212-416-8222	New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231 Tel: 212-416-8236
North Carolina	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 Tel: 919-733-3924	
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 Tel: 701-328-4712 Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
Ohio	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15 th Floor Columbus, OH 43215 Tel: 614-466-8831 Tel: 800-282-0515	

State	State Administrator	Agent for Service of Process
Oklahoma	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 Tel: 405-521-2451	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 Tel: 503-378-4387	
Rhode Island	Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Center – Building 68-2 Cranston, RI 02920 Tel: 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
South Carolina	SC Secretary of State's Office 1205 Pendleton St., Suite 525 Columbia, SC 29201 Tel: 803-734-0367	
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 Tel: 605-773-3563	
Texas	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 Tel: 512-475-1769	
Utah	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Tel: 801-530-6601 Fax: 801-530-6001	

State	State Administrator	Agent for Service of Process
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 th Floor Richmond, VA 23219 Tel: 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 Tel: 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 Tel: 608-266-8557	Wisconsin Commissioner of Securities Same Address

**EXHIBIT C
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OPERATIONS MANUAL**

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**EXHIBIT D
LIST OF OUTLETS**

Company-Owned Outlets

Outlets owned by our affiliate as of December 31, 2022:

State	City	Address	Phone Number
Minnesota	Brainerd	13782 Bluestem Court #100 Brainerd, Minnesota 56425	218-833-9107
Minnesota	Brooklyn Center	6040 Earle Browne Drive, Suite 100 Brooklyn Center, Minnesota 55430	651-313-8080
Minnesota	Bloomington	8011 34 th Avenue S #424 Bloomington, Minnesota 55425	651-313-8080
Minnesota	Burnsville	1450 S, Nicollet Avenue, Suite 301 Burnsville, Minnesota 55337	651-313-8080
Minnesota	Chanhassen	600 Market Street, Suite 220 Chanhassen, Minnesota 55317	651-313-8080
Minnesota	Chaska	1107 Hazeltine Boulevard, Suite 416 Chaska, Minnesota 55317	651-313-8080
Minnesota	Coon Rapids	3875 Coon Rapids Boulevard Coon Rapids, Minnesota 55433	651-313-8080
Minnesota	Cottage Grove	6939 Pine Arbor Drive S, Suite 100 Cottage Grove, Minnesota 55106	651-313-8080
Minnesota	Edina	4820 West 77 th Street, Suite 125 Edina, Minnesota 55435	651-313-8080
Minnesota	Grand Rapids	217 NW 1 st Avenue Grand Rapids, Minnesota 55744	218-925-9107
Minnesota	Mendota Heights	1370 Mendota Heights Road Mendota Heights, Minnesota 55120	651-313-8080
Minnesota	Minneapolis	2125 E Hennepin Avenue #100 Minneapolis, Minnesota 55413	651-313-8080
Minnesota	Minnetonka	12400 Whitewater Drive, Suite 140 Minnetonka, Minnesota 55343	651-313-8080
Minnesota	Moorhead	819 30 th Ave S Moorhead, Minnesota 56560	218-833-9107
Minnesota	Rochester	3425 40 th Avenue NW, Suite 101 Rochester, Minnesota 55901	651-313-8080

State	City	Address	Phone Number
Minnesota	St. Paul	1150 Montreal Avenue #107 St. Paul, Minnesota 55116	651-313-8080
Minnesota	Sauk Rapids	1424 2 nd St N, Sauk Rapids, MN 56379	651-313-8080
Minnesota	Winona	111 Riverfront Street, Suite 103 Winona, Minnesota 55987	507-479-3079
Minnesota	Woodbury	652 Bielenberg Drive Woodbury, Minnesota 55125	651-313-8080

Franchised Outlets Opened as of December 31, 2022

Franchisee	Phone	Address	State	ADA
Filipe Coelho FKL Enterprises LLC	(480) 750-0067	8700 E Via De Ventura Scottsdale, Arizona 85258	Arizona	*
Brendan O'Brien Tiger & Bolt Health, LLC	(303) 941-5765	7400 Crestline Circle, Suite 145 Greenwood Village, Colorado 80111	Colorado	*
Jen Rieck Rebel Health LLC	(303) 946-7683	200 W County Line Rd, Suite 250 Highlands Ranch, Colorado 80129	Colorado	*
Sara Petrie 24Lincoln, LLC	(719) 433-5710	77 3rd Street, Suite 400 Monument, Colorado 80132	Colorado	*
Wah Chu MWC Enterprise, Inc.	(203) 822-2388	55 Walls Drive, Suite 206 Fairfield, Connecticut 06824	Connecticut	
Micah Cantley Owimast Health LLC	(843) 227-8651	10245 Centurion Pkwy N, Suite 250 Jacksonville, Florida 32256	Florida	
Haaris Ali Synergy Wellness of Florida, Inc.	(630) 205-4664	9050 Pines Blvd, Suite 305 Pembroke Pines, Florida 33024	Florida	
Tessie Lauer Lauer Enterprises LLC	(651) 313-8080	2535 Wentwood Court Cumming, Georgia 30041	Georgia	
Randi McDermott Free Fallin LLC	(208) 761-0533	3676 North Harbor Ln, Suite 100 Boise, Idaho 83703	Idaho	*
Karen Kardatzke EMH Dupage PLLC	(630) 460-2935	5151 Mochel Drive, Suite 304 Downers Grove, Illinois 60515	Illinois	*
Hector Nolasco	(847) 242-3270	1585 Milwaukee Avenue, Suite 116 Libertyville, Illinois 60048	Illinois	*
Heather Cramer Have Grace LLC	(317) 508-0358	13578 E. 131st Street, Suite 260 Fishers, Indiana 46037	Indiana	
Yumna Janjua KYN Health	(443) 570-4603	11140 Rockville Pike Rockville, Maryland 20852	Maryland	
Marcus Warr The Warr Family Group, LLC	(336) 253-0960	Columbia, Maryland 21638	Maryland	*
Janice Eisele Eisele Enterprises	(414) 498-7624	1300 York Road, Building A Timonium, Maryland 21093	Maryland	*
Shahzad Dastgir One Mental Health LLC	(240) 618-2889	840 Woodmont Avenue, Suite 840 Bethesda, Maryland 20814	Maryland	*
Joe Cox Nelson EMH MSO LLC	(810) 338-6042	1601 Briarwood Circle Ann Arbor, Michigan 48108	Michigan	*
Trevor Stange	(616) 816-1758	2305 East Paris Avenue, Suite 203 Grand Rapids, Michigan 49546	Michigan	*
Pamela Buchanan	(314) 482-5223	12801 Flushing Meadows Drive, Suite 110 St. Louis, Missouri 63131	Missouri	*

Franchisee	Phone	Address	State	ADA
Andrew Stevenson A. W. Stevenson LLC	(314) 437-7591	405 North 5th Street, Suite 201 Saint Charles, Missouri 63301	Missouri	*
Kelly Ramunno Ramunno Family Services LLC	(216) 533-9617	24803 Detroit Road, Unit E Westlake, Ohio 44145	Ohio	
Adam Engle RH Mental Health LLC	(865) 712-8723	1608 Williams Drive, Suite 301 Murfreesboro, Tennessee 37129	Tennessee	*
Tina Lovell GaDal, Inc.	(240) 315-3932	8207 Callaghan Road San Antonio, Texas 78230	Texas	*
Karen Arnoldi Arnoldi and Company	(713) 594-7687	26077 Nelson Way Drive, Suite 901 Katy, Texas 77494	Texas	*
Chris Dolence EMH Houston, LLC	(417) 592-3035	2323 South Shepherd Drive Houston, Texas 17019	Texas	*
Bryan Macktinger Caladium Growth Management, Inc.	(214) 724-7090	10300 N. Central Expressway Dallas, Texas 75230	Texas	*
Toni Hanson Hanson Management Group	(805) 709-8229	11719 Bee Caves Rd, Suite 200 Austin, Texas 78738	Texas	*
Jill Adami JJD Mental Health LLC	(817) 876-1806	1835 E Southlake Blvd. Southlake, Texas 76092	Texas	*
Dustin Zeigenbein PowerW3, LLC	(281) 908-7101	1775 St James Place, Ste 325 Houston, Texas 77433	Texas	*
Stacy Roquemore	(623) 377-0508	Rayzor Ranch Medical Building 2660 Scripture Street, Ste 210 Denton, Texas 76201	Texas	*
Jaime Barraza	(512) 991-2107	701 FM 685, Suite 450 Pflugerville, Texas 78660	Texas	*
Cindy Matula EMH Central NW Austin Operating, LLC	(512) 658-8385	7719 Wood Hollow Drive, Suite 201 Austin, Texas 78731	Texas	*
Tom Hazelton Hazelton Enterprises, LLC	(469) 829-7516	5700 W Plano Parkway Plano, Texas 75093	Texas	*
Nick Zerante	(419) 230-1889	6300 West Loop South, Suite 110 Bellaire, Texas 77401	Texas	*
Jason Nasra LE4, LLC	(281) 572-8606	800 Rockmead Drive, Suite 132 Kingwood, Texas 77339	Texas	*
Larry Ogden Ethos Mental Health 1 LLC	(832) 346-8082	128 Vision Park Blvd., Suite 230 Shenandoah, Texas 77384	Texas	*
Joe Shenk Mammoth Mental Health	(801) 400-3000	3051 W Maple Loop #300 Lehi, Utah 84043	Utah	*

* Franchisee is also an area developer under an Area Development Agreement and the Franchise Agreement was signed under an Area Development Agreement.

Franchised Outlets Signed But Not Opened as of December 31, 2022

Franchisee	Tentative Location/City	Phone Number	State	ADA
Davis Mange	Birmingham	1 (205) 613-3429	AL	*
Kent and Fleming Watts	Birmingham	1 (251) 408-2051	AL	
West Martin, Ashley Martin	Dotham	1 (205) 886-1099	AL	
Greg Contino	Chandler	1 (978) 621-7697	AZ	
Steve and Kristina Rauscher	Gilbert	1 (602) 300-2021	AZ	
Phillip Doran	Litchfield Park	1 (503) 437-4265	AZ	*
Melissa Dalal	North Scottsdale	1 (310) 463-9988	AZ	
Justin and Allyson Fernstom	North Tempe	1 (602) 502-3386	AZ	
Dan Zachareas	Tuscon	1 (520) 465-2831	AZ	
Matt & Shamera Sandoski	Colorado	1 (973) 337-9224	CO	*
William and Katie Morgenstern	Denver	1 (402) 541-6066	CO	*
Doug Beck and Jeff Fell	Eerie	1 (303) 928-9693	CO	*
Brian and Jill Krueger	Erie	1 (720) 233-2612	CO	*
Nicole Frederickson	Lone Tree	1 (773) 957-4910	CO	*
Mitch Greenwald	Fairfield	1 (203) 521-7561	CT	*
Devin Hawthorne	Hartford	1 (860) 508-2214	CT	
Binoy Madhavan	Unionville	1 (201) 931-6995	CT	*
Nicholas Machado	Coral Gables	1 (786) 252-1665	FL	
Ben Marchant and Shaun Halsor	Fort Lauderdale	1 (206) 618-5560	FL	*
Micah Cantley	Jacksonville	1 (843) 227-8651	FL	
Hogan McFadden, Shannon Andersen, Max McKee, Tyler Potts	Jupiter	1 (561) 254-4148	FL	*
Adam Booth	Lithia	1 (904) 704-7575	FL	*
David Rojas	Miami	1 (305) 746-4573	FL	*
Marcus Silva and Jennifer	Naples	1 (908) 432-4636	FL	*
Admire Kroma	Orlando	1 (407) 227-6494	FL	*
Ron Kennedy	Pensacola	1 (850) 516-5592	FL	*
Will Martinez	Pinecrest	1 (305) 606-6129	FL	*

Franchisee	Tentative Location/City	Phone Number	State	ADA
Ranjeeta and Ansh Grover	Ponte Vedra	1 (904) 614-0223	FL	
Princely Patel	Quincy	1 (850) 510-7913	FL	*
Allen Whisler	Safety Harbor	1 (717) 608-0329	FL	*
Ashley Brown, Gray and Rick Bisio	Sarasota	1 (941) 545-8744	FL	*
Jake Fisher	Tampa	1 (502) 682-8076	FL	*
Brian and Megan Anderson	Alpharetta	1 (407) 463-8326	GA	*
Rebecca Kubin	Athens	1 (404) 775-5755	GA	*
Athar A Khan	Atlanta	1 (347) 410-0473	GA	*
Mareba Lewis	Atlanta	1 (404) 295-6433	GA	*
Todd & Lauren Lappi	Atlanta	1 (434) 249-1577	GA	*
Wade Eckmann, Matt Slaine, and Kenneth Barrett	Atlanta	1 (678) 613-5784	GA	*
Marshall Brooks	Evans	1 (706) 910-2570	GA	
Muhammad 'Ali' Pervaiz	Gainesville	(914) 316-4218	GA	*
John and Mary Waymire	Johns Creek	1 (404) 791-0832	GA	*
David Elgin & Chris Arendale	Marietta	1 (404) 769-7990	GA	
Damilola Mohammed and Tai Mohammed	Peachtree	1 (678) 650-4817	GA	
Sam Tierney	Des Moines	1 (319) 855-3549	IA	*
Jamie Major	Post Falls	1 (208) 626-8141	ID	*
Elliott G Lasley	Chicago	1 (312) 401-1428	IL	
Mark Walker and Keith Kepplinger	Chicago	1 (919) 274-9311	IL	*
Tara England	Caramel	1 (646) 241-6260	IN	*
Frank Hatami	Crown Point	1 (219) 808-0296	IN	*
Lora Behlmer	Fort Wayne	1 (317) 507-3267	IN	*
Mike Hardock	Andover	1 (978) 697-9102	MA	*
Dan Cosgrove	Boston	1 (513) 638-2323	MA	*
Kai Nice	Newberry	1 (207) 838-8521	MA	*
Robin Hamilton and Mark Falzone	Saugus	1 (617) 594-0159	MA	*
Brad Toothman	Upton	1 (617) 515-8349	MA	*

Franchisee	Tentative Location/City	Phone Number	State	ADA
Mike and Cathy Stamper	Annapolis	(443) 336-9745	MD	*
Rich Mardoian	Phippsburg	1 (610) 504-5821	ME	*
Scott Hedges	Bloomfield Hills	1 (248) 303-1039	MI	*
Sandra & Michael Abissini	Boon	1 (810) 252-9019	MI	*
Gerald Gomes	Clarkston	1 (586) 675-8432	MI	
Katherine Wood and Jacob Brutman	Detroit	1 (734) 276-9025	MI	*
Dan and Jane Tomaszewski	Grand Rapids	1 (616) 460-9885	MI	*
Craig Leonard	White Lake	1 (248) 321-9969	MI	*
Patrick and Christy Copley	Kansas City	1 (913) 226-2974	MO	*
Seth Henson	KC	1 (816) 392-3754	MO	*
Tom, Jim Nelson and Brom Stevens	Liberty MO	1 (256) 520-5035	MO	*
Russell & Rachel Cobb	St. Charles	1 (270) 703-8917	MO	
Andrew Stevenson	St. Louis	1 (314) 437-7591	MO	*
Joseph Schlichter	St. Louis	1 (917) 742-4512	MO	
Mark Figert and Steve Korn	St. Louis	1 (314) 651-7900	MO	*
Saroni Kundu and Deb Bhattacharyya	St.Louis	1 (314) 650-9537	MO	
Timony and Kevin Ingram	Mississippi	1 (601) 209-6948	MS	
Sandesh Sivanandam	Cary	1 (919) 449-1569	NC	*
Dennis Jackson, Brandon Kuchta, Steven Kantowitz	Charlotte		NC	*
Dr. Wendy Douglas	Charlotte	1 (704) 253-0838	NC	
Mike Dolan	Huntersville	1 (704) 604-9272	NC	*
Bryant Foriest	North Carolina	1 (336) 266-3289	NC	*
Kyle Kirby, Kim Kirby	North Carolina	1 (910) 670-4847	NC	*
Kyle Kirby, Kim Kirby	North Carolina	1 (910) 670-4847	NC	*
Brooke Steppat	Omaha	1 (402) 319-8979	NE	*
Jim Glanville	Manchester	1 (207) 303-7444	NH	*
Mike and Kimberley Gass	Portsmouth	1 (603) 777-2516	NH	*
Shannon Bettencourt	Salem	1 (207) 415-9376	NH	

Franchisee	Tentative Location/City	Phone Number	State	ADA
James R Garino	Cherry Hill		NJ	*
Habib Ahmed and Khadija Merchant	Jersey	(630) 290-6863	NJ	*
Russ Remy	New Jersey	1 (201) 390-8858	NJ	
Andrew Garcia and Ruben Garcia	Red Bank	1 (862) 668-5007	NJ	*
Lara Kemps	Rutherford	1 (201) 787-6213	NJ	
Curt Haworth	Albuquerque	1 (972) 273-0172	NM	*
Jim Baffone	Las Vegas	1 (702) 817-0068	NV	
Nick Brancato	Las Vegas	1 (201) 362-7665	NV	
Fernanda Carly	Webster	1 (585) 406-1463	NY	
Mark and Charlene Shreve, Dave & Wendi Harris	Cincinnati	1 (510) 734-9525	OH	*
Darren & Amy Bassel	Columbus	1 (408) 205-0939	OH	*
Dave Cherry, Jyothi Cherry	Columbus	1 (614) 354-4822	OH	*
Jim Kilby	Dayton	1 (937) 689-6450	OH	*
John Mannella	Stow	1 (614) 975-2520	OH	*
John Paul Jacola	Uniontown	1 (330) 207-4500	OH	
Ryan Dent	Oklahoma City	1 (730) 717-3071	Ok	
Nathan & Danielle Morrison	Tulsa	1 (303) 325-1839	Ok	*
Mike Cully	Portland	1 (619) 929-6640	OR	*
Nate Fennell	Portland	1 (360) 823-7223	OR	*
Joe and Meg Penrice	Blue Bell	1 (610) 763-8343	PA	*
Mark Gerhardt	Lancaster	1 (717) 309-1892	PA	*
David Wong	Morrisville	1 (212) 459-9264	PA	*
Ben & Krissy Dutka	Philadelphia		PA	*
Lori Smith and Ken	Philadelphia	1 (484) 368-6978	PA	*
Ryan Leckie	Pittsburgh	1 (724) 747-1690	PA	*
Simple Patel	Warrington	1 (502) 689-3102	PA	*
Tim Reagan	Fort Mill	1 (412) 606-4740	SC	*
Dennis and Kathryn Chou	Greenville	1 (864) 275-8421	SC	*

Franchisee	Tentative Location/City	Phone Number	State	ADA
John Gentry	Mount Pleasant	1 (404) 788-4046	SC	*
Bob Mitton	Savanah	1 (303) 775-4135	SC	*
Clay Helms	Summerville	1 (843) 323-0173	SC	*
Ruchi Patel and Ronak Desai	Memphis	1 (317) 828-4622	TN	
Trey and Dianne Smith and Brett Wade	Nashville	1 (615) 496-5042	TN	*
Elizabeth Parker	Coppell		TX	*
Brian Panizzi	Cypress	1 (765) 491-1599	TX	
Rafi Majnonian and Tracy Teimourian	Frisco	1 (972) 626-2374	TX	*
Rafi Majnonian and Tracy Teimourian	Frisco		TX	*
Scott Casey	FT Worth	1 (972) 746-1773	TX	
Gerald Hanson	Galveston	1 (832) 618-4263	TX	
Jamie and Jason Fallwell	Georgetown	1 (520) 975-5435	TX	
Matt and Courtney Wojciechowski	Houston	1 (248) 388-9530	TX	y
Nicole and Corey Kaufmann	Houston	1 (346) 857-5324	TX	y
Richard Powell	Katy	1 (713) 384-8466	TX	y
Sabah Dattu and Pawan Sutrala	Katy	1 (416) 669-7715	TX	y
Bobby & Sonya Springer	Keller	1 (682) 408-1118	TX	y
Rosemary Elizalde	Kyle	1 (210) 913-7791	TX	y
Alicia "Lish" Garner	Mansfield	1 (309) 512-3040	TX	
Steve Mccoy	New Bransfuels	1 (210) 872-6704	TX	
Si Kai Tan & Louisa May	Pearland	1 (832) 955-2732	TX	
Khaled Mustafa, Syed Zeeshan, Mooath Saidi	Plano	1 (940) 735-2449	TX	*
Michael Jaffrey	Rockwall	1 (661) 747-0295	TX	*
Katariina Fagering and Femi Oluokya	The Energy Corridor		TX	
Peter Haendler and Kathleen Giesfeldt	Tomball	1 (972) 333-7946	TX	*
Michael Ikeya and Stephanie Snyder	Waco	1 (512) 484-6661	TX	
Scott Milder	Wylie	1 (214) 497-6411	TX	*
Joe Schenk and Scott Abbott	Lehi		UT	*

Franchisee	Tentative Location/City	Phone Number	State	ADA
Eric, Anne, Katey Workman	Provo	1 (808) 782-7409	UT	
Keisha Easterling	Ashburn	1 (706) 329-8508	VA	*
John and Jennifer Sarno	Faifax	1 (910) 526-1056	VA	*
Clayton Smith	Fredericksburg	1 (540) 446-1085	VA	*
Kevin Afshar	Haymarket	1 (571) 723-6243	VA	*
Brad McNamara, Amanda Etheredge	Midlothian	1 (804) 334-9198	VA	
Stuart Wash	Newport News	1 (757) 848-3907	VA	*
Johnathan Collegio	Quantico/DC	1 (202) 390-4243	VA	*
Scott Golay	Richmond	1 (804) 356-0508	VA	*
Steven and Jason Rivera	Richmond	1 (804) 822-5660	VA	*
Sophia C. Sills-Tailor	Virginia Beach	1 (757) 724-0980	VA	
Siu-Lin Robinson	Washington DC	1 (202) 441-4228	VA	*
Reet Sangha	Seattle	1 (206) 578-9000	WA	*
Scott and Cheri Murphy	Appleton/Milwaukee	1 (336) 909-3132	WI	*
Matt Taken	Franklin	1 (414) 213-6207	WI	*
Ahmed Ginawi	Middleton	1 (505) 440-1070	WI	

* Franchisee is also an area developer under an Area Development Agreement and the Franchise Agreement was signed under an Area Development Agreement.

Former Franchisees

Franchisees whose franchise was transferred as of December 31, 2022:

Franchisee	City	State	Phone	ADA
3belleplaineproperties LLC Kevin Christian Hill Molly Hill	Rockledge	Florida	312-285-3916	
Zach Carnahan Cassie Carnahan	Houston	Texas	214-693-1733	*
Ryan Ladner Iraida Ladner	Dallas	Texas	214-649-2651	*
Scott Moore Julie Moore	Wilmington	North Carolina	910-385-5690	*

Franchisee	City	State	Phone	ADA
Mammoth Mental Health LLC Wyatt Walker Elise Walker	Lehi	Utah	804-494-4453	*

* Franchisee is also an area developer under an Area Development Agreement and the Franchise Agreement was signed under an Area Development Agreement.

Franchisees whose franchise was terminated, cancelled, not renewed, or who otherwise voluntarily ceased to do business as of December 31, 2022:

None.

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

EXHIBIT E
FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS:

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.



ELLIE FAM LLC

*FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ellie Fam LLC
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Ellie Fam LLC (a Minnesota Limited Liability Company), which comprise the balance sheets of as of December 31, 2022, 2021 and 2020, and the related statements of operations, members' equity (deficit), and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellie Fam LLC as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ellie Fam LLC and to meet our other 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 of Ellie Fam LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit 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 an audit conducted in accordance with generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 audit 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 Ellie Fam LLC'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 Ellie Fam LLC'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 audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Boyum & Barescheer PLLP

Boyum & Barescheer, PLLP
Minneapolis, Minnesota
April 18, 2023

ELLIE FAM LLC

BALANCE SHEETS

DECEMBER 31,	2022	2021	2020
ASSETS			
CURRENT ASSETS			
Cash	\$ 103,039	\$ 638,844	\$ -
Accounts receivable, net	647,098	-	-
Due from related parties	2,478,353	-	-
Prepaid expenses	100,143	23,417	-
Short-term contract assets	745,108	215,905	-
<i>Total current assets</i>	4,073,741	878,166	-
LONG-TERM CONTRACT ASSETS	15,971,546	1,917,334	-
WEBSITE, net	12,222	18,889	-
<i>Total assets</i>	\$ 20,057,509	\$ 2,814,389	\$ -
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable	\$ 676,412	\$ 169,395	\$ -
Accrued expenses	17,108	-	-
Short-term deferred franchise revenue	1,545,999	242,340	-
<i>Total current liabilities</i>	2,239,519	411,735.00	-
LONG-TERM DEFERRED FRANCHISE REVENUE	18,017,278	2,152,530	-
<i>Total liabilities</i>	20,256,797	2,564,265	-
MEMBERS' EQUITY (DEFICIT)	(199,288)	250,124	-
<i>Total liabilities and members' equity (deficit)</i>	\$ 20,057,509	\$ 2,814,389	\$ -

The Notes to the Financial Statements are an integral part of these statements.

ELLIE FAM LLC

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31,	2022	2021	2020
REVENUE	\$ 6,247,542	\$ 414,030	\$ -
OPERATING EXPENSES	6,697,161	263,915	-
<i>Net operating income (loss)</i>	(449,619)	150,115	-
OTHER INCOME			
Interest income	57	9	-
<i>Net income (loss)</i>	\$ (449,562)	\$ 150,124	\$ -

The Notes to the Financial Statements are an integral part of these statements.

ELLIE FAM LLC

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020	
BALANCE, December 31, 2020	\$ -
Contributions	100,000
Net income	150,124
BALANCE, December 31, 2021	\$ 250,124
Contributions	150
Net loss	(449,562)
<i>BALANCE, December 31, 2022</i>	<i>\$ (199,288)</i>

The Notes to the Financial Statements are an integral part of these statements.

ELLIE FAM LLC

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Net income (loss)	\$ (449,562)	\$ 150,124	\$ -
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization	6,667	1,111	-
Net change in operating assets and liabilities:			
Accounts receivable	(647,098)	-	-
Prepaid expenses	(76,726)	(23,417)	-
Contract assets	(14,583,415)	(2,133,239)	-
Accounts payable	507,017	169,395	-
Accrued expenses	17,108	-	-
Deferred franchise revenue	17,168,407	2,394,870	-
<i>Net cash provided by operating activities</i>	1,942,398	558,844	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of website	-	(20,000)	-
<i>Net cash used in investing activities</i>	-	(20,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in due to/from related parties	(2,478,353)	-	-
Member contributions	150	100,000	-
<i>Net cash provided by (used in) financing activities</i>	(2,478,203)	100,000	-
<i>Net change in cash</i>	(535,805)	638,844	-
Cash, beginning of year	638,844	-	-
<i>Cash, end of year</i>	\$ 103,039	\$ 638,844	\$ -

The Notes to the Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business description

Ellie Fam LLC (Company), a limited liability company, sells franchises of Ellie Mental Health, a mental health services clinic, nationally. The Company will receive an initial franchise fee or area development fee and continuing royalties from the franchisees.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Company maintains cash in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), which at times may exceed federally insured limits. The Company believes they are not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Company monitors collections and payments and maintains an allowance for estimated losses based on historical trends, specific customer issues and current economic trends. The Company recorded allowance for doubtful accounts of \$6,536 as of December 31, 2022. All account balances were deemed collectible at December 31, 2021 and 2020, respectively, therefore management does not find it necessary to record an allowance for doubtful accounts.

Website

Costs incurred to develop the Company's website are capitalized and amortized over the three-year estimated useful life of the website. In 2021, the Company capitalized \$20,000 of website development costs and recorded amortization expense of \$6,667 and \$1,111 for the years ended December 31, 2022 and 2021, respectively. Amortization expense of \$6,667 will be recorded for each proceeding year until website is fully amortized.

Revenue recognition

The Company adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)* in 2021 and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The guidance requires the Company to recognize revenue to depict the transfer of good or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good or services. The guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Revenue recognition (continued)

The Company franchises the Ellie Mental Health counseling concepts. The franchise arrangement is documented in the form of a franchise agreement and, or, an area development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the opening of a counseling practice. The agreements between the Company (franchisor) and franchisees contain the provision of multiple services and goods by the franchisor.

This includes a license to the franchisor's intellectual property, pre-opening services, training and other activities as needed.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/area development fees; (b) outreach fee; (c) continuing brand fees, marketing fees, and technology fees; and (d) other fees.

The Company recognizes the primary components of the transaction price as follows:

- The initial franchise/area development fees consist of multiple performance obligations which include the site selection assistance, training and start-up assistance and other minor obligations. The Company receives an initial franchise fee of \$60,000. The development fee is based upon the number of Ellie Mental Health franchises that a franchisee commits to open, which the Company credits against the initial franchise fee due under each franchise agreement as they are developed.

The initial training and pre-opening activities are valued at \$16,000 per franchisee. The site selection assistance is valued at \$2,010 per visit per franchise location for the year ended December 31, 2022. The site selection assistance is valued at \$3,000 for single person visit and \$5,250 for double person visit per franchise location for the year ended December 31, 2021. These activities are considered distinct from the franchise license and are recognized within months of the contract being signed.

Initial franchise fees and development fees not considered under the practical expedient are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

- Outreach fees are recognized upon completion of training or planned opening date. The outreach fee is \$6,000.
- Learning management system library license fees are recognized as revenue ratably on a straight-line basis over the annual subscription term. The annual learning management system library license fee is \$2,000.
- Pre-opening marketing fees consists of a marketing plan customized to each franchise opening are recognized upon completion of marketing services. The pre-opening marketing fee is variable based on services provided.
- Initial supply package fees consist of branded items, marketing materials and promotional items provided to franchisee and recognized within months of the contract being signed. The initial supply package fee is between \$1,500 and \$4,500.
- Contract and credentialing fees are one-time fees recognized as revenue upon completion of initial set-up. Fees are \$1,250 for initial setup, \$300 per payor, and \$500 per provider.
- The Company is entitled to various continuing fees including marketing fees, technology fees, shared services fees, system fees, conference fees, transfer fees, and other fees. Some of the fees are flat fees and others are based on the number of qualified clinicians working at the franchisee's clinic.

ELLIE FAM LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Revenue recognition (continued)

Contract assets

Contract assets consists of the following:

YEARS ENDED DECEMBER 31,	2022	2021	2020
Deferred contract acquisition costs, beginning of year	\$ 2,133,239	\$ -	\$ -
Costs recognized	(501,105)	-	-
Increase in deferred contract acquisition costs due to amounts paid or invoiced	15,084,520	2,133,239	-
<i>Total contract assets</i>	\$ 16,716,654	\$ 2,133,239	\$ -

The Company incurs a significant amount of contract acquisition costs in conducting its franchising activities related to finder's fees. These costs are recorded as an asset on the balance sheet and amortized over the term of the franchise agreement.

Deferred revenue

Deferred revenue consists of the following:

DECEMBER 31,	2022	2021	2020
Initial franchise fees	\$ 18,688,856	\$ 2,394,870	\$ -
Outreach fees	655,250	-	-
Learning management system library license fees	219,171	-	-
<i>Total deferred revenue</i>	\$ 19,563,277	\$ 2,394,870	\$ -

Under Topic 606, the initial franchise fees are deferred and recognized as revenue over the terms set forth in the individual franchise agreements. The Company recognized a total of \$3,663,514 initial franchise fees as income during the year ended December 31, 2022. The Company recognized a total of \$414,030 of initial franchise fees as income during the year ended December 31, 2021.

The Company recognized a total of \$486,000 outreach service fees as income during the year ended December 31, 2022. There were no services provided prior to 2022.

The Company recognized a total of \$250,829 learning management service fees as income during the year ended December 31, 2022. There were no subscriptions to this service prior to 2022.

The following table provides information about significant changes in deferred revenue:

YEARS ENDED DECEMBER 31,	2022	2021	2020
Deferred revenue, beginning of year	\$ 2,394,870	\$ -	\$ -
Revenue recognized	(4,400,343)	(414,030)	-
Increase in deferred revenue due to amounts collected or invoiced	21,568,750	2,808,900	-
<i>Deferred revenue, end of year</i>	\$ 19,563,277	\$ 2,394,870	\$ -

ELLIE FAM LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Revenue recognition (continued)

Disaggregated revenue

YEARS ENDED DECEMBER 31,	2022	2021	2020
Initial franchise fees (over time)	\$ 3,663,514	\$ 414,030	\$ -
Outreach fees (point in time)	486,000	-	-
Learning management system library license fees (over time)	250,829	-	-
Pre-opening marketing fees (point in time)	560,000	-	-
Initial supply package fees (point in time)	846,000	-	-
Contract and credentialling fees (point in time)	362,750	-	-
Marketing fees (point in time)	9,900	-	-
Technology fees (point in time)	75,210	-	-
Shared services revenue (point in time)	79,380	-	-
Brand and system fees (point in time)	64,831	-	-
Conference registration fees (point in time)	357,777	-	-
Transfer fees (point in time)	40,000	-	-
Other (point in time)	20,000	-	-
Discounts	(568,649)	-	-
<i>Total revenue</i>	\$ 6,247,542	\$ 414,030	\$ -

There have been no franchisees that have started operations prior to 2022; therefore, no fees recognized other than initial franchise fees for the years ended December 31, 2021 and 2020.

Income taxes

The Company is organized as a Limited Liability Company that is taxed as a partnership under the Internal Revenue code and applicable state statutes. The profits and losses of the Company flow through to the owners rather than the Company level. Accordingly, the Company will have no tax liability.

The Company has not been audited by the Internal Revenue Service or other state agencies. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

Advertising

The Company expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2022 was \$914,799. Advertising costs for the year ended December 31, 2021 was \$23,274. There were no advertising expenses for 2020.

Pushdown accounting

Accounting Standard ASC 805-50-25, *Business Combinations (Topic 805): Pushdown Accounting*, requires that in business combinations an “acquirer” establish a new basis of accounting in its books for assets acquired and liabilities assumed when it obtains control of a business. Afterwards, the acquiree adopts the newly established acquirer’s basis of reporting its own assets and liabilities in its stand-alone financial statement presentations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Pushdown accounting (continued)

When following ASC 805-50-25, an acquired entity has the option to apply pushdown accounting in its separate financial statements upon the occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. An acquired entity should determine whether to elect to apply pushdown accounting for each individual change-in-control event in which an acquirer obtains control of the acquired entity. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity will have the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event.

On April 25, 2022, EMH PEP Holdco, LLC purchased Ellie Fam LLC and other related party entities. Upon closing, a total of \$32,950,000 in cash was paid, a promissory note in the principal amount of \$11,366,814 was executed, and \$22,050,000 worth of shares of 220,500 common stock, at \$100 per share, were transferred to the selling parties. In accordance with ASC 805-50-25, *Business Combinations (Topic 850): Pushdown Accounting*, the Company has elected not to apply pushdown accounting for the above transaction.

Subsequent events

Management has evaluated subsequent events through April 18, 2023, the date at which the financial statements were available to be issued.

NOTE 2. RELATED PARTY TRANSACTIONS

The Company has related party payables of \$0, \$169,395 and \$0 for the years ended December 31, 2022, 2021 and 2020, respectively and is included in accounts payable on the balance sheets. The Company has related party receivables of \$2,478,353, \$0, and \$0 for the years ended December 31, 2022, 2021 and 2020, respectively. Related party balances are due on demand.

The Company recorded payroll expenses allocated from a related party of \$3,453,630 for the year ended December 31, 2022. There were no related party payroll expenses recorded for the years ended December 31, 2021 and 2020.

The Company recorded expenses related to management services and reimbursable expenses from a related party affiliate through common ownership of \$160,350 for the year ended December 31, 2022. There were no related party expenses recorded for the years ended December 31, 2021 and 2020.

Ellie Fam, LLC
Profit and Loss by Month
 January - March, 2023

	Jan 2023	Feb 2023	Mar 2023	Total
Income				
40000 Franchise License Sales Revenue	91,850.57	77,839.48	205,259.65	374,949.70
40100 Discounts	-70,875.14	-76,018.42	-77,496.82	-224,390.38
40300 Shared Services Revenue	45,780.00	37,040.10	41,499.01	124,319.11
40400 Ad Fund Fee Revenue	5,450.00	7,850.00	8,650.00	21,950.00
40500 Technology Fee Revenue	16,305.00	24,265.00	28,585.00	69,155.00
40600 Annual Conference Revenue			5,750.00	5,750.00
40700 Outreach Fee Revenue		138,000.00	78,000.00	216,000.00
40800 LMS Setup Fee Revenue	39,374.37	39,999.36	41,457.67	120,831.40
40900 Credentialing Fee Revenue	1,250.00	3,750.00	8,750.00	13,750.00
41000 Brand/System Fee Revenue	24,270.98	35,700.50	43,183.86	103,155.34
41100 Initial Supply Package Fee Revenue	4,500.00	13,500.00	31,500.00	49,500.00
41700 Pre-Opening Marketing Fee Revenue	190,000.00	150,000.00	130,000.00	470,000.00
Total Income	\$ 347,905.78	\$ 451,926.02	\$ 545,138.37	\$ 1,344,970.17
Cost of Goods Sold				
50000 Broker Network Fees	66,298.94	67,292.97	68,878.18	202,470.09
50400 Annual Conference Expense	606.74			606.74
50500 Franchisee Marketing Kits	38,492.28	51,127.38	45,000.00	134,619.66
Total Cost of Goods Sold	\$ 105,397.96	\$ 118,420.35	\$ 113,878.18	\$ 337,696.49
Gross Profit	\$ 242,507.82	\$ 333,505.67	\$ 431,260.19	\$ 1,007,273.68
Expenses				
63000 Consulting/Contractor Expense	26,067.50	8,625.00	3,000.00	37,692.50
63050 Legal Expense	18,943.39	14,571.05	19,337.50	52,851.94
63100 Other Outside Services	38,534.00	93,654.03	71,939.27	204,127.30
63200 Princeton Management Services	30,991.33	56,278.88	30,991.34	118,261.55
65000 Airfare	14,543.53	9,019.80	9,310.51	32,873.84
65050 Lodging	20,288.94	23,395.04	16,666.98	60,350.96
65100 Car Rental	2,509.32	2,541.27	3,464.99	8,515.58
65150 Meals - 50% deductible	10,665.91	9,363.46	6,136.21	26,165.58
65250 Mileage/Gas/Parking/Taxi/Train/Car Service	8,743.33	7,751.04	5,621.08	22,115.45
65300 Travel - Other (2022 & Prior All Travel Costs)	-3,898.70	646.47	647.26	-2,604.97
66000 Advertising & Marketing Expenses	103,800.05	216,014.78	177,589.89	497,404.72
67000 Training, Education & Development	-3,900.00	621.46	604.39	-2,674.15
67050 Dues and Subscriptions	62,727.16	2,723.81	4,173.09	69,624.06
67100 Recruiting		6,360.00		6,360.00
67400 Bank Charges & Fees	126.53	526.30	329.04	981.87
67450 Quickbook Fees	3,625.62	1,996.80	6,069.48	11,691.90
67550 Office Supplies	-4,313.79	12.87	1,282.24	-3,018.68
67600 Computer supplies and equipment under \$2500	570.89	-59.89		511.00
67650 Software	55,523.12	61,679.94	75,040.70	192,243.76
67750 Misc. Licenses and fees	260.04			260.04
Total Expenses	\$ 385,808.17	\$ 515,722.11	\$ 432,203.97	\$ 1,333,734.25
Net Operating Income	-\$ 143,300.35	-\$ 182,216.44	-\$ 943.78	-\$ 326,460.57
Other Expenses				
70000 Depreciation Expense	555.56	555.56	555.56	1,666.68
Total Other Expenses	\$ 555.56	\$ 555.56	\$ 555.56	\$ 1,666.68
Net Other Income	-\$ 555.56	-\$ 555.56	-\$ 555.56	-\$ 1,666.68
Net Income	-\$ 143,855.91	-\$ 182,772.00	-\$ 1,499.34	-\$ 328,127.25

Ellie Fam, LLC
Balance Sheet
As of March 31, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
10000 Bank Acct 5686	767,592.25
13100 Bill.com Money Out Clearing	0.00
Total Bank Accounts	\$ 767,592.25
Accounts Receivable	
12000 Accounts Receivable - Franchise Related	636,196.49
Total Accounts Receivable	\$ 636,196.49
Other Current Assets	
12900 AR Other	0.00
13000 Undeposited Funds	4,000.00
14000 Prepaid Expenses	277,398.89
15100 Short Term Contract Assets (Broker Fees)	17,931,433.87
15300 Intercompany Rec/Pay - Ellie Family Services PLLP	2,249,591.18
15400 Intercompany Rec/Pay - Ellie MSO LLC	-1,585,814.57
Total Other Current Assets	\$ 18,876,609.37
Total Current Assets	\$ 20,280,398.11
Fixed Assets	
16000 Mobile Application	0.00
16100 Website	20,000.00
17000 Accumulated Depreciation	-9,444.41
Total Fixed Assets	\$ 10,555.59
Other Assets	
18100 Long Term Contract Assets (Broker Fees)	0.00
Total Other Assets	\$ 0.00
TOTAL ASSETS	\$ 20,290,953.70
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable (A/P)	800,508.70
Total Accounts Payable	\$ 800,508.70
Other Current Liabilities	
20100 Credit Card Payable - Amex	137,678.82
22000 Accrued Expenses	70,800.00
24100 Short Term Deferred Franchise License Revenue	0.00
24200 Short Term Deferred Outreach Revenue	0.00
24300 Short Term Deferred LMS Revenue	125,839.28
Total Other Current Liabilities	\$ 334,318.10
Total Current Liabilities	\$ 1,134,826.80
Long-Term Liabilities	
26100 Long Term Deferred Franchise License Revenue	20,408,906.42
26200 Long Term Deferred Outreach Revenue	505,250.00
Total Long-Term Liabilities	\$ 20,914,156.42
Total Liabilities	\$ 22,048,983.22
Equity	
30000 Owner's Draw (Chris)	-407,008.38
30050 Owner's Draw (Erin)	-465,152.44
30100 Owner's Draw (Kyle)	-290,720.27
31000 Owner's Investment	100,150.00
38000 Opening Balance Equity	0.00
39000 Retained Earnings	-367,171.18
Net Income	-328,127.25
Total Equity	-\$ 1,758,029.52
TOTAL LIABILITIES AND EQUITY	\$ 20,290,953.70

EXHIBIT F
FRANCHISE AGREEMENT, STATEMENT OF OWNERSHIP AND MANAGEMENT, GUARANTY,
TRANSFER FORM, GENERAL RELEASE, LEASE RIDER, AND STATE SPECIFIC ADDENDA TO
FRANCHISE AGREEMENT

**ELLIE MENTAL HEALTH
FRANCHISE AGREEMENT**

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ATTACHMENTS

Rider
Statement of Ownership and Management
Guaranty
Franchise Assignment, Sale, and Transfer to Entity Owned by Original Franchisee
General Release
Lease Rider
State Specific Addenda to Franchise Agreement

ELLIE MENTAL HEALTH FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made as of the "Effective Date" set forth on the Rider attached hereto (the "Rider"), by and between ELLIE FAM LLC, a Minnesota limited liability company ("Franchisor"), and the "Franchisee" set forth on the Rider ("Franchisee").

INTRODUCTION

Franchisor and its affiliates have developed certain policies, procedures, and techniques for the operation of businesses that will operate outpatient counseling and therapy clinics under the "Ellie Mental Health®" service mark providing counseling, medication management, and therapeutic products and services, by Licensed Providers (as defined below), to individuals, couples, families, and groups, and related products and services. Franchisor desires to grant to qualified persons franchises to use the concepts, programs, and methods of promotion developed by Franchisor and its affiliates to develop and operate a business operating an Ellie Mental Health clinic. Franchisee has applied to Franchisor for a franchise and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 DEFINITIONS

Capitalized terms used in this Agreement have the meanings given below:

- (a) "Collected Revenue" shall mean the total amount of revenues, income, receipts, reimbursements, and other fees actually received that are attributable to or earned by the Licensed Providers or other employees or contractors of the Franchised Business for activities and services taking place by or through the Franchised Business or processed through the EHR System, and all other services and products, if any, sold under the Names and Marks, or otherwise related to the Franchised Business, including but not limited to amounts received for co-pays, private payments, and insurance reimbursements. There shall be excluded from "Collected Revenues" amounts collected and remitted by Franchisee to any governmental taxing authority in satisfaction of sales or occupation taxes.
- (b) "Competitive Business" shall mean any business, clinic, program, or other venture that holds itself out as providing outpatient counseling or therapy products or services.
- (c) "Designated Territory" shall mean the area described as such and identified in the Rider.
- (d) "Franchise" shall mean the right granted to Franchisee by Franchisor to use the System of Operation and to use the Names and Marks selected, used, and promoted by Franchisor to develop and operate a business that operates an outpatient counseling and therapy clinic providing counseling, medication management, and therapeutic products and services, by Licensed Providers, to individuals, couples, families, and groups, and related products and services.
- (e) "Franchised Business" shall mean the business franchised under this Agreement that will operate an outpatient counseling and therapy clinic using the System of Operation and the Names and Marks.
- (f) The term "including" shall mean "including, but not limited to."

(g) “Licensed Provider” shall mean, as applicable: (1) a counselor or therapist licensed or otherwise permitted to provide outpatient counseling and therapy products and services, directly or indirectly, at or through the Franchised Business under applicable local, state, and federal laws and regulations; and (2) a prescriber providing evaluation and management services that is licensed to prescribe medication to patients, directly or indirectly, at or through the Franchised Business under applicable local, state, and federal laws and regulations.

(h) “Names and Marks” shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System of Operation.

(i) “Restricted Area” shall mean the approved location of the Franchised Business, the Designated Territory, a radius of ten (10) miles from the Designated Territory, and a radius of ten (10) miles from any other Ellie Family Services or Ellie Mental Health clinic in existence as of the date of termination, expiration, or assignment of this Agreement.

(j) “System Fees” shall mean the Qualified Clinician System Fees and Qualified Prescriber System Fees.

(k) “System of Operation” shall mean the business plans, methods, systems, and provider networks developed by Franchisor and its affiliates to be used in connection with the operation of businesses that operate outpatient counseling and therapy clinics providing counseling, medication management, and therapeutic products and services, by Licensed Providers, to individuals, couples, families, and groups, and related products and services. The “System of Operation” includes standards, specifications, methods, procedures, techniques, and management systems, all of which may be changed, improved, and further developed from time to time by Franchisor, but specifically excludes any employee policies or procedures that Franchisor may make available to Franchisee for its optional use during the Term of the Franchise.

(l) “Term of the Franchise” shall mean the initial term of the Franchise.

(m) “Qualified Clinician” shall mean a Licensed Provider providing outpatient counseling and therapy products and services, directly or indirectly, at or through the Franchised Business in a given calendar month (whether working part-time or full-time, whether providing services for a full or partial month, and whether retained as an employee or independent contractor); provided, however, if a Qualified Clinician provides products or services, directly or indirectly, at or through multiple Ellie Mental Health clinics owned or managed by Franchisee or its affiliates, Franchisor will allocate such Qualified Clinician on a pro-rata basis to each such clinic based on the approximate hours worked at each clinic or allocate such Qualified Clinician to a single clinic, as determined by Franchisor.

(n) “Qualified Prescriber” shall mean a Licensed Provider providing evaluation and management services that is licensed to prescribe medication to patients, directly or indirectly, at or through the Franchised Business in a given calendar month (whether working part-time or full-time, whether providing services for a full or partial month, and whether retained as an employee or independent contractor); provided, however, if a Qualified Prescriber provides products or services, directly or indirectly, at or through multiple Ellie Mental Health clinics owned or managed by Franchisee or its affiliates, Franchisor will allocate the Qualified Prescriber on a pro-rata basis to each clinic based on the approximate hours worked at each clinic or allocate the Qualified Prescriber to a single clinic, as determined by Franchisor.

2 GRANT OF FRANCHISE; RENEWAL OF FRANCHISE

(a) **Grant of Franchise; Initial Term.** Subject to the provisions of this Agreement, Franchisor grants to Franchisee a Franchise for an initial term of ten (10) years, commencing on the Effective Date, to utilize the System of Operation in the operation of a business that will operate an outpatient counseling and therapy clinic under the Names and Marks providing counseling, medication management, and therapeutic products and services, by Licensed Providers, to individuals, couples, families, and groups, and related products and services. Notwithstanding the foregoing, if Franchisee is not properly licensed to provide medical services as required by applicable state law, Franchisee must develop and operate a Management Business during the Term of the Franchise as provided in Section 9(p).

(b) **Renewal.** Franchisee may renew the Franchise for an additional term of ten (10) years, subject to the satisfaction of all conditions imposed by Franchisor upon renewal, including that upon expiration of the Term of the Franchise, Franchisee shall have:

- (1) complied with all provisions of this Agreement;
- (2) operated the Franchised Business utilizing and conforming to the System of Operation;
- (3) utilized exclusively the Names and Marks in the operation of the Franchised Business;
- (4) upgraded the Franchised Business, including furniture, fixtures, and equipment, to meet Franchisor's then-current standards;
- (5) provided Franchisor with evidence of control of the premises for the Franchised Business for the renewal term;
- (6) provided Franchisor with evidence of all licenses and permits (including of the Franchised Business and of its employees, contractors, and staff) required to continue operating the Franchised Business;
- (7) provided Franchisor at least two hundred ten (210) days prior written notice of its election to renew the Franchise; and
- (8) within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal: (a) executed Franchisor's then-current form of franchise agreement offered to prospective new franchisees, as amended to reflect that the Franchise is a renewal and not a grant of a new Franchise, and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of Ellie Mental Health franchises to prospective new franchisees, including a general release; and (b) paid to Franchisor a renewal fee of Ten Thousand Dollars (\$10,000).

(c) **Renewal Acknowledgments.** Franchisee acknowledges that the right of renewal set forth herein does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of franchise agreements utilized by Franchisor upon renewal are likely to be substantially different than the terms offered by Franchisor as of the date hereof. Franchisee further acknowledges that the failure to meet any conditions of renewal imposed by Franchisor, including those set forth herein, shall be deemed an election by Franchisee not to renew the Franchise.

(d) **Holdover.** If Franchisee does not sign a new franchise agreement prior to expiration of the Term of the Franchise, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise to do so and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3 SEARCH AREA; LOCATION; CONSTRUCTION

(a) **Search Area.** Franchisor shall provide general guidelines to Franchisee upon execution of this Agreement for the selection of potential locations for the Franchised Business. If the site has not been approved as of the date Franchisor executes this Agreement, the Franchised Business must be located in the non-exclusive "Search Area" set forth on the Rider. Franchisee acknowledges that Franchisor may grant others the right to seek sites within the foregoing Search Area, in its sole discretion, and that Franchisee acquires no exclusive or priority rights in such Search Area.

(b) **Site Selection; Location.** Franchisee will have the right to operate the Franchised Business at one (1) location only. The Franchised Business will be located at a site selected by Franchisee and approved by Franchisor. It shall be the responsibility of Franchisee to identify prospective sites for the Franchised Business and to obtain Franchisor's approval of any proposed site for the Franchised Business before obtaining possession of the site. As Franchisee identifies prospective sites, it shall notify Franchisor, and Franchisor will review criteria regarding such prospective sites as Franchisor deems appropriate. Franchisee will assist Franchisor by providing Franchisor any information Franchisor may request regarding any prospective sites. Franchisee shall operate the Franchised Business from the location approved by Franchisor. Franchisee shall not use the Franchised Business to operate any business other than the Franchised Business.

(1) **Property Control.** Franchisee must, in good faith, actively find and negotiate a lease within sixty (60) days of the Effective Date. Franchisee shall obtain property control of the approved location of the Franchised Business on or before the "Property Control Date" set forth on the Rider.

(2) **Leasing.** Franchisor reserves the right to review and approve any lease or sublease for the location of the Franchised Business. Franchisee shall ensure that the Lease Rider attached to this Agreement is executed by the Franchisee and the landlord for the Franchised Business contemporaneous with the execution of the lease or sublease for the Franchised Business. Franchisor shall have no responsibility to review the lease or sublease for the Franchised Business or to make any recommendations regarding the terms thereof. Franchisee shall provide Franchisor within five (5) days of execution or amendment, a copy of the lease or sublease, including the Lease Rider, and any amendments to any of the foregoing.

(3) **Rider.** Upon approval of the location of the Franchised Business, Franchisor shall complete, and Franchisee hereby expressly consents to Franchisor completing, the Rider indicating the address of the Franchised Business and the Designated Territory, and Franchisee shall secure possession of the location for the Franchised Business.

(c) **Design.** Franchisor shall provide to Franchisee a sample layout for the interior of a typical Ellie Mental Health clinic, including décor specifications. Franchisee shall, at its own expense, employ architects, engineers, or others as may be necessary to complete, adapt, and modify the sample plans and specifications for the Franchised Business to fit the location. Franchisee shall submit to Franchisor a complete set of final plans and specifications prior to commencing construction of the Franchised Business. Franchisor shall review such plans and specifications and approve or provide comments to Franchisee on the plans and specifications. Franchisee shall not commence construction of the Franchised Business until Franchisor approves in writing the final plans and specifications to be used in constructing the Franchised Business. Franchisor may consult with Franchisee, to the extent that Franchisor deems necessary, on the construction and equipping of the Franchised Business, but it shall be and remain the sole responsibility of Franchisee to diligently design, construct, equip, and otherwise ready and open the Franchised Business on a timely basis.

(d) **Construction Obligations of Franchisee; Opening.** Franchisee must obtain Franchisor's prior approval of any vendor used for real estate construction project management services for the construction and buildout of the Franchised Business. Franchisor may require that Franchisee obtain real estate construction projection management services from Franchisor or its affiliates. Franchisee shall use a licensed general contractor satisfactory to Franchisor to perform construction work at the Franchised Business. Franchisor shall not be responsible for delays in the construction, equipping, or decoration of the Franchised Business or for any loss resulting from the design or construction since Franchisor has no control over the landlord or contractor or the numerous construction and/or related problems which could occur and delay the opening of the Franchised Business. Franchisor must approve in writing any and all changes in any plans prior to construction of the Franchised Business or the implementation of such changes. Franchisor shall have access to the location of the Franchised Business while work is in progress and may require such reasonable alterations or modifications of the construction of the Franchised Business as Franchisor deems necessary. Franchisee shall not open the Franchised Business if the Franchised Business does not conform to the plans and specifications approved by Franchisor, including changes thereof approved by Franchisor. Franchisee shall correct any unauthorized variance from the approved plans and specifications promptly, and open the Franchised Business on or before the "Required Opening Date" set forth on the Rider.

(e) **Fixtures, Leasehold Improvements, and Equipment.** Franchisor shall provide to Franchisee specifications for leasehold improvements, furniture, fixtures, and equipment for the Franchised Business. All leasehold improvements used in the Franchised Business shall be constructed according to the exact specifications of Franchisor in effect at the time the improvements are made. All furniture, fixtures, and equipment installed in the Franchised Business must also meet the exact specifications of Franchisor, if any, including brand and model number, where designated. Franchisor may designate specific or approved suppliers from whom such items can be purchased. If Franchisor designates a specific supplier for any items, Franchisee must purchase the items from the specific, designated supplier. Franchisee acknowledges that designated, specific suppliers may include Franchisor or its affiliates.

(f) **Exterior and Interior Signs.** All signs used in the Franchised Business must conform to Franchisor's sign criteria as to type, color, size, design, and location. All signs must be approved in writing by Franchisor prior to installation.

(g) **Alterations.** During the Term of the Franchise, the floor plan, interior and exterior design, and furniture, fixtures, and equipment of the Franchised Business shall not be altered or modified, without the prior written approval of Franchisor.

(h) **Remodeling.** Franchisee shall be required to periodically make reasonable capital expenditures to remodel, modernize, and re-decorate the Franchised Business so that the premises reflect the current image intended to be portrayed by Ellie Mental Health clinics. All remodeling, modernization, and redecoration of the Franchised Business must be done in

accordance with the standards and specifications prescribed by Franchisor from time to time and with the prior written approval of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be approved by Franchisor in writing. Franchisor may inspect, but shall not be obligated to inspect, such work at any time to determine that the work is done in accordance with Franchisor's approved plans and specifications. In addition to the remodel that may be required at the time of renewal, Franchisor may require Franchisee to remodel, modernize, and re-decorate the Franchised Business at any time during the Term of the Franchise.

(i) **Relocation.** During the Term of the Franchise, Franchisee shall not change the site of the Franchised Business without Franchisor's prior written consent, which consent shall not be unreasonably withheld; provided, however, if Franchisor approves a change in the location of the Franchised Business, Franchisor may also change the Designated Territory to conform to its then-current standards for the grant of similar territories. If Franchisee desires to operate the Franchised Business from a location other than that indicated in the Rider, and Franchisor approves the new location, Franchisee authorizes Franchisor to amend the Rider to change the location to the address of the new site approved by Franchisor and the Designated Territory, and Franchisee shall pay Franchisor a relocation fee of Seven Thousand Five Hundred Dollars (\$7,500).

(j) **Indemnification of Franchisor.** Franchisee is strictly responsible for the acts or omissions of its contractors regarding compliance with all specifications and requirements provided by Franchisor, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Franchised Business. Franchisee shall indemnify Franchisor for any loss, cost, or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or arising out of the design or construction of the Franchised Business.

4 DESIGNATED TERRITORY

(a) **Designated Territory.** During the Term of the Franchise, and provided that Franchisee is not in default under this Agreement, Franchisor will not grant to anyone else a Franchise to operate, and will not itself operate, under the Names and Marks, an outpatient counseling and therapy clinic providing counseling, medication management, and therapeutic products and services that is physically located in the Designated Territory, except as provided below. Franchisee acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

(1) Operating, or allowing others to operate, similar or identical businesses physically located in the Designated Territory, whether under the Names and Marks or other trade or service marks, that are located in self-contained areas serving a restricted or limited population (including at corporate campuses, schools, colleges, military bases, or hospitals) even if the businesses compete with the Franchised Business;

(2) Providing, or allowing others to provide, in-home counseling and therapy products and services, whether under the Names and Marks or other trade or service marks, even within the Designated Territory and even if the products and services compete with those offered by the Franchised Business;

(3) Operating, or allowing others to operate, similar or identical businesses physically located outside the Designated Territory, whether under the Names and Marks or other trade or service marks, even if the businesses compete with the Franchised Business;

(4) Operating, or allowing others to operate, businesses inside the Designated Territory under the Names and Marks or other trade or service marks that do not provide counseling, medication management, and therapeutic products and services;

(5) Selling products to third parties even if such products are sold or provided to Franchisee for use in the Franchised Business, whether located in the Designated Territory or otherwise and whether under the Names and Marks or other trade or service marks;

(6) Selling goods or services, or granting others the right to sell goods or services, similar to or competitive with those sold by the Franchised Business, whether using the Names and Marks or other trade or service marks, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing) both inside and outside the Designated Territory;

(7) Acquiring businesses that are similar to the Franchised Business; or

(8) The sale of Franchisor or substantially all of its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to the Franchised Business.

(b) **Acknowledgments.** Franchisee acknowledges: (1) that the restrictions set forth in this Section 4 do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions; (2) Franchisor cannot prevent another Ellie Mental Health clinic from soliciting clients inside Franchisee's Designated Territory; (3) Franchisee is not prohibited from soliciting clients located outside of its Designated Territory, provided that is licensed to provide the applicable products or services to these clients; and (4) Franchisee's Designated Territory may overlap with the designated territory of another Ellie Mental Health franchisee.

(c) **Client Referral Policy.** Franchisor may assign a potential client or referral that Franchisor receives to any Ellie Mental Health clinic based on its current policies and appointment availability as Franchisor determines in the interests of the client, regardless of proximity of the client to the Franchised Business or the Designated Territory and without any obligation or compensation to Franchisee.

5 FEES

(a) **Initial Franchise Fee.** In consideration for the grant of the Franchise to Franchisee, Franchisee shall pay to Franchisor the "Initial Franchise Fee" set forth on the Rider. The Initial Franchise Fee shall be due and payable upon execution of this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor upon execution of this Agreement, and shall not be refundable.

(b) **Onboarding Package Fees.** In consideration of certain items and services Franchisor provides Franchisee before or after opening (in Franchisor's discretion), Franchisee shall pay to Franchisor or its affiliates its then-current "Onboarding Package Fee" due and payable upon execution of this Agreement. The Onboarding Package Fee shall be deemed to have been earned by Franchisor upon execution of this Agreement, and shall not be refundable.

(c) **Qualified Clinician System Fee.** On or before the tenth (10th) day of each calendar month, Franchisee shall pay to Franchisor a monthly nonrefundable administrative and system fee of One Thousand Dollars (\$1,000) per Qualified Clinician in the prior calendar month, not to exceed seven and one-half percent (7.5%) of the Collected Revenue of the Qualified Clinician in the prior calendar month (the "Qualified Clinician System Fee"). The Qualified Clinician System Fee shall be due and payable beginning on the tenth (10th) day of the month following the first full

month after the commencement of operation of the Franchised Business for the prior full month and continuing thereafter for each subsequent month. . Qualified Clinician System Fees are calculated and due on a per Qualified Clinician basis based on data available in Franchisor's EHR System or otherwise available to Franchisor.

(d) **Qualified Prescribers System Fee.** On or before the tenth (10th) day of each calendar month, Franchisee shall pay to Franchisor a monthly nonrefundable administrative and system fee of Three Thousand Dollars (\$3,000) per Qualified Prescriber in the prior calendar month, not to exceed seven and one-half percent (7.5%) of the Collected Revenue of the Qualified Prescriber in the prior calendar month (the "Qualified Prescriber System Fee"). The Qualified Prescriber System Fee shall be due and payable beginning on the tenth (10th) day of the month following the first full month after the commencement of operation of the Franchised Business for the prior full month and continuing thereafter for each subsequent month. Qualified Prescriber System Fees are calculated and due on a per Qualified Prescriber basis based on data available in Franchisor's EHR System or otherwise available to Franchisor.

(e) **Technology Fee.** Franchisor will provide Franchisee with certain technology services from time to time. These services may include the provision of a certain number of email addresses for the Franchised Business, access to and use of Franchisor's EHR Systems, and use of certain software or other technology to assist in the management of the Franchised Business. Franchisee shall pay Franchisor at the times specified by Franchisor the then-current "Technology Fees" charged for these services, which fees Franchisor may change upon thirty (30) days' prior notice to Franchisee. Franchisor may modify or terminate these technology services at any time. These are not the only technology or technology services Franchisee will need to operate its Franchised Business and Franchisee is responsible for obtaining such technology and services. Technology Fees are calculated and due on a per Qualified Clinician and Qualified Prescriber basis, respectively, based on data available in Franchisor's EHR System or otherwise available to Franchisor.

(f) **Shared Services Fee.** On or before the tenth (10th) day of each calendar month, Franchisee shall pay to Franchisor a monthly nonrefundable shared services fee of seven and one-half percent (7.5%) of Collected Revenue of the Franchised Business in the prior calendar month.

(g) **LMS Library Fee.** Franchisee must license from Franchisor access to its online Learning Management System (LMS) library, the initial fee of which is included in the Onboarding Package Fees. Franchisee shall also pay Franchisor's then-current nonrefundable annual license fee to continue accessing its online Learning Management System (LMS) library, due on each annual anniversary of the opening of your Franchise Business or upon invoice.

(h) **Marketing Fee.** On or before the tenth (10th) day of each calendar month, Franchisee shall pay to Franchisor a monthly nonrefundable marketing fee of One Hundred Dollars (\$100) per each Qualified Clinician and Qualified Prescriber in the prior calendar month (the "Marketing Fee"). The Marketing Fee shall be due and payable beginning on the tenth (10th) day of the month following the first full month after the commencement of operation of the Franchised Business for the prior full month and continuing thereafter for each subsequent month. Marketing Fees are calculated and due on a per Qualified Clinician and Qualified Prescriber basis based on data available in Franchisor's EHR System or otherwise available to Franchisor.

6 **MARKETING AND PROMOTION**

(a) **Use of System Brand Fund.** Franchisor will deposit Marketing Fees received from Franchisee into a system-wide brand fund (the "System Brand Fund"). Reasonable disbursements from the System Brand Fund shall be made for the payment of expenses incurred by Franchisor in connection with the general promotion of the Names and Marks, including: (1) development and production of advertising, marketing, and promotional materials; (2) the cost of

formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising and Internet search engine campaigns and the cost to maintain and update Franchisor's or its affiliates' websites, web pages, social media and social networking sites, profiles and accounts, and search engine optimization; (3) the cost of formulating, developing, and implementing promotional and public relations programs, including advertising in trade publications; (4) market research; and (5) the reasonable cost of administering the System Brand Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the System Brand Fund and creative services, and overhead allocated to advertising activities. All interest, if any, earned by the System Brand Fund shall be used for the payment of the foregoing expenses before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency. Franchisor reserves the right to dissolve the System Brand Fund but will not do so until all the monies in the System Brand Fund have been expended.

(b) **Marketing Supplies and Materials.** Franchisor has no obligation to create marketing or promotional materials for use by Franchisee in conducting marketing for its Franchised Business. However, Franchisor may from time to time produce and make such materials available to Franchisee to purchase at such prices as are set by Franchisor from time to time. Any alterations, other than the insertion of the name and address of the Franchised Business, and the prices charged by Franchisee, must be approved by Franchisor prior to use as provided in Section 6(c). Ownership and rights, whether in the nature of copyrights or otherwise, in and to any altered or modified marketing materials or reproductions of Franchisor's marketing materials, shall vest in Franchisor and Franchisor shall be free to use and to offer others the use of any of the foregoing materials without restriction.

(c) **Local Marketing Spend.** Once the Franchised Business opens, and in addition to the Marketing Fee, Franchisee must spend a minimum of Fifty Dollars (\$50) per each Qualified Clinician and Qualified Prescriber in the prior calendar month on approved local advertising via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. Upon sixty (60) days' notice to Franchisee, Franchisor may decrease or increase the minimum local marketing spend requirement and increase or decrease the Marketing Fee by the same amount. If Franchisee does not meet this monthly requirement, Franchisor may require Franchisee to contribute to the System Brand Fund the difference between what Franchisee actually spent on approved local marketing and the minimum that Franchisee was required to spend on approved local marketing. Indirect costs Franchisee incurs in managing its local advertising campaigns, such as salaries and benefits of its employees, will not count towards these minimum expenditure requirements. Additionally, any costs Franchisee incurs for paid media advertising where keyword strategy or pay-per-click tactics are used and advertising conducted at the Franchised Business (such as grand opening marketing expenses, in-store materials and signage or banners) will not count towards these minimum expenditure requirements. The local marketing spend requirement is calculated and due on a per Qualified Clinician and Qualified Prescriber basis based on data available in Franchisor's EHR System or otherwise available to Franchisor.

Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not approve the use of such materials by Franchisee within fifteen (15) days after its receipt of such materials, they shall be deemed to have been rejected. However, Franchisor may revoke approval of any previously approved materials at any time.

(d) **Social Media Presence.** Franchisor shall list the Franchised Business, including such information as Franchisor may determine such as location, hours of operation, Licensed

Providers, and service offerings, on Franchisor's or its affiliate's website. Any and all content and any changes to the same must be approved by Franchisor prior to being made and the website listing or subpage may contain only such information as Franchisor may approve from time to time. Other than this website listing or subpage, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other digital or electronic medium or method of communication, including a website, home page, HTML document, Internet site, web page, online directory or online business profile, review and opinion web pages or sites, or social media or social networking site, hashtag, profile, avatar, account or username relating to or making reference to Franchisor or the Franchised Business (each, a "Social Media Presence"), unless otherwise approved by Franchisor. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Social Media Presence, or any information, content, or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.

Franchisee may not offer, promote, or sell any products or services or make use of any of Franchisor's Names and Marks, the Franchised Business, or the System of Operation, via any Social Media Presence without Franchisor's prior written approval. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee posting or blogging of comments about Franchisor, the Franchised Business, or the System of Operation. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat, and Pinterest; professional networks, business profiles, or online review or opinion sites like LinkedIn, Google Business Profile, or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

(e) **Franchisor-Identified Social Media Presence.** Franchisee will comply with all directives from Franchisor with respect to any Social Media Presence approved by Franchisor, including those related to materials posted on any Social Media Presence, links to and from any Social Media Presence, the use of the Names and Marks on any Social Media Presence, provision to Franchisor of passwords and any log-in credentials needed to access, remove, delete, or modify any Social Media Presence, and security for any Social Media Presence. In addition, any Social Media Presence approved by Franchisor must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards, and requirements that Franchisor may specify from time to time. Franchisee must also maintain any Social Media Presence approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to itself, or require Franchisee to, remove, delete or modify any Social Media Presence, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, hashtag, profile or page reference (a "Franchisor-Identified Social Media Presence").

(f) **Security.** Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of such security breach and

promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories, patient information, and transactions concerning clients of the Franchised Business, unless otherwise directed by Franchisor. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, patient health information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish.

(g) **Advertising Cooperative.** At such time as Franchisor in its sole discretion may determine, Franchisee shall join an advertising cooperative made up of other Ellie Mental Health clinics (the "Local Cooperative"), as determined by Franchisor. In such event, Franchisee shall be required to participate in the Local Cooperative on the terms and conditions required by Franchisor and Franchisee shall contribute to the cooperative such amounts as required by Franchisor. Any amounts contributed by Franchisee to the cooperative will be credited towards the local marketing spend requirement in Section 6(c). Franchisor shall have the right to modify or dissolve any Local Cooperative at any time.

(h) **Photos and Videos of the Franchised Business.** Franchisor shall have the right to take photographs and videos of the Franchised Business and associated signage and premises and to use such photographs and videos in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs and videos and for obtaining the necessary consents of or assignments from individuals depicted in or involved in such photographs or videos. Franchisee irrevocably assigns to Franchisor all of its right, title, and interest, if any, in and to all such photographs and videos, together with all related intellectual property rights.

7 METHOD OF PAYMENT; LATE PAYMENT CHARGES

(a) **Electronic Funds Transfer.** Franchisee shall remit System Fees, Marketing Fees, Technology Fees, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other similar means. Franchisee shall comply with all procedures specified by Franchisor in this Section 7 and in the Confidential Manual(s) with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section 7.

(1) On or before the fifth (5th) day of each calendar month, beginning in the month following the first full month after the commencement of operation of the Franchised Business, Franchisee shall report to Franchisor the true and correct Collected Revenue of the Franchised Business in the prior calendar month and the number of Qualified Clinicians and Qualified Prescribers providing products or services at the Franchised Business in the prior calendar month, whether working part-time or full-time, whether providing services for a full or partial month, and whether retained as an employee or independent contractor of the Franchised Business during the prior month (but in the first month, the report shall include all Collected Revenue received by Franchisee and all Qualified Clinicians and Qualified Prescribers from the date of this Agreement through the end of the prior month, all of which shall be deemed Collected Revenue received and Qualified Clinicians and Qualified Prescribers working in the prior month).

(2) Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of System Fees, Marketing Fees, Technology Fees, and any other amounts payable to Franchisor

or its affiliates under this Agreement. Franchisee shall make the funds available to Franchisor for withdrawal by electronic transfer no later than 10:00 a.m. central time on the tenth (10th) day of each calendar month, or if that day is not a banking business day, then by 10:00 a.m. central time on the closest banking business day preceding the tenth (10th) day. If Franchisee fails to timely report the Collected Revenue or number of Qualified Clinicians or Qualified Prescribers for any period, Franchisor may debit Franchisee's account for the greater of: (a) one hundred ten percent (110%) of the fees transferred from Franchisee's account for the last reporting period for which a report of the Collected Revenue or number of Qualified Clinicians or Qualified Prescribers was provided to Franchisor; (b) the amount due for any fees based upon information Franchisor has regarding the Franchised Business; or (c) one hundred ten percent (110%) of the fees paid by Franchisee for the same period in the prior year. In addition, if Franchisee fails to report or otherwise make available the true and correct Collected Revenues of the Franchised Business for any period, the Qualified Clinician System Fee for that particular calendar month shall be One Thousand Dollars (\$1,000) per Qualified Clinician and the Qualified Prescriber System Fee for that particular calendar month shall be Three Thousand Dollars (\$3,000) per Qualified Prescriber without regards to any maximum based on Collected Revenues.

(3) If, at any time, Franchisor determines that Franchisee has under-paid System Fees, Marketing Fees, Technology Fees, or other amounts payable to Franchisor or its affiliates, Franchisor shall be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount in accordance with the foregoing procedure, plus late payment charges as provided for in this Agreement. Any overpayment shall be credited to Franchisee's account through a credit effective as of the first reporting date after Franchisee and Franchisor determine that such credit is due. If the amount debited is less than the actual amount owed, Franchisee shall pay the remaining amount owing, plus a late payment charge thereon as set forth in this Agreement. If Franchisor is unable for any reason to debit the full amount permitted under this Agreement, Franchisee shall remit the remaining amount owing within five (5) days from notice by Franchisor, plus a late payment charge thereon as set forth in this Agreement.

(b) **Minimum Account Balance.** Franchisee shall at all times maintain a minimum balance in the designated checking or savings account for payments of System Fees, Marketing Fees, Technology Fees, and any other amounts payable by Franchisee to Franchisor or its affiliates in an amount specified by Franchisor.

(c) **Late Payment Charges.** All fees or payments of any type whatsoever owed by Franchisee to Franchisor or its affiliates that are not received when due will be subject to the imposition of late payment charges equal to the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month.

(d) **No Setoff.** Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee.

(e) **Taxes.** If any sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any federal or Minnesota income taxes imposed upon Franchisor).

(f) **Timing of Payment.** Unless specifically set forth herein to the contrary, all amounts owed to Franchisor or its affiliate shall be due and payable to Franchisor within ten (10) days following Franchisee's receipt of an invoice therefor. System Fees, Marketing Fees, Technology Fees, and any other periodic fees shall be due and payable as set forth in this Agreement. Franchisor reserves the right, upon at least sixty (60) days' prior notice to you, to charge and

collect any fees which are based on the number of Qualified Clinicians and Qualified Prescribers weekly rather than monthly.

(g) **Fees.** Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the System Fees.

8 ASSISTANCE; TRAINING; ONGOING SUPPORT

(a) **Initial Training Program.** Franchisor shall provide, at a suitable location of its choice or virtually, in Franchisor's discretion, an initial training program for Franchisee, the owners of Franchisee, and the Clinic Director of the Franchised Business (the "Initial Training Program"). The Initial Training Program will be provided without charge for certain attendees attending the Initial Training Program together before the Franchised Business opens, but any additional attendees, whether attending together or separately, will be subject to Franchisor's current charges for attendees at the Initial Training Program. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee. Franchisee, the owners of Franchisee, and the Clinic Director of the Franchised Business shall attend and satisfactorily complete the Initial Training Program after obtaining property control for the location of the Franchised Business, but in any event prior to commencing operation of the Franchised Business. If Franchisee, the owners of Franchisee, or the Clinic Director of the Franchised Business fail to satisfactorily complete the Initial Training Program, Franchisor may terminate the Franchise Agreement.

Following commencement of operation of the Franchised Business, any new owners or Clinic Directors must attend and satisfactorily complete the Initial Training Program before commencing work at the Franchised Business. Franchisor will charge its current charge for such additional training, and Franchisee must pay the charge for such training prior to the beginning of such training. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee.

(b) **Opening Assistance; Telephone Support.** Franchisor will provide Franchisee its "Onboarding Package", which will consist of items and/or services that Franchisor or its affiliate provides to assist with the opening of the Franchised Business and may vary in Franchisor's discretion. Franchisee will provide Franchisor with at least thirty (30) days' written notice of the proposed opening date of the Franchised Business. Franchisor will be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone and email support on operating issues concerning the Franchised Business. Franchisor may also provide, without charge to Franchisee, optional meetings, via conference calls, virtually, or at a location we specify, to discuss strategy, obstacles, and growth for up to two (2) hours each; provided, Franchisee is responsible for any travel, lodging, and meal expenses incurred in attending such optional meetings.

(c) **Additional Optional Training.** Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training to Franchisee on topics requested by Franchisee and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge such fees as it shall establish from time to time for such training and such fees must be paid prior to the time such training begins.

(d) **Additional Required Training.** From time to time Franchisor may require Franchisee to undergo certain training on various topics, including operations to be implemented at the Franchised Business or new procedures. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge its then-current training fee, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses.

(e) **On-Site Training.** Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training at the Franchised Business to Franchisee on topics requested by Franchisee and agreed to by Franchisor. If Franchisee fails to provide services that meet Franchisor's standards, specifications, or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its personnel at the Franchised Business to assure that such standards of quality and service are maintained. Franchisor shall charge such fees as it shall establish from time to time for such on-site training and such fees must be paid prior to the time such on-site training begins.

(f) **Confidential Manual(s).** Franchisor shall loan to Franchisee one or more manuals for use in the Franchised Business, which manuals may consist of brand standards, operations, insurance and provider network, clinical practice guidelines, and front desk manuals or otherwise (the "Confidential Manual(s)"). The Confidential Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor, and shall always be kept in safekeeping. Franchisor, from time to time, may add to or modify some or all of the Confidential Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder and Franchisee shall at all times maintain the updated Confidential Manual(s).

(g) **Ellie Family Reunions.** Franchisor may host an annual or bi-annual convention or conference (Ellie Family Reunion) for all franchisees operating under the Names and Marks. If Franchisor chooses to hold such an Ellie Family Reunion, Franchisee must attend such convention or conference or send a representative approved by Franchisor. Regardless whether Franchisee attends an Ellie Family Reunion, it shall pay to Franchisor one (1) registration fee at least one hundred twenty (120) days prior to the start of the Ellie Family Reunion.

(h) **Forms.** Franchisor may provide to Franchisee various example forms Franchisee may use in the operation of the Franchised Business, including payment forms, enrollment forms, intake forms, consent forms, and templates. Franchisee may not provide services to a minor unless and until the minor's parent or guardian signs a form. Franchisor makes no representation or warranty as to the enforceability of any contracts or other forms provided to Franchisee for use in its Franchised Business, or whether any such forms meet the legal requirements of the jurisdiction in which Franchisee does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms to meet all laws and regulations applicable to the Franchised Business and to use no contract that does not comply with applicable law. Franchisor may from time to time update the forms provided to Franchisee. Upon provision of an updated form to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form on a going forward basis.

(i) **Level of Performance; Delegation.** Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section - 16.

(j) **Notice of Deficiencies.** If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee or its employees in regard to the training, support, or any other matter affecting the establishment of the Franchised Business, Franchisee shall so notify Franchisor in writing within thirty (30) days following opening of the Franchised Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

9 OPERATION OF THE FRANCHISED BUSINESS

(a) **Commencement of Operation.** Franchisee may not commence operation of the Franchised Business until Franchisee has satisfied all conditions set forth in this Agreement required to be satisfied by Franchisee prior to opening the Franchised Business, including successful completion of the Initial Training Program, obtaining all licenses, permits, and certifications necessary to operate the Franchised Business, and being current on all amounts due to Franchisor and its affiliates and suppliers. Franchisee shall open the Franchised Business on or before the "Required Opening Date" set forth on the Rider.

(b) **Management of the Franchised Business; Owners.** Franchisee shall employ at least one (1) Licensed Provider to serve as the full-time clinic director responsible for the general operation of the Franchised Business ("Clinic Director") and who must meet Franchisor's minimum qualifications. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Franchised Business. At the time this Agreement is executed by Franchisee, Franchisee shall also complete the Statement of Ownership and Management attached hereto, and, if Franchisee is a corporation, partnership, or limited liability company, each owner of Franchisee as of the date hereof, as well as any future owners of Franchisee, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. Franchisee shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management.

(c) **Personnel.** Franchisee shall hire all personnel of the Franchised Business, and be exclusively responsible for the terms of their relationships with Franchisee, including compensation, education and training, licensure and certification, discipline, and termination. Franchisee shall post a notice in the Franchised Business, conspicuous to Franchisee's employees, notifying Franchisee's employees that they are employees of Franchisee and not of Franchisor. Franchisee shall also obtain from each of its personnel an acknowledgment signed by such personnel providing that such individual understands, acknowledges, and agrees that he or she is an employee of Franchisee and not Franchisor and that such individual shall look solely to Franchisee for his or her compensation and for all other matters related to their relationship with Franchisee.

(1) Furthermore, Franchisee shall require each Clinic Director, as a condition to their employment, to enter into a confidentiality agreement, enforceable by Franchisor, restricting the disclosure of confidential information to the same extent as Franchisee is restricted under this Agreement (to the extent allowed by state law). If there is a violation of that agreement, Franchisee shall take all action necessary to enforce that agreement. If Franchisee fails to enforce that agreement, it shall be liable to Franchisor for any damages, costs, and losses suffered by Franchisor, including any attorneys' fees Franchisor may incur if it elects to attempt to enforce that agreement on Franchisee's behalf. In such event, Franchisee shall execute all documents reasonably requested by Franchisor in connection with such enforcement attempt. Franchisee shall provide Franchisor an executed copy of each such agreement immediately upon execution by Franchisee and a Clinic Director.

(2) If Franchisee offers medication management services through a Qualified Prescriber, Franchisee must hire and retain at least one (1) medication management assistant per each Qualified Prescriber working at the Franchised Business to provide support services to that Qualified Prescriber. The medication management assistant must work an equivalent number of hours per week as the Qualified Prescriber in order to ensure adequate support.

(d) **Training.** Franchisee shall provide to each of its staff members, including all Licensed Providers, a training program meeting Franchisor's requirements. Franchisee shall also provide such other periodic training to such individuals as is required by Franchisor. Franchisee shall provide to Franchisor, upon Franchisor's request, a certification that all of such individuals have successfully completed the training programs.

(e) **Maintenance of High Quality Service.** Franchisee shall utilize its best efforts, skill, and diligence to ensure that Franchisee and Franchisee's employees, contractors, and agents establish and maintain high quality service to all doing business with the Franchised Business. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks. Franchisee shall not offer any products and services through the Franchised Business that are not approved by Franchisor, and Franchisee and its Licensed Providers must be properly licensed or otherwise permitted by state law to provide the products and services offered through the Franchised Business, all of which must meet Franchisor's standards and specifications. Franchisee shall not, however, use the Franchised Business to operate any business, or offer any products or services, that have not been approved by Franchisor.

(f) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and System of Operation, and the Names and Marks, and not to control the day-to-day operation of the business or the administration of medical or health products or services or to control or influence the independent medical judgment of any Licensed Providers. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives.

(g) **Internet Usage.** Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, operating software, communication services, and other electronic and computer systems, and the like, for communicating, reporting, and other operations of the Franchised Business. Franchisor shall have independent access to all of Franchisee's computer systems, excluding any employment records and patient records containing personal health information. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System of Operation. Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee in the conduct of its business, excluding any employment records and patient records containing personal health information.

(h) **Upgrades.** Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Business at any time and without regard to any expenditure limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its computer systems, to replace or upgrade hardware or software used by Franchisee in the Franchised Business, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Franchised Business.

(i) **Provision of Information.** Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(j) **Franchisee Control of the Franchised Business.** Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases (or leases) and maintenance of equipment and supplies; maintenance of employment records; daily maintenance, safety, security, and the achievement of compliance with the System of Operation; and the provision of health or medical products and services and the exercise of medical judgment. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations, and to enforce its rights, exists only to the extent necessary to protect its interest in the System of Operation and the Names and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(k) **Independent Medical Judgment.** Notwithstanding Franchisor's right to require Franchisee to operate its Franchised Business in accordance with the System of Operation, and the standards set from time to time by Franchisor, Franchisor and Franchisee recognize that the practice of mental health, counseling, or therapy is a profession requiring independent judgment, skill, and training and is governed by federal, state, and local laws and regulations. By granting Franchisee a Franchise, Franchisor is not engaging in the practice of medicine, mental health, counseling, therapy, or any other profession that requires specialized training, licensure, or certification. Franchisee must not engage in the practice of medicine, mental health, counseling, therapy, or any other profession that requires specialized training, licensure, or certification unless properly trained, licensed, and certified. This Agreement will not interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers. Franchisor does not interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers. However, Franchisee must adhere to all applicable laws including any state standards on counseling and therapeutic services. Any inconsistency between the standards of the System of Operation or the advice of Franchisor, on the one hand, and any legal requirement, on the other hand, is inadvertent and not an effort to cause Franchisee to deviate from such legal requirements or the proper practice of its profession. Therefore, Franchisor and Franchisee understand and agree that (1) in all cases, lawful, regulatory requirements take precedence over any inconsistent advice, counsel, or other guidance offered by Franchisor as well as any inconsistent standards Franchisor may prescribe; (2) no business advice given by Franchisor nor any standard Franchisor prescribes or recommends shall be taken as advice in respect of the practice of the profession of mental health, counseling, or therapy, as defined by law; and (3) in any case in which Franchisee believes that Franchisor's advice or standards contravene the practice of the profession of mental health, counseling, or therapy or any legal requirements of that practice, Franchisee will notify Franchisor, orally and in writing, immediately.

(l) **Taxes.** Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in

accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(m) **Compliance with Laws.** Franchisee shall comply with all laws and regulations applicable to its Franchised Business, including all zoning laws, licensing and permitting requirements, corporate practice of medicine laws, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Health Information for Economic and Clinical Health Act, or HITECH, anti-kickback laws (including the Federal Medicare Anti-Kickback law and state Medicaid laws concerning reimbursement for services for those who participate in Medicaid), prohibitions on fee splitting and self-referral restrictions (including the federal “Stark Law” and similar state laws), payment systems for medical benefits available to individuals through private insurance and government resources (including Medicare and Medicaid), and the Americans With Disabilities Act. Without limiting the foregoing, all Licensed Providers and other persons offering counseling, therapy, or other medical or health products or services at the Franchised Business must be properly licensed or otherwise permitted to provide such products and services under all applicable laws and regulations.

(n) **Programs.** Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion.

(o) **Clinically Integrated Network.** Franchisee may be required to participate in any Ellie Mental Health clinically integrated network (“Clinically Integrated Network”), comply with all terms and conditions of, and pay all charges related to, the Clinically Integrated Network, as described in the Confidential Manual(s). The terms, conditions, and policies of the Clinically Integrated Network may be modified at any time by Franchisor at its sole option. Notwithstanding the foregoing, nothing in this Section 9(o) will interfere, affect, or limited the independent exercise of medical judgment by the Licensed Providers, and Franchisor does not, through the Clinically Integrated Network or otherwise, interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers, as provided in Section 9(k).

(p) **Management Business.** Notwithstanding anything else to the contrary in this Agreement, if Franchisee is not properly licensed or otherwise permitted to provide medical services as required by applicable state law, Franchisee must develop and operate a management business during the Term of the Franchise (the “Management Business”) that provides management, administrative, marketing, technology, and facility-based services, but not medical products, services, or advice, or judgment (the “Management Services”) to a Licensed Provider through a Franchised Business that is directly operated, and potentially owned, by the Licensed Provider. Only a Licensed Provider may directly offer and provide the medical products and services. Franchisee shall enter into a management services agreement (the “Management Agreement”) and a Managed Services Addendum to Franchise Agreement required by Franchisor with the Licensed Providers to provide them with the Management Services and grant them a license to use the Names and Marks at the approved Ellie Mental Health clinic. Franchisee must hire its own attorney to independently evaluate, review, and prepare a Management Agreement that complies with all applicable laws, rules, and regulations, and which must be approved by Franchisor before execution and the opening of the Franchised Business. Franchisee shall pay Franchisor’s current nonrefundable Management Agreement review fee. Franchisee may not amend, modify, or terminate the Management Agreement during the Term of the Franchise without Franchisor’s approval.

10 NAMES AND MARKS

(a) **Display of Names and Marks.** Franchisee shall operate under, and prominently display, the Names and Marks in the operation of the Franchised Business in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. If this Agreement is assigned to, or Franchisee is a, corporation, partnership, or limited liability company, Franchisee may not use all or part of the Names and Marks as part of the name of the corporation, partnership, or limited liability company, and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation, or organization, as applicable. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, account name, profile, or URL, except as specifically approved by Franchisor.

(1) If Franchisor deems it advisable, Franchisee shall file for and maintain a "Certificate of Trade Name" or "Assumed Name" in the county or state, or other appropriate jurisdiction, in which the Franchised Business is located.

(2) Franchisee shall not use any of the Names and Marks in combination with other words, letters, prefixes, suffixes, logos, or designs, other than in the manner authorized by Franchisor.

(b) **Change of Names and Marks.** From time to time, Franchisor may elect to discontinue the use of certain Names and Marks and to commence use of new Names and Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Names and Marks in the Franchised Business and commencing the use of new Names and Marks therein.

(c) **Ownership of Marks and Goodwill.** Franchisee acknowledges that Franchisor owns the Names and Marks. Franchisee's right to use the Names and Marks is under a license derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor. Franchisee waives any right to challenge Franchisor's entitlement or ownership of the Names and Marks.

(d) **Cessation of Use.** Franchisee agrees that, upon the expiration or termination of the Term of the Franchise for any reason whatsoever, Franchisee shall immediately discontinue the use of the Names and Marks, and thereafter shall no longer use, or have the right to use, the Names and Marks.

(e) **Notification of Infringement.** Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of present and future Names and Marks and shall not communicate with any other person in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any trademark office or other administrative proceeding arising out of any such infringement, challenge, or claim relating to any of the Names and Marks.

11 FURNITURE, FIXTURES, AND EQUIPMENT; SUPPLIES AND SERVICES

(a) **Furniture, Fixtures, and Equipment Maintenance.** Franchisee shall maintain all furniture, fixtures, and equipment used in the Franchised Business in excellent working condition. As such items become damaged, worn, obsolete, unsafe, or mechanically impaired to the extent they require replacement, Franchisee shall replace such items with either the same or substantially similar types and kinds of furniture, fixtures, or equipment as are being installed in

other, similar businesses franchised by Franchisor, or opened by Franchisor or its affiliates, at the time replacement becomes necessary. All such furniture, fixtures, and equipment used in the Franchised Business shall meet the specifications of Franchisor and shall be approved by Franchisor prior to installation or use thereof.

(b) **Specifications and Approved Suppliers.** Unless Franchisor otherwise approves, the furniture, fixtures, and equipment; design and décor, branded items and signage; technology hardware and software, technology, and security systems; real estate project management, payment processing, and accounting services; products Franchisee purchases for use or sale at the Franchised Business; insurance; and advertising and marketing materials and services, must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor shall provide Franchisee a list of approved suppliers of furniture, fixtures, and equipment; supplies; software and hardware; insurance; advertising and marketing materials and services; and other items or services necessary to operate the Franchised Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item.

(1) Unless otherwise specified by Franchisor, Franchisee shall not be restricted from using sources of supply other than those previously approved by Franchisor, if the other sources supply items or services of substantially the same quality and specifications as those supplied by the approved suppliers.

(2) Franchisor reserves the right to require Franchisee to obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Franchised Business and any other information Franchisor requires and require Franchisee to pay Franchisor its then-current vendor review fee. In such event, Franchisor shall have thirty (30) days from its receipt of all such information to approve such supplier. Any supplier not approved in such time period shall be deemed disapproved.

(c) **Products and Services; Pricing.** Franchisee, and the Licensed Providers, shall be properly licensed or otherwise permitted by state law to provide the products and services offered through the Franchised Business, and Franchisee shall not offer or sell any products or services that have not been approved by Franchisor. Franchisee shall set its own pricing and rates for the products and services it offers in the Franchised Business; provided, however, Franchisee shall adhere to any minimum and maximum prices prescribed by Franchisor for services or products offered by Franchisee to the extent allowed by law.

(d) **Liability.** Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for purchase any item or service, unless the failure is the result of factors within Franchisor's reasonable control.

12 INFORMATION, REPORTS, INSPECTIONS, AND AUDITS

(a) **Books and Records; Financial Reports.** Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such financial and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to

Franchisor with other Ellie Mental Health franchisees and to publicly disclose and include Franchisee's financial information in Franchisor's franchise disclosure document. Except for the foregoing rights, Franchisor will keep such financial information confidential, unless the information is: (1) requested by tax authorities; or (2) used as part of a legal proceeding. Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city income and sales tax returns, if any.

(b) **Audit Rights.** Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, excluding any employment records. If any audit discloses that Franchisee has failed to pay to Franchisor any fees owed Franchisor (including as a result of an underreporting of Collected Revenue or the number of Qualified Clinicians and Qualified Prescribers in any period), Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the fees and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1.5%) per month. In addition, if the audit discloses the existence of any underpayment of any fees due to Franchisor (including as a result of an underreporting of Collected Revenue or the number of Qualified Clinicians and Qualified Prescribers in any period), Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, lodging, and compensation of persons employed by Franchisor to make the audit.

(c) **Inspection Rights.** Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Franchised Business.

(d) **Ownership of Information.** All information Franchisor obtains from Franchisee or about or related to the Franchised Business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property, excluding any employment records and patient records containing personal health information (which shall belong solely to and be the responsibility of Franchisee). Franchisee may use information that it acquires from third parties in operating the Franchised Business at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Franchised Business.

13 INSURANCE

(a) **Type of Coverage.** At all times during the Term of the Franchise, Franchisee shall maintain in force, at its sole expense, on a primary and non-contributory basis, at a minimum, general liability insurance coverage, auto liability insurance coverage, medical malpractice (also known as E&O or professional) liability coverage, umbrella liability insurance coverage, property insurance coverage, workers compensation and employers liability insurance coverage, employment practices liability insurance coverage, cyber liability/data privacy insurance coverage, and sexual and physical abuse or misconduct liability coverage; and such other types of insurance and all in such amounts as may be specified by Franchisor from time to time.

(1) The insurance coverage shall be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies rated A or better by A.M. Best Company.

(2) All public liability and motor vehicle liability insurance policies shall name Franchisor as an additional insured and shall provide that Franchisor receive ten (10) days' prior written notice of termination, expiration, reduction, or cancellation of any such policy. All employment practices liability policies shall include joint employer co-defense language in favor of Franchisor.

(3) Franchisee shall submit to Franchisor, annually, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy.

Franchisor may require Franchisee to obtain some or all of these minimum required insurance coverages from Franchisor's approved vendor or through Franchisor's centralized/group insurance program for all franchisees, at Franchisee's cost.

(b) **Failure to Obtain.** If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

14 CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE

(a) **Maintenance of Confidence.** Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation, including the Confidential Manual(s), and the concepts and methods of promotion franchised hereunder, is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence and shall only be used for the purposes of operating a Franchised Business as set forth in this Agreement. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act, Minn. Stat. Ch. 325C), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting Franchises hereunder.

(b) **Improvements.** If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation, new trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion, or marketing ideas related to the Franchised Business ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and all other franchisees of Franchisor without any obligation to Franchisee for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

15 RESTRICTIVE COVENANTS

(a) **Covenants.** Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that it shall not:

(1) During the Term of the Franchise, either directly or indirectly: (a) operate, own, manage, or be employed by or consult with, any Competitive Business other than one

operated under a valid franchise agreement with Franchisor, or any business or venture that is granting franchises or licenses for the operation of a Competitive Business; or (b) except in the professional and medical judgment of Franchisee, divert or attempt to divert any client or potential client to any competitor of Franchisor, or a competitor of a franchisee or of an affiliate of Franchisor.

(2) For a period of two (2) years following the expiration, termination, or assignment of this Agreement, either directly or indirectly operate, own, manage, be employed by or consult with any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, or any business or venture that is granting franchises or licenses for the operation of a Competitive Business, that is located or doing business in the Restricted Area. In the event of the violation of this Section 15(a)(2) by Franchisee following expiration, termination, or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

(b) **Franchisee Acknowledgments.** Franchisee agrees that the restrictions contained in this Section 15 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee further acknowledges that because of the narrow scope of the limitations, the foregoing restrictions do not unduly restrict Franchisee's ability to engage in gainful employment. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee shall be liable, Franchisor shall be entitled to injunctive relief to prevent the continuation of such breach.

16 ASSIGNMENT

(a) **By Franchisor.** This Agreement is fully assignable by Franchisor without the consent of or prior notice to Franchisee, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) **General Prohibition on Franchisee Assignment.** No Franchisee, partner (if Franchisee is a partnership), shareholder (if Franchisee is a corporation), or member (if Franchisee is a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, have redeemed, or encumber to any person, trust, firm, corporation, partnership, or company, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company which, directly or indirectly, owns any interest in the franchise, or its interest in the Franchised Business, or the assets of the Franchised Business. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

(c) **Conditions to Franchisee Assignment.** Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

(1) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:

(a) the transferee shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the Franchised Business;

(b) subject to state law and any corporate practice of medicine structure approved by Franchisor, the transferee shall be properly licensed to provide the products and services offered through the Franchised Business;

(c) Franchisee shall be and shall remain the principal executive officer of the transferee;

(d) Franchisee shall be and shall remain in control of the transferee and shall be and shall remain the owner of not less than fifty one percent (51%) of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, of fifty one percent (51%) of the voting control of the transferee partnership (or such higher ownership amounts as required by state law);

(e) each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(f) no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(g) the transferee shall enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;

(h) all the partners, shareholders, or members of the transferee shall enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement; and

(i) all accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates, and assigns shall be satisfied prior to assignment or transfer.

(2) If an assignment (other than an assignment as set forth in Section 16(c)(1)), alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring control of the Franchise created hereby or the Franchised Business:

(a) the transferee shall meet Franchisor's then-current standards for the issuance of a Franchise, be of good moral character and reputation, be properly licensed and in good standing with the state in which the Franchised Business is located, and shall have a good credit rating, financial capabilities, and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;

(b) the transferee, including all shareholders, members, and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, for the remaining term of this Agreement, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction and the payment of the then-current initial franchise fee required by Franchisor from new franchisees, shall be waived;

(c) the purchase price paid by the transferee for the Franchised Business shall be reasonable and based on the depreciated value of the assets of the Franchised Business, excluding any goodwill of the Franchised Business;

(d) if the transferee is a corporation, limited liability company, or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(e) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(f) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a transfer fee of Ten Thousand Dollars (\$10,000) per Franchised Business;

(g) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (a) release any claims it has against Franchisor and its affiliates; (b) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; and (c) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions;

(h) if the transferee is a corporation, limited liability company, or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

(i) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation, or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Section 16(c)(2) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise within one hundred twenty (120) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred, or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 16(c)(2) as transferee.

(d) **Disclosure.** Franchisee consents to Franchisor releasing to any proposed transferee any information concerning the Franchised Business which Franchisee has reported to Franchisor.

(e) **No Single or Partial Transfer.** Notwithstanding anything set forth herein to the contrary, Franchisee may not transfer a portion of its rights or obligations hereunder or a portion of the Franchised Business (including any professional group affiliated with the Franchised Business) without Franchisor's approval and the satisfaction of the conditions set forth in Section 16(c)(2) as Franchisor may require.

17 RIGHT OF FIRST REFUSAL

(a) If, at any time during the Term of the Franchise, Franchisee receives a bona fide offer to purchase or lease the Franchised Business, including the property upon which the Franchised Business is located, or any owner of Franchisee receives an offer to purchase any interest in Franchisee, either directly or indirectly, which offer Franchisee or such owner is willing to accept, Franchisee shall communicate in writing to Franchisor the full terms of the offer and the name of the offeror, and Franchisee shall provide to Franchisor any and all information, documents, or agreements reasonably requested by Franchisor, including the executed purchase or lease agreement and past financial statements of Franchisee or related to the Franchised Business, as prepared by an independent accountant. Franchisor may elect to purchase or lease the business, the property, or the interest, as applicable, on the terms set forth in the offer. If Franchisor elects to exercise such option, it shall give Franchisee written notice of the election within thirty (30) days after Franchisor receives Franchisee's complete and accurate communication of the offer (including all information, documents, or agreements requested by Franchisor). If Franchisor fails to give written notice of election within thirty (30) days, Franchisee or the owner, as the case may be, may sell or lease to the offeror on the terms offered, subject to Section 16. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire prior to any such transfer. If Franchisor elects to exercise its rights hereunder, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer and Franchisor and Franchisee or Franchisee's owner, as the case maybe, will use their best efforts to complete the transaction within sixty (60) days from the date of Franchisor's notice of election to exercise its rights hereunder.

(b) Franchisor may assign, transfer, or sell its rights under this Section 17 to any third party, including to another franchisee of Franchisor.

18 PRE-TERMINATION OPTIONS OF FRANCHISOR

(a) **Rights in Addition to Termination.** Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates (whether under this Agreement or otherwise) or fails to comply with any term of this Agreement, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

- (1) Prohibit Franchisee from attending any conventions, meetings or seminars held or sponsored by Franchisor or taking place on the premises of Franchisor;
- (2) Remove any listing of the Franchised Business from any advertising and Franchisor-Identified Social Media Presence; and
- (3) Suspend the provision of any or all of the services provided by or through Franchisor to Franchisee.

(b) **Continuation of Franchisor Options.** Franchisor's actions, as provided in this Section 18, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. Franchisee acknowledges and agrees that the taking by Franchisor of any of these actions shall not deprive Franchisee of a substantial portion of the benefits provided to it under this Agreement and therefore the taking of any of the actions permitted in this Section 18 shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement, or otherwise, nor shall Franchisee assert that the taking of any such actions shall act as an actual or constructive termination of this Agreement.

19 TERMINATION

(a) **By Franchisor.** In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

- (1) Loses the right to occupy the Franchised Business's premises;
- (2) Voluntarily abandons the Franchise relationship;
- (3) Is convicted in a court of competent jurisdiction of an offense directly related to the Franchised Business, including any offense that indicates unsuitability for the provision of services to minors;
- (4) Or any of its Licensed Providers are suspended, disciplined, or reprimanded by any governmental agency or licensing board pursuant to a final judgment, hearing, order, or ruling and Franchisee fails to terminate such Licensed Provider or otherwise fails to cure such default to Franchisor's satisfaction within ten (10) days after notice to Franchisee;
- (5) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business, including those laws or regulations governing minors, health, practice of medicine, licensing, permitting, safety, and/or sanitation, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Health Information for Economic and Clinical Health Act, or HITECH, anti-kickback laws (including the Federal Medicare Anti-Kickback law and state Medicaid laws concerning reimbursement for services for those who participate in Medicaid), prohibitions on fee splitting and self-referral restrictions (including the federal "Stark Law" and similar state laws), payment systems for medical benefits available to individuals through private insurance and government resources (including Medicare and Medicaid), and the Americans With Disabilities Act;
- (6) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty four (24) hours in advance of the notice of termination;
- (7) Submits to Franchisor two (2) or more sales reports, financial statements, other information or supporting records in any period of twelve (12) consecutive months, which materially distorts any other material information, including reports of Collected Revenue or number of Qualified Clinicians or Qualified Prescribers;
- (8) Consistently fails to submit when due sales reports or financial statements to Franchisor, including reports of Collected Revenue or number of Qualified Clinicians or Qualified Prescribers;
- (9) Fails to pay when due any fees or other payments due to Franchisor and such failure continues for ten (10) days after notice to Franchisee;
- (10) Consistently fails to remit when due payments to suppliers or other creditors of the Franchised Business, and such failure continues for ten (10) days after notice to Franchisee;
- (11) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due;

(12) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;

(13) Makes an unauthorized assignment or transfer of this Agreement, the Franchised Business, or the Franchise;

(14) Has made material misrepresentations on its application for the Franchise; or

(15) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

(b) **By Franchisee.** Franchisee may terminate this Agreement and the Franchise granted hereunder effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor.

(c) **Compliance with Applicable Law.** The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

(d) **Actions Upon Expiration or Termination.** Franchisee agrees, upon expiration, termination, or assignment of the Franchise:

(1) To immediately return to Franchisor all copies of all Confidential Manual(s) that have been loaned to it by Franchisor and any material marked as property of Franchisor or as confidential;

(2) To immediately pay to Franchisor such System Fees, Marketing Fees, Technology Fees, and other charges as have or will thereafter become due hereunder and are then unpaid including amounts due for printed materials, forms, advertising material, supplies, products, and services supplied by Franchisor;

(3) To immediately take such action as may be required to properly cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, and notify the telephone company, any domain name registrar, any Internet service provider, and all listing agencies of the expiration or termination of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers, and classified and other directory listings associated with any Franchisor-Identified Social Media Presence, or that include any portion of the Names and Marks, and authorize the telephone company, domain name registrars, Internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Names and Marks, or any word, phrase or symbol confusingly similar to any of the Names and Marks, including any Franchisor-Identified Social Media Presence, as well as any content thereon. Franchisee authorizes

Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration;

(4) To not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of Franchisor's system, or as otherwise associated with Franchisor, or use, in any manner or for any purpose, any of the System of Operation, concepts, and methods of promotion, or Names and Marks, or any other indicia of a business operated under the Names and Marks; and

(5) To immediately cause all signs using the Names and Marks to be removed. If Franchisee fails to remove such signage, Franchisor shall be entitled to remove and destroy the signage, without prior notice to Franchisee, and Franchisee shall be obligated to reimburse Franchisor for all costs associated with such removal and destruction.

(e) **Option to Purchase.** Upon the expiration or termination of the Term of the Franchise, Franchisor shall have the first option, exercisable for sixty (60) days, to purchase from Franchisee at fair market value (excluding any goodwill associated thereto) any or all of the approved inventory, furniture, fixtures, and equipment, supplies, signs, and branded items owned by Franchisee and used in the operation of the Franchised Business. If Franchisor and Franchisee cannot agree on the fair market value of any such item, such items shall be valued by an independent business appraiser appointed by Franchisor, at Franchisor's sole cost, who shall determine the fair market value of such items excluding any goodwill associated thereto. Franchisor may assign, transfer, or sell its rights under this Section 19(e) to any third party, including to another franchisee of Franchisor.

(f) **Survival of Provisions.** All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination, expiration, or assignment of the Franchise, including the post-termination rights and obligations, non-competition, confidentiality, indemnification, and enforcement and dispute resolution provisions herein, shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

(g) **Communication with Third Parties.** After Franchisor provides Franchisee with notice of any default hereunder, Franchisor can notify any third parties, including any landlords, lenders, and clients, of the default and communicate with such third parties regarding Franchisee and the Franchised Business.

20 ENFORCEMENT

(a) **Injunctive Relief; Attorneys' Fees.** Either party may apply for injunctive or other equitable relief to: (1) enforce its right to terminate this Agreement for the causes in Section 19; and (2) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following the expiration or termination of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

(b) **Mediation.** Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any arbitration or other action or proceeding against the other.

(1) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence an arbitration hearing or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 20(b)(1), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall be a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(2) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Franchised Business or the principal office of Franchisor.

(3) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates arbitration or litigation without complying with their obligation to mediate in accordance with this Section 20(b) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 20(b)), then upon petition of any party named as a defendant in such arbitration or litigation, the court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 20(b).

(c) **Arbitration.** Except insofar as either party elects to enforce this Agreement by judicial process and injunction as hereinabove provided, all disputes and claims arising out of or relating to the offer or sale of the Franchise, this Agreement or any provision hereof, or to any specification, standard, or operating procedure, of Franchisor or to the breach thereof (including any claim that this Agreement, any provision thereof, any specification, standard, or operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable, or voidable under any law, ordinance, or ruling) shall be settled by arbitration at the office of the American Arbitration Association located in Minneapolis, Minnesota, in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American

Arbitration Association (relating to the arbitration of disputes arising under franchise license agreements, if any, otherwise, the general rules of commercial arbitration).

(1) Any arbitrator appointed to arbitrate a dispute under this Agreement shall have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement.

(2) The arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator shall have no authority to add, delete, or modify in any manner, the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator shall file a reasoned brief with his or her award.

(3) If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with Section 20(a), the arbitrability of such claim shall be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration shall be made by the arbitrator appointed in accordance with this Agreement.

(4) Any award from the arbitrator may be appealed under the Optional Rules of the American Arbitration Association. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. The award shall be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 20(c). Unless this Agreement is terminated in accordance with the provisions of Section 19, during the pendency of the arbitration proceeding, Franchisee and Franchisor shall fully perform this Agreement.

(5) If, after Franchisor or Franchisee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim, or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim, or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims, or defenses or to proceed to litigate all claims, counterclaims, or defenses in a court having competent jurisdiction.

(6) All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a "class basis," or include any of Franchisor's other franchisees as named parties unless Franchisor and Franchisee each agree.

(d) **Venue.** Franchisor and Franchisee (and Franchisee's owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Minnesota. Such actions shall be exclusively venued in the District Courts of Minnesota, County of Ramsey, or the United States for the District of Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Minnesota would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Minnesota as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that

action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or the county in which the Franchised Business is located).

(e) **Costs.** If Franchisor secures any injunction against Franchisee, or any other relief by arbitration or otherwise against Franchisee, or is successful in defending a claim brought against it by Franchisee in an arbitration or otherwise, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

(f) **Waiver of Certain Damages.** Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special, or exemplary damages against the other and any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

(g) **Waiver of Collateral Estoppel.** The parties agree they should each be able to settle, mediate, arbitrate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(h) **Remedies Cumulative.** All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

21 INDEPENDENT CONTRACTORS; INDEMNIFICATION

(a) **Independent Contractor; Evidence of Relationship.** Franchisee is a franchisee of Franchisor. Franchisee shall be conspicuously identified in all dealings with clients, prospective clients, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor.

(1) Without limiting the foregoing, Franchisee and its employees shall hold themselves out to the public as an independent contractor by, without limitation: (a) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, enrollment forms, receipts, marketing materials, envelopes, letterhead, business cards, employment applications or other employment documents, invoices, and other communications, electronic or otherwise; (b) displaying a sign in the lobby area of the Franchised Business so as to be clearly visible to the general public indicating that the Franchised Business is independently owned and operated as a franchised business; and (c) maintaining a notice on the employee bulletin board clearly visible to employees at the Franchised Business, identifying the correct name of their employer and clearly stating that neither Franchisor nor any of its affiliates is the employer and if required by Franchisor, obtaining from each of its employees an acknowledgment acknowledging that their employer is Franchisee and not Franchisor.

(2) Neither Franchisor nor Franchisee shall be obligated by any agreement, representation, or warranty made by the other, nor shall Franchisor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, or caused by Franchisee's negligence, willful action, or failure to act.

(b) **Franchisee Indemnification.** Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable, except for liabilities caused by Franchisor's acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud, and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, its personnel or contractors, or as a result of any activities occurring at, by, or through the Franchised Business, including the Franchised Business, its operation, design, or construction, or otherwise, the exercise of medical judgment or care, the sale or provision of any products or services, the hiring of any counselors, therapists, or prescribers or other employees or contractors, licensing, permitting, and certification, and any advertising conducted by Franchisee. Such indemnification shall include reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses (collectively, "Costs"). Franchisor shall have the right to defend any such claim against it.

(c) **Franchisor Indemnification.** Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, any third party trademark infringement claims that are brought against Franchisee that arise solely out of Franchisee's authorized use of the Names and Marks in the manner prescribed by this Agreement and the Confidential Manual(s), provided that Franchisee promptly notifies Franchisor of any such action or proceeding against Franchisee (within three (3) days). Franchisor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Franchisee subject to indemnification by Franchisor.

22 FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a Franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

(a) **Standards for Service.** Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation.

(b) **Disclosure Document.** Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents.

(c) **Business Risks.** Franchisee has the entire control and direction of the Franchised Business, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Franchised Business, the Franchised Business may fail and Franchisee shall be solely responsible for any such failure.

(d) **Franchisee Advisors; Independent Investigation.** Franchisee has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this

Agreement. Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations.

23 MISCELLANEOUS

(a) **Business Judgment.** Except as otherwise expressly stated in this agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System of Operation and the Names and Marks. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Names and Marks, increase customer satisfaction, or minimize possible consumer, brand, or location confusion.

(b) **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if Franchisee is not a resident of Minnesota, or if the Franchised Business is not located in Minnesota, then they hereby waive the provisions of the Minnesota franchise law, Minn. Stat. Ch. 80C, and the regulations promulgated thereunder. If the Minnesota franchise law does not apply to the Franchise relationship created hereby, but there is a statute in the state in which the Franchised Business is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the laws of the State of Minnesota.

(c) **Binding Effect.** This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

(d) **Headings; Franchisee References; Liability.** The section headings are for convenience only and do not define, limit, or construe the contents thereof. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Franchisee", all of Franchisee's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, or the termination of the "Term of the Franchise", shall be deemed to include the expiration of this Agreement without renewal.

(e) **Construction.** Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) **Invalid Provisions.** It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable

provision for any specification, standard, operating procedure, rule, or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(g) **Waivers.** Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by the other party, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that (i) this waiver will not apply to Franchisee's underreporting or underpayment of any fees Franchisee owes Franchisor, and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(h) **Modifications.** No modification of this Agreement shall be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify or otherwise change the Confidential Manual(s).

(i) **Notices.** All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (1) when delivered by hand; (2) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (3) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (2) or (3), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(j) **Patriot Act Representations.** Franchisee represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Franchised Business, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "Lists"); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(k) **Variations.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the

successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

(l) **Entire Agreement.** The introduction and Rider and Statement of Ownership and Management hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guaranties; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile, email, or electronic signature, record, process, confirmation, or transmission attached to or logically associated with this Agreement and executed and adopted with the intent to sign.

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

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

[THIS AGREEMENT CONTINUES WITH RIDER AND
STATEMENT OF OWNERSHIP AND MANAGEMENT ATTACHMENTS,
WHICH ARE A PART OF THIS AGREEMENT]

**ELLIE MENTAL HEALTH
FRANCHISE AGREEMENT**

RIDER

Effective Date: _____

Franchisee: _____

Form of Franchisee: (SELECT ONE)
 Corporation formed in the state of _____
 Limited liability company formed in the state of _____
 Partnership formed in the state of _____
 Individual residing in the state of _____

Initial Franchise Fee: \$ _____

Search Area: _____

Address of Franchised Business: _____

Designated Territory: _____

Property Control Date: (SELECT ONE)
 Ninety (90) days from the Effective Date

Required Opening Date: (SELECT ONE)
 Nine (9) months from the Effective Date

IN WITNESS WHEREOF, the parties have executed this Rider as of _____,
20__.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned Franchisee ("Franchisee") represents and warrants to Ellie Fam LLC ("Franchisor") that as of the date set forth below all of the information below is true and complete:

Franchisee: _____

Form of Franchisee: (SELECT ONE) Corporation formed in the state of _____
 Limited liability company formed in the state of _____
 Partnership formed in the state of _____
 Individual residing in the state of _____

Name of Clinic Director: _____

Ownership (EACH OWNER MUST SIGN A GUARANTY)		
NAME OF OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%
		%
		%
		%

Franchisee acknowledges that this Statement of Ownership and Management applies to the Ellie Mental Health Franchise Agreement. Franchisee shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Franchisee.

FRANCHISEE:

Date: _____

By: _____
 Name: _____
 Title: _____

GUARANTY

IN CONSIDERATION of the grant by ELLIE FAM LLC ("Franchisor") of an Ellie Mental Health franchise to the party named as Franchisee ("Franchisee") in the Franchise Agreement to which this Guaranty is attached (the "Franchise Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby guarantee (jointly and severally with one another and all other guarantors of Franchisee, whether such guaranties are entered into prior to or after the date hereof) to Franchisor and to Franchisor's successors and assigns: (a) the payment of all costs and fees required to be paid to Franchisor or its affiliates by Franchisee, whether such costs and fees are provided for in the Franchise Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor, and (b) the performance by Franchisee of all its obligations under all such agreements and under all manuals and operating procedures of Franchisor's business system. The undersigned further specifically agree to remain individually bound by all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement and such other agreements to the same extent as if each of the undersigned had individually been named as Franchisee in the Franchise Agreement and such other agreements, and the undersigned had individually executed the Franchise Agreement and such other agreements.

The undersigned understand and agree that any modification of the Franchise Agreement or any other agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Agreement or any other agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected, or diminished. Notice to the undersigned of any such modification, waiver, extension, or forbearance under the terms thereof being hereby waived.

The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all costs and fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor's business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement or any other agreement to the same extent as if each of the undersigned had individually executed the Franchise Agreement and such other agreements.

This Guaranty shall be enforceable upon ten (10) days' written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda thereto. The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement and any other agreement, in whole or in part, that Franchisor or its assignees may make. This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

[SIGNATURE PAGE TO GUARANTY]

**FRANCHISE ASSIGNMENT, SALE, AND TRANSFER
TO ENTITY OWNED BY ORIGINAL FRANCHISEE**

1 ASSIGNMENT AND SALE

Pursuant to Section 16(c)(1) of the Ellie Mental Health Franchise Agreement dated _____, by and between the undersigned and ELLIE FAM LLC (the "Agreement"), I/we hereby transfer, subject to approval by ELLIE FAM LLC (the "Franchisor"), all my/our rights, in the Agreement, effective _____, to the Transferee (as defined below). I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce Franchisor to approve this assignment:

- (a) I/we agree to subordinate any payment due to me/us from the Transferee to any other obligation the Transferee may have to Franchisor. If Franchisor notifies me/us of our default by the Transferee of its obligations to Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until Franchisor has confirmed, in writing, that such defaults have been cured.
- (b) I/we release Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.
- (c) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

Name of New Franchisee ("Transferee")

Address of Transferee

City, State, and Zip Code of Transferee

Signatures of Original Franchisee(s) (collectively, "Transferor"):

Name: _____

Date

Name: _____

Date

Name: _____

Date

Name: _____

Date

2 ACCEPTANCE OF TRANSFER BY TRANSFEREE

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of Franchisee named herein.

Name of Transferee

By: _____ Date: _____
Name: _____
Title: _____

3 APPROVAL OF TRANSFER

It is hereby agreed that the Transferee is approved and accepted as Franchisee for the Franchised Business described in the Agreement and is authorized to exercise all rights and obligations of Franchisee named in the Agreement including the right to renew the Agreement upon expiration thereof, pursuant to the terms of the Agreement.

ELLIE FAM LLC

Date: _____ By: _____
Name: _____
Title: _____

GENERAL RELEASE
(USED IN EVENT OF TRANSFER)

In consideration of the agreement of ELLIE FAM LLC ("Franchisor") to consent to the assignment by _____ ("Franchisee") of its Franchise Agreement dated _____ between Franchisee and Franchisor (the "Agreement"), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective governors/directors, managers/officers, owners/shareholders, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW. The general release above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

[ADDITIONAL PROVISIONS FOR CALIFORNIA FRANCHISEES ONLY]

Waiver of Civil Code Section 1542. This Release is intended by Franchisee to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee against Franchisor and the other released parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee hereby expressly, knowingly, and intentionally waives any and all rights, benefits, and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee has been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

In making this voluntary express waiver, Franchisee acknowledges that claims or facts in addition to or different from those that are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. You acknowledge and agree that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

Release Not Admission. Franchisee understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any claims made by or against Franchisor.

LEASE RIDER

This **LEASE RIDER** is attached to and made a part of that certain _____ (the "Lease") dated _____, 20____ (the "Lease Execution Date"), by and between _____ ("Landlord") and _____ ("Tenant"), for certain space (the "Premises") described in the Lease as being located at _____. All capitalized terms shall have the same meanings as in the Lease unless defined otherwise in this Lease Rider. If any of the terms of this Lease Rider conflict with any of the terms of the Lease, the provisions of this Lease Rider shall prevail.

1 CERTAIN RIGHTS OF FRANCHISOR

(a) Landlord acknowledges that Tenant (or its affiliate) is a franchisee of Ellie Fam LLC ("Franchisor"), and that the business to be located at the Premises is to be operated under the "Ellie Mental Health®" franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant (or its affiliate) and Franchisor.

(b) Tenant and Landlord acknowledge that the Premises will be operated only as an Ellie Mental Health clinic, and that:

(1) Upon termination or expiration of the Franchise Agreement for any reason whatsoever, the Landlord will grant Franchisor an option, for thirty (30) days thereafter, to replace Tenant as lessee and at any time thereafter to assign its interest to Franchisor or its affiliate, or to another franchisee of Franchisor who would then become the lessee with the approval of Landlord, which approval may not be unreasonably withheld;

(2) Landlord shall furnish to Franchisor, contemporaneously with that to Tenant, written notice of any default in the Lease and the action required to cure such default. In the event of a monetary default, Landlord shall allow Franchisor thirty (30) days after receipt of such notice to escrow the funds necessary to cure such default if Tenant fails to do so. In the event of a non-monetary default, Landlord shall allow Franchisor thirty (30) days after Franchisor's receipt of such written notice to provide Landlord with a letter of undertaking to cure such default if Tenant fails to do so. If Tenant fails to cure either type of default, and Franchisor has escrowed the required funds, or provided the necessary undertaking, as the case may be, Landlord shall take any action necessary to remove Tenant from the Premises and retake possession of the Premises. Landlord shall then allow Franchisor to cure the default and take possession of the Premises as lessee under the same Lease, and at any time thereafter to assign its interest to Franchisor's affiliate, or to another franchisee of Franchisor who would then become the lessee with the approval of Landlord, which approval may not be unreasonably withheld. Nothing herein obligates Franchisor to escrow any funds or to take any action;

(3) Landlord shall accept Franchisor or its franchisee as a substitute under the existing terms of the Lease upon notice from Franchisor that it is exercising its option to replace Tenant as lessee and approval by Landlord of the substitute tenant, including review of applicable financial statements of the substitute tenant; and

(4) Landlord acknowledges that, in all cases, Tenant is solely responsible for all obligations, payments and liabilities accruing under the Lease unless and until Franchisor exercises its option to become substitute lessee.

2 THIRD PARTY BENEFICIARY

Landlord and Tenant acknowledge that Franchisor is an intended third-party beneficiary to the Lease, and as such, the Lease may not be amended so as to affect any of the provisions of this Lease Rider, or the intent of the same, without the prior written approval of Franchisor.

3 RIGHT TO ENTER PREMISES

Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Ellie Mental Health franchise system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns, and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Lease Rider.

4 NOTICES

All notices sent pursuant to this Lease Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120, Attn: Chris Pash, which address may be changed by written notice to Landlord in the manner provided in the Lease.

5 MISCELLANEOUS

(a) **Successors and Assigns.** This Lease Rider shall be binding upon and inure to the benefit of the undersigned, their legal representatives, successors, and assigns. Nothing contained herein shall, however, authorize or entitle the Tenant (or its affiliate) to assign any of its rights or privileges under the Franchise Agreement, which rights of Tenant (or its affiliate) are only as set forth in the Franchise Agreement.

(b) **Entire Agreement; Counterparts.** Insofar as the matters relating to Landlord and the Premises are concerned, this Lease Rider sets forth the complete agreement between Landlord and Franchisor. This Lease Rider may be executed in one or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Lease Rider effective as of the Lease Execution Date.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
TENANT:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
TENANT:

Name: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
LANDLORD:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
LANDLORD:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of California.

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and nonrenewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The Franchise Agreement requires that the highest interest rate allowed by law in California is 10% annually.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Association in Minneapolis, Minnesota. You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions 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.

8. Section 22 of the Franchise Agreement entitled "Franchisee Representations" is hereby deleted in its entirety and replaced with "[Intentionally Deleted]".

9. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of

Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF ILLINOIS**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Illinois.

1. Illinois law governs the Franchise Agreement.
2. Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. 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.
4. 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 the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
6. Section 19(a) of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 19(a), which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”
7. Based upon the Franchisor's financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, we secured a surety bond in the amount of \$180,000 from Great Midwest Insurance Company. A copy of the bond is on file at the Illinois Attorney General's Office, 500 South 2nd Street, Springfield, Illinois 62701.
8. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF INDIANA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Indiana.

1. In accordance with IC 23-2-2.7-1, the applicable sections of the Franchise Agreement are hereby amended to provide that Franchisor will not: (a) require the Franchisee to execute a release in connection with the renewal or transfer of the franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Franchisee to covenant not to compete with the Franchisor in an area greater than the Designated Territory set forth in the Franchise Agreement, upon termination of or failure to renew the Franchise Agreement; or (c) limit litigation brought for breach of the Franchise Agreement.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Maryland.

1. Sections 2(c) and 18(c) of the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 19(a) of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 20(d) of the Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and , Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

4. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

5. Based upon the Franchisor’s financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. Therefore, we secured a surety bond in the amount of \$187,500 from Great Midwest Insurance Company. A copy of the bond is on file at the Securities Division of the Maryland Office of the Attorney General, 200 Saint Paul Place, Baltimore, Maryland 21202.

6. Section 22 of the Franchise Agreement entitled “Franchisee Representations” is hereby deleted in its entirety and replaced with “[Intentionally Deleted]”.

7. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF MINNESOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (a) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

2. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, subd. 3-5, which require (except in certain specified cases) (a) that 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 (b) that consent to the transfer of the franchise will not be unreasonably withheld.

3. To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Franchisee is using the names in marks in accordance with the Franchise Agreement.

4. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Franchisee to assent to a general release.

5. Franchise Agreement, Section 23(g), is revised to comply with Minnesota Statutes, Section 80C.17, subd. 5.

6. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF NEW YORK**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of New York.

1. Section 16(a) of the Franchise Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

2. Section 19(b) of the Franchise Agreement is modified by the addition of the following at the end of such section:

“In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.”

3. Sections 20(d) (relating to venue) and 20(g) (relating to collateral estoppel) of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

4. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted.

2. Section 15 of the Franchise Agreement is revised to provide that covenants not to compete are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

"Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business."

5. Any references in the Franchise Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Any references in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

9. Any references in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Any references in the Franchise Agreement requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.

11. Based upon the Franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, we secured a surety bond in the amount of \$60,000 from Great Midwest Insurance Company. A copy of the bond is on file at the North Dakota Securities Department, 600 E Boulevard Avenue, 5th Floor, Bismarck, North Dakota 58505.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Rhode Island.

1. Sections 20(d) and 23(b) of the Franchise Agreement are supplemented by the addition of the following:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.”

2. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of South Dakota.

1. Section 19 of this Franchise Agreement is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. Section 15 of this Franchise Agreement is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”

3. Section 20(c) of this Franchise Agreement is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

4. Section 20(c) of this Franchise Agreement is amended to read as follows:

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Minnesota.

5. Section 23(b) of this Franchise Agreement is amended to read as follows:

“The law of South Dakota governs.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Virginia.

1. Section 19(a) of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“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.”

2. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT, FRANCHISE COMPLIANCE QUESTIONNAIRE,
AND RELATED AGREEMENTS**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. 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.

3. 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.

4. 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.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. 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.

7. 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.

8. Section 22 of the Franchise Agreement entitled "Franchisee Representations" is hereby deleted in its entirety and replaced with "[Intentionally Deleted]".

9. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH FRANCHISE AGREEMENT
FOR THE
STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Wisconsin.

1. The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Franchise Agreement is hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

EXHIBIT G
MANAGED SERVICES ADDENDUM TO FRANCHISE AGREEMENT

**ELLIE MENTAL HEALTH
MANAGED SERVICES ADDENDUM TO FRANCHISE AGREEMENT**

This **MANAGED SERVICES ADDENDUM TO FRANCHISE AGREEMENT** ("Addendum") is made effective as of _____, 20____, by and between ELLIE FAM LLC, a Minnesota limited liability company ("Franchisor"), and the following franchisee ("Franchisee"):

Name of Franchisee: _____

Form of Franchisee: Corporation formed in the state of _____
 Limited liability company formed in the state of _____
 Partnership formed in the state of _____
 Individual residing in the state of _____

RECITALS

A. Franchisor and Franchisee have entered into that certain Franchise Agreement, dated as of _____, 20____ (the "Franchise Agreement"), pursuant to which Franchisor has granted Franchisee the right to operate an Ellie Mental Health™ Franchised Business (as defined therein).

B. The Franchised Business will be located in a jurisdiction that adheres to the corporate practice of medicine doctrine as applied to counseling, therapy, and mental health services ("CPOM").

C. Franchisee desires to operate its Franchised Business by contracting to provide management, administrative, marketing, technology, and facility-based services, pursuant to a management services agreement or similar arrangement prepared by Franchisee (the "MSA"), to a professional corporation, limited liability company, or partnership (a "Practice Entity") licensed and authorized to provide counseling, therapy, and mental health products and services through Licensed Providers in the state in which the Franchised Business is located or operates. The Ellie Mental Health clinic that is owned and operated by the Practice Entity and managed by the Franchisee pursuant to the MSA and using the System of Operation and Names and Marks is referred to in this Addendum as the "Clinic."

D. Franchisor and Franchisee mutually desire to amend and supplement the terms of the Franchise Agreement pursuant to the terms and conditions provided in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

1. **Definitions.** Capitalized terms used but not defined in this Addendum have the meanings ascribed thereto in the Franchise Agreement.

2. **CPOM Compliance.** Franchisee agrees that its operation of the Franchised Business must be, in all respects, compliant with applicable law, including, but not limited to, the application of the CPOM, and that Franchisee and the Practice Entity are solely responsible for compliance with all applicable laws. In its operation of the Franchised Business, Franchisee shall cause the Practice Entity and the Licensed Providers to take no actions in contravention of Franchisee's obligations under the Franchise Agreement.

(a) **PE Agents.** Within thirty (30) days of the date of this Addendum, Franchisee shall submit to Franchisor full and complete information about the owners, Licensed Providers, and employees of the Practice Entity ("PE Agents"), and such other licensure or other information about the Practice Entity and its PE Agents as Franchisor may reasonably request. Franchisor will approve or reject each PE Agent, in its sole discretion, within thirty (30) days of its receipt of

such information and Franchisee's request for such approval. If Franchisor does not approve of the PE Agents, Franchisee shall propose different PE Agents for Franchisor's approval. The Franchise Agreement may be terminated by Franchisor if Franchisee has not obtained Franchisor's approval of the PE Agents on or before the date that is one hundred twenty (120) days after the date of this Addendum.

(a) **MSA.** Upon obtaining Franchisor's approval of the PE Agents, Franchisee shall enter into a MSA with a Practice Entity approved by Franchisor; provided, however, Franchisor's approval of the form and content of the MSA is required prior to Franchisee entering into the MSA, which approval Franchisor may withhold and/or condition in its sole discretion. In consideration of Franchisor's cost and expense in reviewing the MSA, Franchisee shall pay Franchisor its current "Management Agreement Review Fee", not to exceed One Thousand Dollars (\$1,000.00). The Management Agreement Review Fee shall be deemed to have been earned by Franchisor upon execution of this Addendum, and shall not be refundable. After such approval of the form and content of the MSA by Franchisor, Franchisee shall not agree to amend or modify the MSA, without the Franchisor's express written approval, which may be withheld or conditioned in its sole and absolute discretion. Franchisor makes no representation or warranty as to the enforceability of any MSA, or whether any MSA meets the legal requirements of the jurisdiction in which Franchisee and the Practice Entity do business. Franchisee acknowledges and agrees that it is Franchisee's and the Practice Entity's responsibility to ensure the MSA meets all laws and regulations applicable to the Franchised Business and Clinic.

(b) **Management Services.** Franchisee's operation of the Franchised Business shall consist of managing the Clinic pursuant to an approved form of MSA between Franchisee and an approved Practice Entity. The foregoing shall be included in the definition of "Franchised Business". Pursuant to the MSA, Franchisee shall provide the Practice Entity with management, administrative, marketing, technology, and facility-based services, but not counseling, therapy, or mental health products, services, or advice, or judgment, in a manner consistent with the System of Operation and all applicable laws (including CPOM), and the Practice Entity shall retain exclusive authority and discretion to direct the medical, professional, and ethical aspects of the counseling, therapy, and mental health practice at the Clinic.

(c) **Organizational Documents.** Franchisee's organizational documents, bylaws, operating agreement, or partnership agreement, as applicable, as well as the organizational documents, bylaws, operating agreement, or partnership agreement of the Practice Entity, shall restrict the issuance and transfer of any ownership interests in Franchisee and the Practice Entity, and all certificates and other documents representing ownership interests in Franchisee or the Practice Entity shall bear a legend referring to this Addendum's and the Franchise Agreement's restrictions.

3. **Practice Entity Statement of Ownership and Management.** Upon approval of the Practice Entity, Franchisee shall complete the Practice Entity Statement of Ownership and Management attached hereto with respect to the approved Practice Entity. Franchisee shall immediately notify Franchisor of any change in any of the information in the Practice Entity Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Practice Entity Statement of Ownership and Management. Unless otherwise permitted by applicable law, the Practice Entity must be wholly owned by one (1) or more Licensed Providers.

4. **Renewal Conditions.** Section 2(b) of the Franchise Agreement is hereby amended to add the following subsection (9):

(9) entered into an approved form of MSA between Franchisee and the Practice Entity for the renewal term of this Franchise and Franchisee shall ensure the maintenance by the Practice Entity, the owners of the Practice Entity, and Licensed Providers providing services on behalf of the Practice Entity of unrestricted license(s) to

practice counseling, therapy, and mental health medicine within the jurisdiction in which the Clinic is located, and the maintenance of such qualifications during the entirety of the Term of the Franchise and renewal thereof.

5. **Clinic Location and Construction; Marketing and Promotion.** The references to the requirements and obligations of Franchisee with respect to the Franchised Business set forth in Sections 3 and 6 of the Franchise Agreement refer to the Clinic, and the site selection and location, leasing, design and construction, furnishing, opening, altering and remodeling, and marketing and promotion of the Clinic.

6. **Forms.** Section 8(h) of the Franchise Agreement is hereby replaced with the following:

(h) **Forms.** Franchisor may provide to Franchisee various example forms Franchisee may use in the operation of the Franchised Business and Clinic, including payment forms, enrollment forms, intake forms, consent forms, and templates. Franchisee shall ensure that the Practice Entity and Clinic not provide services to a minor unless and until the minor's parent or guardian signs a form. Franchisor makes no representation or warranty as to the enforceability of any contracts or other forms for use in the Franchised Business or Clinic, or whether any such forms meet the legal requirements of the jurisdiction in which Franchisee or the Practice Entity does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms to meet all laws and regulations applicable to the Franchised Business and Clinic and to use no contract that does not comply with applicable law. Franchisor may from time to time update the forms provided to Franchisee. Upon provision of an updated form to Franchisee, Franchisee shall, and Franchisee shall cause the Practice Entity to, immediately discontinue use of any prior version and only use the new version of the form on a going forward basis.

7. **Operation of the Franchised Business and Clinic.** Section 9 of the Franchise Agreement is hereby replaced with the following:

9 OPERATION OF THE FRANCHISED BUSINESS AND CLINIC

(a) **Commencement of Operation.** Franchisee may not commence operation of the Franchised Business, and shall ensure that the Practice Entity not commence operation of the Clinic, until Franchisee has satisfied all conditions set forth in this Agreement required to be satisfied by Franchisee or the Practice Entity prior to opening the Franchised Business and Clinic, including successful completion of the Initial Training Program, obtaining all licenses, permits, and certifications necessary to operate the Franchised Business and Clinic, and being current on all amounts due to Franchisor and its affiliates and suppliers and Franchisor has provided Franchisee with written certification of the completion of all such conditions. Franchisee shall ensure that the Franchised Business and the Clinic commence operation on or before the "Required Opening Date" set forth on the Rider.

(b) **Management of the Franchised Business; Owners.** Franchisee shall, and shall cause the Practice Entity to, employ at least one (1) Licensed Provider to serve as the full-time clinic director responsible for the general operation of each of the Franchised Business and Clinic ("Clinic Director") and who must meet Franchisor's minimum qualifications. Notwithstanding the foregoing, Franchisee and the Practice Entity shall at all times be held responsible for the day-to-day operation and management of the Franchised Business and Clinic. At the time this Agreement is executed by Franchisee, Franchisee shall also complete the Statement of Ownership and Management attached hereto, and, if Franchisee is a corporation, partnership, or limited liability company, each owner of Franchisee as of the date hereof, as well as any future owners of Franchisee, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. Franchisee shall immediately notify

Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management.

(c) **Personnel.** Franchisee shall, or shall cause the Practice Entity to, hire all personnel of the Franchised Business and Clinic, and Franchisee and the Practice Entity, as applicable, shall be exclusively responsible for the terms of their relationships with such personnel, including compensation, education and training, licensure and certification, discipline, and termination. Furthermore, Franchisee shall require each Clinic Director, as a condition to their employment, and the Practice Entity to enter into a confidentiality agreement, enforceable by Franchisor, restricting the disclosure of confidential information to the same extent as Franchisee is restricted under this Agreement. If there is a violation of such agreements, Franchisee shall take all action necessary to enforce such agreement. If Franchisee fails to enforce such agreement, it shall be liable to Franchisor for any damages, costs, and losses suffered by Franchisor, including any attorneys' fees Franchisor may incur if it elects to attempt to enforce that agreement on Franchisee's behalf. In such event, Franchisee shall execute all documents reasonably requested by Franchisor in connection with such enforcement attempt. Franchisee shall provide Franchisor an executed copy of each such agreement immediately upon execution by Franchisee, a Clinic Director, and the Practice Entity. Franchisee shall post a notice in the Clinic, conspicuous to Franchisee's and the Practice Entity's employees, notifying such employees that they are employees of Franchisee or the Practice Entity and not of Franchisor. Franchisee shall also obtain from each of its personnel an acknowledgment signed by such personnel providing that such individual understands, acknowledges, and agrees that he or she is an employee of Franchisee or the Practice Entity and not Franchisor and that such individual shall look solely to Franchisee or the Practice Entity for his or her compensation and for all other matters related to their relationship with Franchisee or the Practice Entity.

(d) **Training.** Franchisee shall provide all staff members working at the Franchised Business or Clinic, including all Licensed Providers, a training program meeting Franchisor's requirements. Franchisee shall also provide such other periodic training to such individuals as is required by Franchisor. Franchisee shall provide to Franchisor, upon Franchisor's request, a certification that all of such individuals have successfully completed the training programs.

(e) **Maintenance of High Quality Service.** Franchisee shall utilize its best efforts, skill, and diligence to ensure that Franchisee and Franchisee's and the Practice Entity's employees, contractors, and agents establish and maintain high quality service to all doing business with the Franchised Business and Clinic. At all times, Franchisee shall, and Franchisee shall ensure that the Practice Entity, conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks. Franchisee shall not, and Franchisee shall ensure that the Practice Entity not, offer any products and services through the Franchised Business or Clinic that are not approved by Franchisor, and all Licensed Providers must be properly licensed (or otherwise permitted by state law) to provide the products and services offered through the Franchised Business or Clinic, all of which must meet Franchisor's standards and specifications. Franchisee shall not, and Franchisee shall ensure that the Practice Entity not, use the Franchised Business or Clinic to operate any business, or offer any products or services, that have not been approved by Franchisor.

(f) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and System of Operation, and the Names and Marks, and not to control the day-to-day operation of the business or the administration of medical or health products or services

or to control or influence the independent medical judgment of any Licensed Providers. Franchisee shall, and Franchisee shall ensure that the Practice Entity, comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives.

(g) **Internet Usage.** Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, operating software, communication services, and other electronic and computer systems, and the like, for communicating, reporting, and other operations of the Franchised Business and Clinic. Franchisor shall have independent access to all of Franchisee's computer systems, excluding any employment records and patient records containing personal health information. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System of Operation. Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee in the conduct of its business, excluding any employment records and patient records containing personal health information.

(h) **Upgrades.** Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee or the Practice Entity in the Franchised Business and Clinic at any time and without regard to any expenditure limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace the computer systems, to replace or upgrade hardware or software used by Franchisee or the Practice Entity in the Franchised Business and Clinic, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Franchised Business and Clinic.

(i) **Provision of Information.** Franchisee acknowledges and agrees that any and all information provided to Franchisee or the Practice Entity by Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(j) **Franchisee Control of the Franchised Business.** Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, and that Franchisee and the Practice Entity are responsible for the day-to-day operation of the Clinic, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases (or leases) and maintenance of equipment and supplies; maintenance of employment records; daily maintenance, safety, security, and the achievement of compliance with the System of Operation; and the provision of health or medical products and services and the exercise of medical judgment (by the Practice Entity as provided in Section 9(k)). Franchisor's ability to approve certain matters, to inspect the Franchised Business and Clinic and its operations, and to enforce its rights, exists only to the extent necessary to protect its interest in the System of Operation and

the Names and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee or the Practice Entity. Franchisee's employees and the Licensed Providers are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business and Clinic, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(k) **Independent Medical Judgment.** Notwithstanding Franchisor's right to require Franchisee to operate its Franchised Business and manage the Clinic in accordance with the System of Operation, and the standards set from time to time by Franchisor, Franchisor and Franchisee recognize that the practice of mental health, counseling, or therapy is a profession requiring independent judgment, skill, and training and is governed by federal, state, and local laws and regulations. By granting Franchisee a Franchise, Franchisor is not engaging in the practice of medicine, mental health, counseling, therapy, or any other profession that requires specialized training, licensure, or certification. Franchisee must not, and Franchisee shall ensure that the Practice Entity not, engage in the practice of medicine, mental health, counseling, therapy, or any other profession that requires specialized training, licensure, or certification unless properly trained, licensed, and certified. This Agreement will not interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers at the Clinic. Franchisor does not interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers. However, Franchisee must, and Franchisee shall ensure that the Practice Entity, adhere to all applicable laws including any state standards on counseling and therapeutic services. Franchisee acknowledges and agrees that it is not authorized and shall not engage in the practice of medicine, mental health, counseling, or therapy at any time, and, to the extent required by CPOM in the jurisdiction in which the Clinic is located, the Practice Entity shall retain exclusive authority and discretion to direct the medical, professional, and ethical aspects of the counseling and therapy medical practice at the Clinic.

Any inconsistency between the standards of the System of Operation or the advice of Franchisor, on the one hand, and any legal requirement, on the other hand, is inadvertent and not an effort to cause Franchisee or the Practice Entity to deviate from such legal requirements or the proper practice of its profession. Therefore, Franchisor and Franchisee understand and agree that (1) in all cases, lawful, regulatory requirements take precedence over any inconsistent advice, counsel, or other guidance offered by Franchisor as well as any inconsistent standards Franchisor may prescribe; (2) no business advice given by Franchisor nor any standard Franchisor prescribes or recommends shall be taken as advice in respect of the practice of the profession of mental health, counseling, or therapy, as defined by law; and (3) in any case in which Franchisee believes that Franchisor's advice or standards contravene the practice of the profession of mental health, counseling, or therapy or any legal requirements of that practice, Franchisee will notify Franchisor, orally and in writing, immediately.

(l) **Taxes.** Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures

of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business or Clinic, or any part thereof.

(m) **Compliance with Laws.** Franchisee shall, and Franchisee shall ensure that the Practice Entity, comply with all laws and regulations applicable to its Franchised Business, including all zoning laws, licensing and permitting requirements, corporate practice of medicine laws, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Health Information for Economic and Clinical Health Act, or HITECH, anti-kickback laws (including the Federal Medicare Anti-Kickback law and state Medicaid laws concerning reimbursement for services for those who participate in Medicaid), prohibitions on fee splitting and self-referral restrictions (including the federal “Stark Law” and similar state laws), payment systems for medical benefits available to individuals through private insurance and government resources (including Medicare and Medicaid), and the Americans With Disabilities Act. Without limiting the foregoing, all Licensed Providers and other persons offering counseling, therapy, or other medical or health products or services at the Clinic must be properly licensed or otherwise permitted to provide such products and services under all applicable laws and regulations.

(n) **Programs.** Franchisee must, and Franchisee shall ensure that the Practice Entity, participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee or the Practice Entity to participate in from time to time. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion.

(o) **Clinically Integrated Network.** Franchisee must, and Franchisee shall ensure that the Practice Entity, participate in any Ellie Mental Health clinically integrated network if required by Franchisor (“Clinically Integrated Network”), comply with all terms and conditions of, and pay all charges related to, the Clinically Integrated Network, as described in the Confidential Manual(s). The terms, conditions, and policies of the Clinically Integrated Network may be modified at any time by Franchisor at its sole option. Notwithstanding the foregoing, nothing in this Section 9(o) will interfere, affect, or limited the independent exercise of medical judgment by the Licensed Providers, and Franchisor does not, through the Clinically Integrated Network or otherwise, interfere, affect, or limit the independent exercise of medical judgment by the Licensed Providers, as provided in Section 9(k).

8. **Clients.** Franchisee acknowledges and agrees that references to “clients” and “patients” in the Franchise Agreement shall refer to clients or patients of the Clinic.

9. **Names and Marks.** Subject to the terms and conditions of this Addendum, the Franchise Agreement and Confidential Manual(s), Franchisor hereby grants Franchisee the right to grant a sublicense to the Names and Marks to the Practice Entity solely in connection with the operation of the Clinic by the Practice Entity. Such sublicense shall be set forth in the MSA or addendum thereto and shall, among other things: (a) not exceed the scope of Franchisee’s limited rights to use the Names and Marks granted under the Franchise Agreement; (b) terminate immediately upon termination or expiration of the Franchise Agreement; (c) require that Franchisor review and approve the Practice Entity’s use of the Names and Marks prior to such use; (d) prohibit the Practice Entity from using the Names and Marks in any manner for which it is not appropriately licensed or otherwise qualified under applicable law; and (e) include the terms and conditions of Section 10 of the Franchise Agreement.

10. **Furniture, Fixtures, and Equipment; Supplies and Services.** The references to the requirements and obligations of Franchisee set forth in Section 11 of the Franchise Agreement refer to the Clinic, and the maintenance of the Clinic facilities and equipment utilized by the Clinic; the sourcing and specifications of the Clinic’s furniture, fixtures, and equipment, design and décor, branded items and

signage, technology hardware and software, technology and security systems, real estate project management, payment processing, products Franchisee purchases for use or sale at the Clinic, insurance, and advertising and marketing materials and services; and the products and services offered through the Clinic.

11. **Information, Reports, Inspections, and Audits.** Section 12 of the Franchise Agreement is hereby replaced with the following:

12 INFORMATION, REPORTS, INSPECTIONS, AND AUDITS

(a) **Books and Records; Financial Reports.** Franchisee shall, and Franchisee shall cause the Practice Entity to, maintain their respective books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such financial and sales information relating to the business of Franchisee and the Practice Entity as from time to time may be reasonably required by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify regarding Franchisee, the Practice Entity, the Franchised Business, or the Clinic. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to Franchisor with other Ellie Mental Health franchisees and to publicly disclose and include Franchisee's and the Practice Entity's financial information in Franchisor's franchise disclosure document. Except for the foregoing rights, Franchisor will keep such financial information confidential, unless the information is: (1) requested by tax authorities; or (2) used as part of a legal proceeding. Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city income and sales tax returns, if any.

(b) **Audit Rights.** Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee and the Practice Entity, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, excluding any employment records. If any audit discloses that Franchisee or the Practice Entity has failed to pay to Franchisor any fees owed Franchisor (including as a result of an underreporting of Collected Revenue or the number of Qualified Clinicians or Qualified Prescribers in any period), Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the fees and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1.5%) per month. In addition, if the audit discloses the existence of any underpayment of any fees due to Franchisor (including as a result of an underreporting of Collected Revenue or the number of Qualified Clinicians or Qualified Prescribers in any period), Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, lodging, and compensation of persons employed by Franchisor to make the audit. Franchisee shall cause the Practice Entity to cooperate with any such audit request of the Clinic, the Practice Entity, or any PE Agent.

(c) **Inspection Rights.** Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Franchised Business and Clinic. Franchisee shall cause the Practice Entity to cooperate with any such inspection of the Clinic.

(d) **Ownership of Information.** All information Franchisor obtains from Franchisee or the Practice Entity or about or related to the Franchised Business or Clinic (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property, excluding any employment records and patient records containing personal health information (which shall belong solely to and be the responsibility of Franchisee or the Practice Entity, as applicable). Franchisee may use information that it acquires from third parties in operating the Franchised Business at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Franchised Business.

12. **Confidentiality and Improvements.** Section 14 of the Franchise Agreement is hereby replaced with the following:

(a) **Maintenance of Confidence.** Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation, including the Confidential Manual(s), and the concepts and methods of promotion franchised hereunder, is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence and shall only be used for the purposes of operating a Franchised Business and the Clinic as set forth in this Agreement. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act, Minn. Stat. Ch. 325C), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting Franchises hereunder. Franchisee may disclose to the Practice Entity only that portion of such confidential information necessary to permit the Practice Entity to operate the Clinic during the Term of the Franchise; provided, however, that Franchisee enters into a confidentiality agreement with the Practice Entity that requires the Practice Entity to exercise its best efforts to preserve and not disclose or misuse any information disclosed by Franchisor to Franchisee, and Franchisee shall remain jointly and severally liable for the Practice Entity's confidentiality obligations hereunder.

(b) **Improvements.** If Franchisee, the Practice Entity, or any PE Agent, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation, new trade names, trade and service marks and other commercial symbols related to the Franchised Business or the Clinic, or any advertising, promotion, or marketing ideas related to the Franchised Business or the Clinic ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements by Franchisee, the Practice Entity, or any PE Agent. Any such Improvement approved by Franchisor may be used by Franchisor and all other franchisees of Franchisor without any obligation to Franchisee, the Practice Entity, or any PE Agent for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, and Franchisee agrees to procure an assignment from the Practice Entity and any PE Agent of, and without charge, all rights to such Improvements, together with the goodwill associated with the Improvements and the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

13. **Termination by Franchisor.** The references to “Franchisee” and “Franchised Business” in Section 19(a) of the Franchise Agreement shall be replaced with “Franchisee or the Practice Entity” and “Franchised Business or Clinic”, respectively; provided, however, that any notices required to be delivered by Franchisor under Section 19(a) of the Franchise Agreement shall only be required to be delivered to Franchisee (and not the Practice Entity). Section 19(a) of the Franchise Agreement is hereby amended to add the following subsection (16):

(16) Is in breach or default of the MSA and such failure continues for thirty (30) days after notice to Franchisee, or if the MSA terminates or expires for any reason and Franchisee fails to enter into a new MSA, subject to Franchisor’s approval, within thirty (30) days after notice to Franchisee.

14. **Franchisee Indemnification.** Section 21(b) of the Franchise Agreement is hereby replaced with the following:

(b) **Franchisee Indemnification.** Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable, except for liabilities caused by Franchisor’s acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud, and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, the Practice Entity, or any of their personnel or contractors, or as a result of any activities occurring at, by, or through the Franchised Business or Clinic, including the Franchised Business or Clinic, its operation, design, or construction, or otherwise, the exercise of medical judgment or care, the sale or provision of any products or services, the hiring of any counselors, therapists, or prescribers or other employees or contractors, licensing, permitting, and certification, and any advertising conducted by Franchisee or the Practice Entity. Such indemnification shall include reasonable attorneys’ fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses (collectively, “Costs”). Franchisor shall have the right to defend any such claim against it.

15. **Practice Entity Compliance.** Franchisee acknowledges and agrees that in its operation of the Franchised Business and management of the Clinic pursuant to the MSA, Franchisee shall, and cause the Practice Entity to, comply with, and to take no actions that cause Franchisee’s non-compliance with, all applicable requirements set forth and described in the Franchise Agreement, as if the Practice Entity and the Clinic were the Franchisee and the Franchised Business, respectively, pursuant to the Franchise Agreement. Franchisee shall cause the Practice Entity to take no actions in contravention of Franchisee’s obligations pursuant to the Franchise Agreement. The MSA shall include Franchisor’s right to enforce its rights in the Names and Marks, Confidential Manual(s) and the Franchise and indicate that Franchisor is a third party beneficiary and entitled to enforce the terms and conditions of the MSA. Notwithstanding any MSA, Franchisee shall remain primarily liable to Franchisor for all of Franchisee’s duties and obligations contained in the Franchise Agreement. Any act or omission of the Practice Entity that would be a breach or default of the Franchise Agreement if committed or omitted by the Franchisee will be deemed a breach or default by the Franchisee. The MSA shall contain a right of termination by Franchisee for the Practice Entity’s breach or default of any terms or conditions of the MSA that is also set forth in substance in the Franchisee Agreement, which breach or default would constitute a breach or default of the Franchise Agreement if the Franchisee failed to comply therewith.

16. **Defaults.** Upon any material default of the Franchise Agreement, unless such default is cured, Franchisor reserves the right, in its sole discretion, to terminate this Addendum (without terminating the Franchise Agreement), in which case the terms and conditions of the Franchise Agreement shall control and remain in full force and effect, subject to its terms and conditions, as if not modified by this Addendum; provided, however, that this Section 16 shall not prohibit or restrict Franchisor’s rights to terminate the Franchise Agreement as provided in the Franchise Agreement.

17. **No Transfer.** Neither this Addendum, nor Franchisee's rights hereunder, may be sold, assigned, or transferred by Franchisee, regardless of Franchisor's written consent to any direct or indirect sale, assignment, or transfer as defined under Section 16 of the Franchise Agreement, and this Addendum shall automatically terminate upon such sale, assignment, or transfer as defined under Section 16 of the Franchise Agreement (unless otherwise agreed by Franchisor).

18. **Effect on Franchise Agreement.** This Addendum shall terminate upon the termination or expiration of the earlier of the Franchise Agreement or MSA. The terms of this Addendum are expressly made subject to and governed by the Franchise Agreement. Except as specifically amended hereby or by any other Addendum thereto, the Franchise Agreement shall continue in full force and effect. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, this Addendum shall control.

19. **Counterparts.** This Addendum may be executed in any number of counterparts, and may be executed and delivered via facsimile, email, or electronic process, confirmation, or transmission, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Franchisor and Franchisee execute this Addendum effective as of the date hereof.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

PRACTICE ENTITY STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned Franchisee (“Franchisee”) represents and warrants to Ellie Fam LLC (“Franchisor”) that as of the date set forth below all of the information below is true and complete:

Franchisee: _____

Form of Franchisee: (SELECT ONE)
 Corporation formed in the state of _____
 Limited liability company formed in the state of _____
 Partnership formed in the state of _____
 Individual residing in the state of _____

Practice Entity: _____

Form of Practice Entity: (SELECT ONE)
 Professional corporation formed in the state of _____
 Professional limited liability company formed in the state of _____
 Professional partnership formed in the state of _____
 Individual residing in the state of _____

Name of Clinic Director(s): _____

Practice Entity Ownership (EACH PRACTICE ENTITY OWNER MUST BE LICENSED UNLESS OTHERWISE PERMITTED UNDER STATE LAW)		
NAME OF PRACTICE ENTITY OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%
		%

Franchisee acknowledges that this Practice Entity Statement of Ownership and Management applies to the Ellie Mental Health Franchise Agreement. Franchisee shall immediately notify Franchisor upon any change in the information contained in this Practice Entity Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Practice Entity Statement of Ownership and Management.

FRANCHISEE:

Date: _____

By: _____
 Name: _____
 Title: _____

EXHIBIT H
AREA DEVELOPMENT AGREEMENT, STATEMENT OF OWNERSHIP AND MANAGEMENT,
GUARANTY, AND STATE SPECIFIC ADDENDA TO AREA DEVELOPMENT AGREEMENT

ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT

This **AREA DEVELOPMENT AGREEMENT** ("Agreement") is made as of the "Effective Date" set forth on the Rider attached hereto (the "Rider"), by and between ELLIE FAM LLC, a Minnesota limited liability company ("Franchisor"), and the "Developer" set forth on the Rider ("Developer").

INTRODUCTION

Franchisor and its affiliates have developed a System of Operation (as defined below) for the operation of businesses that will operate outpatient counseling and therapy clinics under the "Ellie Mental Health®" service mark providing counseling and therapeutic products and services, by licensed clinical counselors and therapists, to individuals, couples, families, and groups, and related products and services. Franchisor desires to grant to qualified persons franchises to use the concepts, programs, and methods of promotion developed by Franchisor and its affiliates to develop and operate businesses operating Ellie Mental Health clinics. Developer has applied to Franchisor for development rights to develop and operate two (2) or more Franchised Businesses (as defined below) within the Development Territory (as defined below), and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1 DEFINITIONS

(a) "Affiliate" shall mean any corporation, limited liability company, partnership, or other business entity of which Developer or one or more of Developer's majority owners owns at least fifty one percent (51%) of the total authorized ownership interests, as long as Developer or such owner(s) have the right to control the management of the corporation, limited liability company, partnership, or other business entity, and in each case approved by Franchisor.

(b) "Franchised Business" shall mean the business franchised under a franchise agreement with Franchisor that will operate an outpatient counseling and therapy clinic using the System of Operation and the Names and Marks.

(c) "Names and Marks" shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used, or promoted by Franchisor and licensed to Developer or its Affiliates under a franchise agreement for use in connection with the System of Operation and the operation of Franchised Businesses.

(d) "System of Operation" shall mean the business plans and methods developed by Franchisor and its affiliates to be used in connection with the operation of businesses that operate outpatient counseling and therapy clinics providing counseling and therapeutic products and services, by licensed clinical counselors and therapists, to individuals, couples, families, and groups, and related products and services. The "System of Operation" includes standards, specifications, methods, procedures, techniques, and management systems, all of which may be changed, improved, and further developed from time to time by Franchisor, but specifically excludes any employee policies or procedures that Franchisor may make available to Developer (or its Affiliate) for its optional use.

2 GRANT OF DEVELOPMENT RIGHTS

(a) **Development Rights.** Subject to the terms and conditions of this Agreement, and provided that Developer is in full compliance with this Agreement, Franchisor grants Developer the right to develop the number of Franchised Business(es) set forth on and pursuant to the development schedule included on the Rider attached hereto (the "Development Schedule"), within the geographic area described on the Rider attached hereto (the "Development Territory"). Time is of the essence for the development of each Franchised Business in accordance with the Development Schedule.

(b) **Exclusions to Development Schedule.** Developer acknowledges and agrees that the following shall not be added or count towards the calculation to determine whether Developer has satisfied any cumulative number of Franchised Businesses required to be opened as provided in the Development Schedule:

- (1) any business that operates under any marks or names other than Ellie Mental Health;
- (2) any Ellie Mental Health business developed outside of the Development Territory; or
- (3) any Franchised Business Developer (and/or its Affiliate) owns that is located inside of the Development Territory that is closed within six (6) months of the date it opens (regardless of the reason for such closure). Developer (and/or its Affiliate) may not close any Franchised Business without Franchisor's prior written consent.

(c) **Development Territory.** Provided Developer and its Affiliates are in full compliance with this Agreement (including with respect to the cumulative number of Franchised Businesses opened and in operation as required by the Development Schedule) and all other agreements between Developer (or any of its Affiliates) and Franchisor (or any of Franchisor's affiliates), including any franchise agreement between any of the foregoing parties, then, during the Term only, except as otherwise provided in this Agreement, neither Franchisor nor any of its affiliates will operate, or authorize any other party to operate, an outpatient counseling and therapy clinic providing counseling and therapeutic products and services under the Ellie Mental Health mark, that is physically located within the Development Territory. Developer acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in the foregoing restrictions, including:

- (1) Operating, or allowing others to operate, similar or identical businesses located outside the Development Territory, whether under the Names and Marks or other trade or service marks, even if the businesses compete with Developer's or its Affiliate's Franchised Business(es);
- (2) Operating, or allowing others to operate, businesses inside the Development Territory under the Names and Marks or other trade or service marks that do not provide counseling and therapeutic products and services;
- (3) Selling products to third parties even if such products are sold or provided to Developer or its Affiliates for use in Developer's or its Affiliate's Franchised Business(es), whether located in the Development Territory or otherwise and whether under the Names and Marks or other trade or service marks;
- (4) Selling goods or services, or granting others the right to sell goods or services, similar to or competitive with those sold by Developer's or its Affiliate's Franchised Business(es), whether using the Names and Marks or other trade or service marks,

through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing) both inside and outside the Development Territory;

(5) Acquiring businesses that are similar to Developer's or its Affiliate's Franchised Business(es); or

(6) The sale of Franchisor or substantially all of its assets to, or merger of Franchisor with, any third party regardless whether such third party operates, or franchises the operation of, businesses similar to Developer's or its Affiliate's Franchised Business(es).

After this Agreement expires or is terminated (regardless of the reason), Franchisor and its affiliates may engage, and allow others to engage, in any activities Franchisor or its affiliates desire within and outside the Development Territory without any restrictions whatsoever, subject only to Developer's (or any Affiliate's) rights under franchise agreements with Franchisor then in effect.

(d) **Development Fee.** In consideration for the grant of the development rights to Developer, Developer shall pay to Franchisor the "Development Fee" set forth on Schedule A. The Development Fee shall be due and payable upon execution of this Agreement. The Development Fee shall be deemed to have been earned by Franchisor at the time it is due, and shall not be refundable, except that Franchisor will credit any Development Fee paid under this Agreement towards the initial franchise fee due under each franchise agreement Developer or its Affiliate signs with Franchisor pursuant to this Agreement. Any remaining Development Fees paid under this Agreement upon termination or expiration of this Agreement shall be retained by Franchisor.

(e) **Extensions.** During the Term, Franchisor may, upon request and in its sole discretion, grant Developer one (1) extension on any of the Development Schedule deadlines in this Agreement in full-month increments per Franchised Business, which extension shall not exceed three (3) months. Developer must request from Franchisor an extension of the applicable deadline at least fourteen (14) calendar days before the deadline date, and provide the number of full months of extensions requested, not to exceed three (3) months. If Franchisor grants an extension on any deadline, Franchisor will determine the length of the extension in its sole discretion, not to exceed the lesser of the number of full months requested by Developer or three (3) months, and Developer shall pay an extension fee to Franchisor equal to Two Thousand Five Hundred Dollars (\$2,500) per full month to compensate Franchisor for its costs, expenses, and lost opportunities related to the proposed extension (the "Extension Fee"). Developer shall also sign a general release in consideration of the grant of an extension. Franchisor may consider a variety of factors in granting or denying an extension, including the diligence Developer has shown in developing the Franchised Business(es) and the Developer's ability to meet the Development Schedule previously. The Extension Fee shall be deemed fully earned and non-refundable when due, and will not be credited against any initial franchise fee payable under any franchise agreement.

(f) **No Rights to System of Operation or Names and Marks.** This Agreement does not grant Developer or its Affiliates the right to use the System of Operation or the Names and Marks, such rights being exclusively governed by the applicable franchise agreement entered into by Developer or its Affiliate and Franchisor.

3 DEVELOPMENT OBLIGATIONS

(a) **Development Obligations.** Developer (and/or its Affiliate) shall develop, open for business, and continuously operate the agreed-upon cumulative number of Franchised Business(es) within the Development Territory by the dates set forth on the Development Schedule. Developer or its Affiliate will develop, open, and operate each Franchised Business under a separate franchise agreement (and related documents) with Franchisor. The franchise agreement (and related documents) that Developer or its Affiliate will sign for each Franchised

Business will be Franchisor's then-current form of franchise agreement and related documents, including, without limitation, personal guarantees (collectively, the "Franchise Documents") in effect and being used by Franchisor for the granting of new franchises, any or all of the terms and conditions of which may differ substantially from the terms and conditions contained in the form of franchise agreement currently used by Franchisor as of the Effective Date.

(b) **Franchise Approval.** Developer acknowledges and agrees that franchise agreements are granted by Franchisor only after submission and approval of a formal application for an Ellie Mental Health franchise based on Franchisor's then-current requirements for franchisees and provided that Developer (and/or its Affiliate) supplies all information requested by Franchisor and paying all required fees, if any. Franchisor may, in its sole discretion, choose to grant or deny applications for franchise agreements; however, Franchisor will exercise good faith in exercising its discretion. Developer shall comply in all respects with Franchisor's franchise application policies and procedures in force at such time as Developer (and/or its Affiliate) may apply for a franchise agreement. Developer understands and agrees that any activities undertaken in reliance on this Agreement or the potential grant of a franchise hereunder prior to signing a franchise agreement with Franchisor are at Developer's own risk and expense.

(c) **Franchise Documents.** Within thirty (30) days after Franchisor approves Developer's (or its Affiliate's) application for a Franchised Business and the issuance of Franchisor's then-current Franchise Disclosure Document and other Franchise Documents, Developer (and/or its Affiliates), and their respective owners to the extent required, must sign all Franchise Documents requested by Franchisor for the Franchised Business proposed to be developed. If Developer (and/or its Affiliate), or any of their respective owners, do not do so, then Franchisor may withdraw its approval of such application for a Franchised Business. After Developer (and/or its Affiliate) sign the Franchise Documents for a particular Franchised Business, the terms and conditions of those Franchise Documents will control the further development and operation of that Franchised Business.

(d) **Site Approval.** Developer (and/or its Affiliate) shall be solely responsible for locating appropriate sites for the construction of each Franchised Business and taking all other actions necessary to finance, build, and construct such Franchised Business(es). Developer understands and agrees that all proposed sites are subject to Franchisor's prior approval in its sole discretion.

(e) **Opening.** Developer (and/or its Affiliate) shall open each Franchised Business by the date set forth in the applicable Franchise Documents, subject to satisfaction of all condition precedents to opening in the Franchise Documents, but in any event, no later than the date set forth for opening in the Development Schedule.

4 ASSIGNMENT

(a) **By Franchisor.** This Agreement is fully assignable by Franchisor without the consent of Developer or any of its Affiliates, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) **General Prohibition on Developer Assignment.** Developer (and each of its owners) acknowledges that Franchisor granted Developer the rights under this Agreement because of Developer's (and its owners') individual and collective character, skill, business acumen, financial capability, and ability to develop, open, and operate Franchised Businesses according to Franchisor's standards. These rights are personal to Developer's and its owners. Therefore, Developer may not, and Developer may not permit any of its owners to, transfer, assign, or otherwise encumber this Agreement, or any portion of this Agreement or part of any Development Territory, or any of ownership interests in Developer (whether directly or indirectly).

(c) **Statement of Ownership and Management.** At the time this Agreement is executed by Developer, Developer shall also complete the Statement of Ownership and Management attached hereto, and, if Developer is a corporation, partnership, or limited liability company, each owner of Developer as of the date hereof, as well as any future owners of Developer, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Developer. Developer shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Developer shall provide Franchisor with an updated Statement of Ownership and Management.

5 TERM; TERMINATION

(a) **Term.** Unless otherwise terminated, this Agreement's term begins on the Effective Date and ends on the earlier of: (a) the date the last Franchised Business under the Development Schedule opens for business; or (b) the latest date for opening Franchised Businesses under the Development Schedule (the "Term").

(b) **Termination.** Franchisor may terminate this Agreement and Developer's right to develop additional Franchised Business(es) within the Development Territory, and Franchisor shall retain any Development Fees paid by Franchisee, at any time, effective upon delivery of written notice of termination, if:

(1) Developer fails to satisfy either its development obligations under the Development Schedule or any other obligation under this Agreement, which defaults Developer shall have no right to cure;

(2) Developer is convicted in a court of competent jurisdiction of an offense directly related to the Franchised Businesses;

(3) Developer makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due, or Developer files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;

(4) Developer (or its Affiliate) makes an unauthorized assignment or transfer of this Agreement, the Development Territory, any Franchised Business, or any ownership interest in Developer (or its Affiliate); or

(5) Developer has made material misrepresentations on its application for the development rights hereunder or in connection with any application for a Franchised Business.

(c) **Actions Upon Expiration or Termination.** Upon expiration or termination of this Agreement for any reason, Developer's development rights and rights to develop, open, and operate Franchised Businesses shall automatically terminate and expire, and Developer's (and/or its Affiliate's) rights to use the System of Operation and Names and Marks shall be limited to those Franchised Businesses in development or currently in operation pursuant to effective franchise agreements which Franchisor executed and delivered prior to such expiration or termination of this Agreement.

6 DEVELOPER REPRESENTATIONS

To induce Franchisor to accept Developer's application for a franchise and to execute this Agreement, Developer hereby represents and warrants to Franchisor as follows:

- (a) **Standards for Service.** Developer recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation in connection with each Franchised Business;
- (b) **Disclosure Document.** Developer has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Developer has read and understands all such documents;
- (c) **Business Risks; Independent Medical Judgment.** Developer acknowledges that: (1) it has the entire control and direction of the development of Franchised Businesses hereunder, subject only to the terms and conditions of this Agreement and any Franchise Documents between Developer (and/or its Affiliate) and Franchisor; (2) Franchisor is not engaging in the practice of medicine, mental health, or any other profession that requires specialized training, licensure, or certification, and that Developer (and/or its Affiliate) must not engage in the practice of medicine, mental health, or any other profession that requires specialized training, licensure, or certification unless properly trained, licensed, and certified; (3) the development of Franchised Businesses under this Agreement involves business risks, and that Developer's success shall be largely determined by its own skill and efforts as an independent business person; and (4) if it fails at any tasks that are vital to the operation of the development of Franchised Business, Developer shall be solely responsible for any such failure; and
- (d) **Developer Advisors; Independent Investigation.** Developer has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Developer has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement. Developer has entered into this Agreement after making an independent investigation of Franchisor's operations.

7 MISCELLANEOUS

- (a) **Compliance with Laws.** Developer shall comply with all laws and regulations applicable to the Franchised Businesses, including all zoning laws, licensing and permitting requirements, corporate practice of medicine laws, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Health Information for Economic and Clinical Health Act, or HITECH, anti-kickback laws (including the Federal Medicare Anti-Kickback law and state Medicaid laws concerning reimbursement for services for those who participate in Medicaid), prohibitions on fee splitting and self-referral restrictions (including the federal "Stark Law" and similar state laws), payment systems for medical benefits available to individuals through private insurance and government resources (including Medicare and Medicaid), and the Americans With Disabilities Act. Without limiting the foregoing, all counselors, therapists, and other persons offering counseling, therapy, or other medical or health products or services at the Franchised Businesses, and all owners of the Franchised Businesses, must be properly licensed to the extent required by all applicable laws and regulations.
- (b) **Business Judgment.** Except as otherwise expressly stated in this agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System of Operation, and the Names and Marks, without regard to its

effect on any individual Developer, franchisee, or Franchised Business. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Names and Marks, increase customer satisfaction, or minimize possible consumer, brand, or location confusion. If Franchisor's activities or decisions are supported by its business judgment, no court, arbitrator, or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her, or its judgment for Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Franchisor and its Developers and franchisees taken together, require that Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System of Operation.

(c) **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if Developer is not a resident of Minnesota, or if the Franchised Businesses or Development Territory is not located in or include Minnesota, then they hereby waive the provisions of the Minnesota franchise law, Minn. Stat. Ch. 80C, and the regulations promulgated thereunder. If there is a statute in the state in which the Developer or the Development Territory is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the laws of the State of Minnesota.

(d) **Dispute Resolution.** Franchisor and Developer agree that all actions arising under this Agreement, other than an action for injunctive relief, shall be submitted to mediation and then binding arbitration, each as described in the most recent franchise agreement executed by Franchisor and Developer (and/or its Affiliate), or if no such franchise agreement has been executed, then as provided in the form of franchise agreement disclosed to Developer in the most recent Franchise Disclosure Document furnished to Developer.

(e) **Binding Effect.** This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

(f) **Headings; Developer References; Liability.** The section headings are for convenience only and do not define, limit, or construe the contents thereof. The term "Developer" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Developer", all of Developer's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory.

(g) **Construction.** Franchisor and Developer agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed according to its fair meaning and not strictly against Franchisor or Developer.

(h) **Invalid Provisions.** It is the desire and intent of Franchisor and Developer that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Developer shall substitute a valid and enforceable

provision for any specification, standard, operating procedure, rule, or other obligation of Developer or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(i) **Waivers.** Franchisor and Developer, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Developer and no failure, refusal, or neglect of Franchisor or Developer to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by the other party, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that (1) this waiver will not apply to Developer's obligation to meet the Development Schedule or the payment of any fees to Franchisor, and (2) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(j) **Modifications.** No modification of this Agreement shall be valid unless such modification is in writing and signed by Developer and Franchisor.

(k) **Notices.** All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (1) when delivered by hand; (2) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (3) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (2) or (3), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(l) **Patriot Act Representations.** Developer represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers, and managers), nor any of its Affiliates, or any funding source for the Franchised Businesses, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its Affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its Affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its Affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "Lists"); (5) neither it nor any of its Affiliates, during the Term, will be on any of the Lists; and (6) during the Term, neither it nor any of its Affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(m) **Variances.** This Agreement is solely between Franchisor and Developer for the development of Franchised Business(es). Developer is aware and fully understands that Franchisor may grant franchise and development agreements to other third parties on terms and conditions which may differ from the terms and conditions set forth in any franchise or development agreement between Franchisor and Developer or its Affiliate and, as such, nothing contained herein or elsewhere grants to Developer or its Affiliates or is any assurance to the Developer or its Affiliates that the terms and conditions contained in any such franchise or

development agreement shall be the same or as beneficial as in any other franchise or development agreement granted by Franchisor.

(n) **Entire Agreement.** The introduction and Rider attached hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Developer relating to the development rights, other than any Franchise Documents for any Franchised Business; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Developer. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile, email, or electronic signature, record, process, confirmation, or transmission attached to or logically associated with this Agreement and executed and adopted with the intent to sign.

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

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

[THIS AGREEMENT CONTINUES WITH RIDER]

**ELLIE MENTAL HEALTH
AREA DEVELOPMENT AGREEMENT**

RIDER

Part 1 (Developer)	
Effective Date:	_____
Developer:	_____
Form of Developer: (SELECT ONE)	<input type="checkbox"/> Corporation formed in the state of _____ <input type="checkbox"/> Limited liability company formed in the state of _____ <input type="checkbox"/> Partnership formed in the state of _____ <input type="checkbox"/> Individual residing in the state of _____
Address of Developer:	_____ _____ _____
[THIS RIDER CONTINUES WITH PART 2]	

**ELLIE MENTAL HEALTH
AREA DEVELOPMENT AGREEMENT**

RIDER

Part 3 (Signature Page)

IN WITNESS WHEREOF, the parties have executed this Rider (Parts 1 to 3) as of the Effective Date.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ELLIE MENTAL HEALTH
AREA DEVELOPMENT AGREEMENT**

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned Developer ("Developer") represents and warrants to ELLIE FAM LLC ("Franchisor") that as of the date set forth below all of the information below is true and complete:

Ownership (EACH OWNER MUST SIGN A GUARANTY)		
NAME OF OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%
		%

Management (LIST EACH INDIVIDUAL HOLDING A POSITION AS BOARD-MEMBER OR OFFICER)	
NAME OF INDIVIDUAL	ROLE/TITLE

Developer acknowledges that this Statement of Ownership and Management applies to the Ellie Mental Health Area Development Agreement. Developer shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Developer.

Date: _____

DEVELOPER:

 By: _____
 Name: _____
 Title: _____

GUARANTY

IN CONSIDERATION of the grant by ELLIE FAM LLC ("Franchisor") of Ellie Mental Health development rights to the party named as Developer ("Developer") in the Area Development Agreement to which this Guaranty is attached (the "Area Development Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby guarantee (jointly and severally with one another and all other guarantors of Developer, whether such guaranties are entered into prior to or after the date hereof) to Franchisor and to Franchisor's successors and assigns: (a) the payment of all costs and fees required to be paid to Franchisor or its affiliates by Developer under the Area Development Agreement, and (b) the performance by Developer of all its obligations under the Area Development Agreement. The undersigned further specifically agree to remain individually bound by all covenants, obligations, and commitments of Developer contained in the Area Development Agreement to the same extent as if each of the undersigned had individually been named as Developer in the Area Development Agreement, and the undersigned had individually executed the Area Development Agreement.

The undersigned understand and agree that any modification of the Area Development Agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Developer of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Developer thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Area Development Agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Developer is so released, terminated, affected, or diminished. Notice to the undersigned of any such modification, waiver, extension, or forbearance under the terms thereof being hereby waived.

The undersigned further understand and agree that no bankruptcy or reorganization of Developer shall release or otherwise affect the obligations of the undersigned to pay all costs and fees provided for in the Area Development Agreement, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of the Area Development Agreement, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Developer contained in the Area Development Agreement to the same extent as if each of the undersigned had individually executed the Area Development Agreement. This Guaranty shall be enforceable upon ten (10) days' written notice by Franchisor to any of the undersigned of any default by Developer of any of its covenants under the terms of the Area Development Agreement and addendum or addenda thereto. The undersigned hereby waive any and all notice of default on the part of Developer; waive exhausting of recourse against Developer; and consent to any assignment of the Area Development Agreement, in whole or in part, that Franchisor or its assignees may make. This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

Date: _____

Name: _____

Date: _____

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of California.

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, transfer and nonrenewal of the Area Development Agreement and certain provisions of the Area Development Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Area Development Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. If the Area Development Agreement is inconsistent with the law, the law will control.

2. The Area Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

3. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

4. The Area Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The Area Development Agreement requires binding arbitration as stated in the Franchise Agreement. The arbitration will occur at the office of the American Arbitration Association in Minneapolis, Minnesota. You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions 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.

6. Section 6 of the Area Development Agreement entitled "Developer Representations" is hereby deleted in its entirety and replaced with "[Intentionally Deleted]".

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth below.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF ILLINOIS**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Illinois.

1. Illinois law governs the Area Developer Agreement.
2. Developer's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an area developer agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an area developer agreement may provide for arbitration to take place outside of Illinois.
4. 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 the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
5. The provision in the Area Developer Agreement which terminates the franchise upon the bankruptcy of the Developer may not be enforceable under Title 11, United States Code, Section 101.
6. Section 5(b) of the Area Developer Agreement is modified by the insertion of the following at the end of such Section:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Developer with the opportunity to cure any defaults under this Section 19(a), which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”
7. Based upon the Franchisor's financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, we secured a surety bond in the amount of \$180,000 from Great Midwest Insurance Company. A copy of the bond is on file at the Illinois Attorney General's Office, 500 South 2nd Street, Springfield, Illinois 62701.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF INDIANA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Indiana.

1. In accordance with IC 23-2-2.7-1, the applicable sections of the Area Development Agreement are hereby amended to provide that Franchisor will not: (a) require the Developer to execute a release in connection with the renewal or transfer of the area development franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Developer to covenant not to compete with the Franchisor in an area greater than the Development Territory set forth in the Area Development Agreement, upon termination of or failure to renew the Area Development Agreement; or (c) limit litigation brought for breach of the Area Development Agreement.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Area Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Maryland.

1. Pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 5(b) of the Area Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 7(c) of the Area Development Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the area development franchise.”

4. The Area Development Agreement states that Minnesota law generally applies. However, the conditions under which your area development franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

5. The representations made in the Area Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Based upon the Franchisor’s financial condition, the Securities Division of the Maryland Office of the Attorney General has required a financial assurance. Therefore, we secured a surety bond in the amount of \$187,500 from Great Midwest Insurance Company. A copy of the bond is on file at the Securities Division of the Maryland Office of the Attorney General, 200 Saint Paul Place, Baltimore, Maryland 21202.

7. Section 6 of the Area Development Agreement entitled “Developer Representations” is hereby deleted in its entirety and replaced with “[Intentionally Deleted]”.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF MINNESOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold in the State of Minnesota or if the Ellie Mental Health business will be located in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Developer to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Area Development Agreement can abrogate or reduce (a) any of Developer's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Developer'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, Franchisor will comply with Minnesota Statutes, Section 80C.14, subd. 3-5, which require (except in certain specified cases) (a) that Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Development Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Developer to assent to a general release.

4. Developer cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. Area Development Agreement, Section 7(i), is revised to comply with Minnesota Statutes, Section 80C.17, subd. 5.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF NEW YORK**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of New York.

1. Section 4(a) of the Area Development Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

2. Article 5 of the Area Development Agreement is revised to include the following at the end of such section:

“In addition, the Developer shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law.”

3. Article 5 of the Area Development Agreement is revised to include the following:

“Provided, however, that all rights arising under Developer’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

4. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Area Development Agreement to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

2. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Area Development Agreement to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

"Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business."

3. Any references in the Area Development Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

4. Any references in the Area Development Agreement to any requirement to consent to a waiver of trial by jury are deleted.

5. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

6. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

7. Any references in the Area Development Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

8. Any references in the Area Development Agreement requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.

9. Based upon the Franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, we secured a surety bond in the amount of \$60,000 from Great Midwest Insurance Company. A copy of the bond is on file at the North Dakota Securities Department, 600 E Boulevard Avenue, 5th Floor, Bismarck, North Dakota 58505.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Rhode Island.

1. Article 5 of the Area Development Agreement is supplemented by the addition of the following:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in an area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.”

2. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of South Dakota.

1. Section 5 of this Area Development Agreement is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. Section 7(d) of this Area Development Agreement is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

4. Section 7(d) of this Area Development Agreement is amended to read as follows:

“Except for matters coming under the South Dakota Law, litigation and arbitration must be in Minnesota.”

5. Section 7(c) of this Area Development Agreement is amended to read as follows:

“The law of South Dakota governs.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Virginia.

1. Section 5(b) of the Area Development Agreement is modified by the insertion of the following at the end of such Section:

“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 area developer 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.”

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:

DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:

DEVELOPER:

Name: _____

**WASHINGTON ADDENDUM
TO AREA DEVELOPMENT AGREEMENT, QUESTIONNAIRE,
AND RELATED AGREEMENTS**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. 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.

3. 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.

4. 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.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. 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.

7. 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.

8. Section 6 of the Area Development Agreement entitled "Developer Representations" is hereby deleted in its entirety and replaced with "[Intentionally Deleted]".

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of

Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:

DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:

DEVELOPER:

Name: _____

**ADDENDUM TO
ELLIE MENTAL HEALTH AREA DEVELOPMENT AGREEMENT
FOR THE
STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Ellie Mental Health Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Ellie Mental Health franchises offered and sold or operated in the State of Wisconsin.

1. The Wisconsin Fair Dealership Law applies to most area development agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Area Development Agreement is hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Area Development Agreement that are inconsistent with the Wisconsin Fair Dealership Law.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Area Development Agreement was executed.

FRANCHISOR:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
DEVELOPER:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
DEVELOPER:

Name: _____

**EXHIBIT I
BUSINESS ASSOCIATE AGREEMENT**

BUSINESS ASSOCIATE AGREEMENT

This **BUSINESS ASSOCIATE AGREEMENT** ("Agreement") is made effective as of _____, 20__ ("Effective Date"), by and between ELLIE FAM LLC, a Minnesota limited liability company ("Business Associate"), and the following covered entity ("Covered Entity"):

Name of Covered Entity: _____

Form of Covered Entity: Corporation formed in the state of _____
 Limited liability company formed in the state of _____
 Partnership formed in the state of _____
 Individual residing in the state of _____

RECITALS

A. The parties are committed to complying with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 C.F.R. Parts 160 & 164, under the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), as such regulations are currently drafted and as may be subsequently updated, amended, or revised (the "Regulations");

B. The parties have entered or are contemplating entering into an agreement (the "Underlying Agreement"), whereby Business Associate provides certain services for or on behalf of the Covered Entity, under which Business Associate uses or may use and/or disclose Protected Health Information (as defined below) in its performance of the services described in the Underlying Agreement (the "Services"); and

C. In order to comply with HIPAA, Business Associate has agreed to enter into this Agreement with the Covered Entity, which sets forth the terms and conditions pursuant to which Protected Health Information that is provided by, or created or received by, Business Associate from or on behalf of the Covered Entity is to be handled by Business Associate during the term of this Agreement and after its termination.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, the mutual promises contained herein, and the mutual benefit to be gained by the performance hereof, it is hereby agreed as follows:

1. DEFINITIONS

- 1.1 "Breach" shall have the same meaning as the term "breach" as set forth in 42 U.S.C. § 17921, and as further amended in 45 C.F.R. § 164.402.
- 1.2 "HITECH Act" shall mean the Health Information Technology for Economic and Clinical Health Act that was adopted as part of the American Recovery and Reinvestment Act of 2009 and is considered an amendment to HIPAA.
- 1.3 "HITECH", as used herein, shall mean the HITECH Act and its implementing regulations.
- 1.4 "Privacy Officer" shall mean the person who may be designated as the Privacy Officer by the Covered Entity from time to time.
- 1.5 "Protected Health Information" or "PHI" shall have the meaning set forth in its definition at 45 C.F.R. §160.103, except that for purposes of this Agreement, it shall be limited to information created by or received by Business Associate on behalf of the Covered Entity.
- 1.6 "Security Incident" shall have the meaning set forth in 45 C.F.R. § 164.304 of the Regulations.

- 1.7 **“Unsecured PHI”** shall mean PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified in guidance issued in accordance with 45 C.F.R. § 164.402.

Capitalized terms used but not defined herein shall have the same meaning as those terms set forth in HIPAA, HITECH, or the Regulations.

2. PERMITTED USES AND DISCLOSURES OF PROTECTED HEALTH INFORMATION

- 2.1 **Services.** Pursuant to the Underlying Agreement, Business Associate provides Services for or on behalf of the Covered Entity that involves or may involve the use and disclosure of Protected Health Information to Business Associate in connection with the Services. Except as otherwise specified herein, Business Associate may make any and all uses and disclosures of Protected Health Information necessary to perform the Services for or on behalf of the Covered Entity, provided that any such use or disclosure would not violate the Regulations if done by the Covered Entity. Moreover, Business Associate may disclose Protected Health Information for the purposes authorized by this Agreement only (a) to its employees, subcontractors, and agents, provided the requirements set forth in Section 3.1 are satisfied; (b) as directed by the Covered Entity, including disclosures to other business associates of the Covered Entity; (c) as Required by Law; or (d) as otherwise permitted by the terms of this Agreement including, but not limited to, Section 2.2(b).

- 2.2 **Business Activities of the Business Associate.** Unless otherwise limited herein, the Business Associate may:

- a. Use Protected Health Information in its possession for its proper management and administration and to fulfill any present or future legal responsibilities of Business Associate, provided that such uses are permitted under HIPAA, and any other applicable state and federal confidentiality laws; and
- b. Disclose Protected Health Information in its possession to third parties for the purpose of its proper management and administration or to fulfill any present or future legal responsibilities of Business Associate, provided that: (1) the disclosures are Required by Law and allowable by HIPAA; or (2) Business Associate has entered into an agreement with any such third party that requires such third party to adhere with the same restrictions and obligations of the Business Associate under this Agreement with respect to Protected Health Information.

3. RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PROTECTED HEALTH INFORMATION

- 3.1 **Responsibilities of Business Associate.** With regard to its use and/or disclosure of Protected Health Information, Business Associate shall:

- a. Use and/or disclose Protected Health Information only as permitted or required by this Agreement, or as Required by Law.
- b. Prevent the use or disclosure of PHI in a manner or for a purpose not permitted or required by this Agreement, and implement administrative, physical, and technical safeguards that will protect the confidentiality, integrity, and availability of Electronic Protected Health Information.
- c. Comply with the Regulations' minimum necessary standard in 42 C.F.R. §164.502(b), in accordance with HITECH and applicable guidance from the U.S. Department of Health and Human Services, as and when effective.

- d. Ensure that all of Business Associate's subcontractors and agents to whom it provides Protected Health Information under this Agreement agree in writing to (1) adhere to the same restrictions and conditions on the use and/or disclosure of Protected Health Information; and (2) to implement reasonable and appropriate safeguards to protect all Protected Health Information.
- e. Report to the Privacy Officer, in writing, any use and/or disclosure of Protected Health Information that is not permitted or required by this Agreement, or any Security Incident, within five (5) business days of the Business Associate's becoming aware of such unauthorized use and/or disclosure, or the discovery of facts that indicate that such unauthorized use and/or disclosure may have occurred, or Security Incident, and notify Privacy Officer of a Breach of Unsecured PHI in accordance with Section 3.4.
- f. Establish procedures for mitigating, to the greatest extent possible, any deleterious effects from any use and/or disclosure of Protected Health Information that Business Associate is required to report to the Covered Entity under Section 3.4.
- g. Make available all of Business Associate's internal practices, records, books, agreements, policies, and procedures relating to the use and/or disclosure of Protected Health Information to the Secretary of the U.S. Department of Health and Human Services for purposes of determining the Covered Entity's compliance with the Regulations.
- h. Make available all of Business Associate's internal practices, records, books, agreements, policies, and procedures relating to the use and/or disclosure of Protected Health Information to the Covered Entity for purposes of determining Business Associate's compliance with this Agreement.
- i. Within five (5) business days of written notification from the Covered Entity, provide access to Protected Health Information in a Designated Record Set to the Covered Entity or provide such information directly to Individuals as requested by the Covered Entity in order for the Covered Entity to meet the requirements under 45 C.F.R. § 164.524. Business Associate shall provide prompt written notice to Privacy Officer if it receives a request for access to PHI in a Designated Record Set directly from an Individual.
- j. Within five (5) business days of receiving written request from the Covered Entity, make any amendment to Protected Health Information in a Designated Record Set requested by the Covered Entity pursuant to 45 C.F.R. § 164.526; provided, however, that the Covered Entity is permitted to make the determination that the amendment(s) is necessary pursuant to 45 C.F.R. § 164.526. Business Associate shall provide prompt written notice to Privacy Officer if it receives a request to amend PHI directly from an Individual.
- k. Provide to the designated Privacy Officer of the Covered Entity, when requested, a written list of applicable disclosures made by Business Associate in order for the Covered Entity to respond to a request by an Individual for an accounting of disclosures of the Individual's Protected Health Information in accordance with 45 C.F.R. § 164.528. Business Associate shall provide prompt notice to Privacy Officer if it receives a request for an accounting of disclosures directly from an Individual.

3.2 **Responsibilities of the Covered Entity.** With regard to the use and/or disclosure of Protected Health Information by Business Associate, the Covered Entity shall:

- a. **Notice of Privacy Practices.** Make available to Business Associate the most recent version of the Covered Entity's notice of privacy practices.

- b. **Special Restrictions.** Notify Business Associate, in a timely manner, of any arrangements permitted or required of the Covered Entity that may impact in any manner the use and/or disclosure of Protected Health Information by Business Associate under this Agreement, including, but not limited to, restrictions on use and/or disclosure of Protected Health Information as provided for in 45 C.F.R. § 164.522 agreed to by the Covered Entity.

3.3 **HITECH Provisions.** Business Associate hereby acknowledges and agrees that to the extent it is functioning as a business associate of the Covered Entity, Business Associate will comply with the provisions of this Agreement and with the obligations of a business associate as required by HIPAA and the HITECH Act commencing on the applicable effective date of each such provision. Business Associate and the Covered Entity further agree that the provisions of HIPAA and the HITECH Act that apply to business associates and that are required to be incorporated by reference in a business associate agreement are hereby incorporated into this Agreement as if set forth in this Agreement in their entirety and are effective as of the applicable effective date. Without limiting the preceding, the parties agree as follows:

- a. **Security Regulations.** 45 C.F.R. §§ 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards), and 164.316 (policies and procedures and documentation requirements) apply to Business Associate in the same manner that such sections apply to the Covered Entity. The additional requirements of Section 13401 of the HITECH Act that relate to security and that are made applicable with respect to covered entities shall also be applicable to Business Associate as a business associate of the Covered Entity.
- b. **Privacy Regulations.** Business Associate may use and disclose Protected Health Information only if such use or disclosure, respectively, is in compliance with each applicable requirement of 45 C.F.R. § 164.504(e). The additional requirements of Section 13404 of the HITECH Act that relate to privacy and that are made applicable with respect to covered entities shall also be applicable to Business Associate as a business associate of the Covered Entity.

3.4 **Notifications of Breach of Unsecured PHI.** Business Associate shall provide written notice to the Privacy Officer of any Breach of Unsecured PHI (“BA Breach”) within five (5) business days of Business Associate’s discovery of a BA Breach, or as otherwise Required by Law. This written notice (“Initial Notice”) shall contain the following: (a) a brief description of the breach, including the date of the breach and the date of the discovery, if known; (b) a description of the types of Unsecured PHI involved, including the number and identities of Individuals involved; (c) recommended steps that should be taken to protect Individuals from further harm; and (d) a brief description of steps Business Associate is taking and will take to mitigate harm.

Business Associate shall also provide the Covered Entity with other available information that the Covered Entity is required to include in notifications under 45 C.F.R. § 164.404 or other applicable law, and other relevant information reasonably requested by the Covered Entity, at the time of the Initial Notice or promptly thereafter as such information becomes available.

4. TERM AND TERMINATION

4.1 **Term.** This Agreement shall become effective on the Effective Date and shall continue in effect until the termination or expiration of the Underlying Agreement. In addition, certain provisions and requirements of this Agreement shall survive its expiration or termination in accordance with Section 5.1.

4.2 **Effect of Termination.** Upon the termination or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information, in a manner that ensures its nondisclosure, to the Covered Entity within ten (10) days unless a mutually agreed upon time has

been determined, pursuant to 45 C.F.R. § 164.504(e)(2)(I), if it is feasible to do so. If it is not feasible for Business Associate to return or destroy said Protected Health Information, Business Associate will notify the Covered Entity in writing. Such notification shall include: (a) a statement that Business Associate has determined that it is infeasible to return or destroy the Protected Health Information in its possession; and (b) the specific reasons for such determination, which shall include record retention requirements. In addition, Business Associate shall extend any and all protections, limitations, and restrictions contained in this Agreement to the Business Associate's use and/or disclosure of any Protected Health Information retained after the termination of this Agreement, and limit any further uses and/or disclosures to the purposes that make the return or destruction of the Protected Health Information infeasible.

5. MISCELLANEOUS

- 5.1 **Survival.** The respective rights and obligations of Business Associate and the Covered Entity under Sections 2.1 and 3.1 solely with respect to Protected Health Information Business Associate retains in accordance with Section 4.2 because it is not feasible to return or destroy such Protected Health Information, shall survive termination or expiration of this Agreement. Further, Sections 4.2, 5.1, 5.2, 5.4, 5.5, 5.9, and 5.10 shall survive termination or expiration of this Agreement.
- 5.2 **Amendment.** Except as provided in Section 5.3, this Agreement may only be amended by a writing signed by the parties.
- 5.3 **Regulatory Amendment.** This Agreement shall be deemed automatically amended to the extent necessary to comply with changes in HIPAA, the Regulations, or HITECH.
- 5.4 **Non-Waiver.** The rights and remedies of the parties are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, and no single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.
- 5.5 **No Third-Party Beneficiaries.** The Agreement confers no enforceable legal rights or remedies on any individuals or entities other than the parties unless otherwise provided.
- 5.6 **Notices.** Any notice or other communication provided for by this Agreement must be in accordance with the terms of the Underlying Agreement.
- 5.7 **Interpretation.** Any ambiguity in the Agreement shall be resolved in favor of a meaning that permits the Covered Entity to comply with HIPAA, the Regulations, and HITECH.
- 5.8 **Governing Documents.** In the event of a conflict between any term or provision of this Agreement and the Underlying Agreement, this Agreement shall control to the extent that the subject matter of such conflict is the use or disclosure of PHI or Individual rights regarding PHI. If the subject matter of such conflict is not the use or disclosure of PHI or Individual rights regarding PHI, then the Underlying Agreement shall control.
- 5.9 **Governing Law, Dispute Resolution.** The Agreement will be governed by and interpreted under Minnesota law. Notwithstanding anything to the contrary in Section 5.8 or otherwise, any dispute between the parties or any dispute arising directly or indirectly out of the Agreement will be addressed solely and exclusively in the manner set forth in the Underlying Agreement.
- 5.10 **Severability.** The Agreement must be interpreted in a way that if any provision is held invalid, the rest of the Agreement will remain in full affect unless the invalid provision would materially alter a party's interests or materially affect its ability to perform under the Agreement.

5.11 **Legal Compliance.** The Parties shall perform their respective duties and obligations under this Agreement in compliance with all applicable law, including, but not limited to, HIPAA, the HITECH Act, and Regulations promulgated thereunder. Any reference to a statute in this Agreement shall be deemed to be including its implementing regulations. Any reference to a statute or regulation in this Agreement means that statute or regulation as amended or supplemented from time to time and any corresponding provisions of successor statutes or regulations unless context requires otherwise.

5.12 **Signatures and Counterparts.** The Agreement may be executed by any form of signature authorized by law, including, without limitation, by electronic confirmation, process, or transmission. Each counterpart will be deemed an original copy of the Agreement and, when taken together, will be deemed to constitute one and the same agreement.

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

BUSINESS ASSOCIATE:
ELLIE FAM LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
COVERED ENTITY:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
COVERED ENTITY:

Name: _____

EXHIBIT J
ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____
Location: _____
Date: _____

Attention: Accounting

The undersigned has entered into a Franchise Agreement with Ellie Fam LLC (the "Franchise Agreement"), and authorizes Ellie Fam LLC ("Franchisor") or any of its affiliated entities, to initiate one-time, weekly, and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing System Fees, advertising fees, and other amounts that become due and payable by the undersigned to Franchisor or any affiliate pursuant to the Franchise Agreement or any other agreement between the undersigned and Franchisor or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Franchisor.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely,

By: _____
Name: _____

Account Name

Bank Name

Client Street Address

Branch

City State Zip Code

Bank Street Address

Client Phone Number

City State Zip Code

Client's Account Number

Bank Phone Number

Bank's Account Number

Bank Routing/ABA Number

**EXHIBIT K
FRANCHISEE QUESTIONNAIRE**

FRANCHISE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.

The purpose of this **FRANCHISE QUESTIONNAIRE** is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and Area Development Agreement, and any attachments to them?

Yes: No:

2. Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

Yes: No:

3. Did you sign a Receipt for the FDD indicating the date you received it?

Yes: No:

4. Have you discussed the benefits and risks of purchasing an Ellie Mental Health franchise (the "Franchised Business") with an attorney, accountant, or other professional advisor?

Yes: No:

If "No," do you wish to have more time to do so?

Yes: No:

5. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of an Ellie Mental Health franchise (other than the information contained in Item 19 of the FDD)?

Yes: No:

6. Has any employee or other person speaking on our behalf made any statement (other than the information contained in Item 19 of the FDD), or any promise regarding the amount of money you may earn in operating an Ellie Mental Health franchise?

Yes: No:

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an Ellie Mental Health franchise?

Yes: No:

8. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes: No:

9. Have you paid any money to us concerning the purchase of your Ellie Mental Health franchise prior to today?

Yes: No:

10. If you answered "Yes" to any of Questions 5 to 9, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.

11. I signed the Franchise Agreement, Area Development Agreement, and/or Addendum (if any) on _____, 20____, and acknowledge that no agreement with us is effective until signed and dated by Ellie Fam LLC.

Your responses to these questions are important to us and we will rely on them.

This questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

By: _____

Name: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, 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:

State	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.

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 Ellie Fam LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that Ellie Fam LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first. New York requires that Ellie Fam LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If Ellie Fam LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is Ellie Fam LLC, 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120. Its telephone number is 651-313-8080. The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Issuance Date: April 19, 2023

Ellie Fam LLC authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state.

I have received a Disclosure Document with an Issuance Date of April 19, 2023, that included the following Exhibits:

- Exhibit A. State Specific Addenda to Disclosure Document
- Exhibit B. List of State Agencies and Agents for Service of Process
- Exhibit C. Table of Contents of Operations Manual
- Exhibit D. List of Outlets
- Exhibit E. Financial Statements
- Exhibit F. Franchise Agreement, Statement of Ownership and Management, Guaranty, Transfer Form, General Release, Lease Rider, and State Specific Addenda to Franchise Agreement
- Exhibit G. Managed Services Addendum to Franchise Agreement
- Exhibit H. Area Development Agreement, Statement of Ownership and Management, Guaranty, and State Specific Addenda to Area Development Agreement
- Exhibit I. Business Associate Agreement
- Exhibit J. Electronic Transfer of Funds Authorization
- Exhibit K. Franchisee Questionnaire

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and promptly return one completed copy of the Receipt to Ellie Fam LLC, at 1345 Mendota Heights Road, Mendota Heights, Minnesota 55120. Keep the second copy of the Receipt for your records.

Date Disclosure Document Received

Prospective Franchisee's Signature

Date Receipt Signed

Print Name

Address

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 Ellie Fam LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that Ellie Fam LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first. New York requires that Ellie Fam LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If Ellie Fam LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

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Date Disclosure Document Received

Prospective Franchisee's Signature

Date Receipt Signed

Print Name

Address