

FRANCHISE DISCLOSURE DOCUMENT

Meraki Assisted Living LLC
A Minnesota Limited Liability Company
8100 Old Cedar Avenue South, Suite 105
Bloomington, MN 55425
888-248-1776
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Meraki Assisted Living LLC offers franchises for the operation of Meraki™ assisted living homes (“Care Homes”) offering assisted living services to residents. Each franchise will grant you the right to develop and operate multiple Meraki™ Care Homes at designated premises we approve.

The total investment necessary to begin operation of the Care Homes is from \$96,060 to \$182,010 if you lease the premises and is from \$336,060 to \$512,010 if you purchase the premises. This includes \$35,000 to \$65,000 that must be paid to us.

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 Scott Hemenway at 8100 Old Cedar Avenue S., Suite 105, Bloomington, MN 55425; 888-248-1776; info@merakiassistedlivingfranchise.com.

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.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: November 16, 2021

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 F.
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 A 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 Meraki™ business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Meraki™ franchisee?	Item 20 or Exhibit F 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 C.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in 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. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

DISCLOSURES REQUIRED BY MICHIGAN LAW

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 franchise 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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE	2
3. LITIGATION.....	3
4. BANKRUPTCY.....	3
5. INITIAL FEES.....	3
6. OTHER FEES	3
7. ESTIMATED INITIAL INVESTMENT	6
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	9
9. FRANCHISEE’S OBLIGATIONS.....	12
10. FINANCING.....	13
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .	13
12. TERRITORY	18
13. TRADEMARKS	19
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	20
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	21
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	21
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	22
18. PUBLIC FIGURES.....	26
19. FINANCIAL PERFORMANCE REPRESENTATIONS.....	26
20. OUTLETS AND FRANCHISEE INFORMATION	28
21. FINANCIAL STATEMENTS	30
22. CONTRACTS.....	30
23. RECEIPTS	30

EXHIBITS

EXHIBIT A -	Financial Statements
EXHIBIT B -	Franchise Agreement (and exhibits)
EXHIBIT C -	List of State Administrators; Agents for Service of Process
EXHIBIT D -	State-Specific Addenda
EXHIBIT E -	Sample Release of Claims
EXHIBIT F -	Franchisee List
EXHIBIT G -	Disclosure Acknowledgment Agreement
EXHIBIT H -	Operations Manual Table of Contents
EXHIBIT I -	State Effective Dates & Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” and “us” means Meraki Assisted Living LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor

We are a Minnesota limited liability company formed on December 15, 2020. Our principal place of business is at 8100 Old Cedar Avenue South, Suite 105, Bloomington, MN 55425; telephone number is 888-248-1776. Our agents for service of process are disclosed in Exhibit C.

Our Business Experience and Predecessor, Parents and Affiliates

We grant franchises for the development and operation of multiple Care Homes that offer assisted living services to the residents of the care homes.

We began offering franchises for the Care Homes in October, 2021. Although we have not directly operated the type of business you will operate, our predecessor (see below) and several related entities currently operate Care Homes.

The Geneva Suites L.L.C. (“Geneva Suites”), our predecessor and affiliate, is a Minnesota limited liability company that was formed on February 3, 2014 and shares our principal place of business. Geneva Suites created the Meraki™ concept and began operating care homes under the name “The Geneva Suites” in 2015. Geneva Suites owns the “Meraki” trademarks and other trademarks and services marks used in operating the System and licenses them to us for use in the System. Geneva Suites operates 7 “Geneva Suites” care homes, which are substantially similar to the Care Homes operated under the “Meraki” trademarks. Geneva Suites may convert these Geneva Suites care homes to Meraki care homes in the future. Geneva Suites has not and does not currently offer franchises in any line of business.

Other than as described below, neither we, nor Geneva Suites, has ever offered franchises for any other type of business. We do not operate the type of business being franchised. We have no other affiliates, parents or predecessors.

Franchise Offered

You will sign a “Franchise Agreement” to receive the right to own and operate multiple Care Homes at locations to which we have consented within the Protected Area (as defined in Item 12), offering assisted living services to the residents of the homes, and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the Marks (as defined in Item 13), including the Mark “Meraki” (collectively, the “System”). Most franchisees will receive the right to own and operate 2 to 3 Care Homes under their Franchise Agreement, but you and we may agree to a lesser or greater amount of Care Homes.

Market and Competition

Your competition will include in-home assisted caregiving businesses, assisted living facilities, residential care home facilities, retirement communities, nursing home facilities, skilled nursing facility, and hospitals. The market for assisted living arrangements is not well developed.

Laws, Licenses and Permits

You are responsible for operating your Care Homes in full compliance with all laws. Healthcare services are heavily regulated and include federal, state and local laws and regulations, including laws relating to the practice of medicine, anti-kickbacks, fee-splitting, physician self-referral restrictions, payment systems for medical benefits (including Medicaid), patient privacy (including the Health Insurance Portability and Accountability Act) anti-trust, corporate practice of medicine and prohibitions against submitting false or misleading claims. You, and your employees, must obtain and maintain all necessary licenses and permits to provide any medical services in the Care Homes. In addition, you must be eligible to participate, without restriction, in, and are currently enrolled in good standing with, all federal and state health care programs, including Medicaid. We expect that some or all of the services provided at the Care Homes will be reimbursable by commercial health insurance plans. When that occurs, you are responsible for being enrolled in, and ensuring your health care providers are credentialed with, any plans to which you submit claims for services provided to plan beneficiaries or enrollees. You also must comply with federal, state and local laws that apply to businesses generally, such as the Americans with Disabilities Act, and OSHA regulations. You must comply with these laws, and we urge you to become familiar with these specific laws and regulations governing the operation of Care Homes in your state.

ITEM 2

BUSINESS EXPERIENCE

Scott Hemenway, Chief Executive Officer

Mr. Hemenway has been our Chief Executive Officer since our inception and the Chief Executive Officer of Geneva Suites in Bloomington, Minnesota since January 2015. Mr. Hemenway also was the Chief Executive Officer of S. Hemenway, Inc. in Burnsville, Minnesota from August 2001 through January 2018 and the Chief Executive Officer of SH Homecare, Inc. in Minneapolis, Minnesota from August 2012 through March 2017.

Matt Hanley, President, Chief Operations Officer, and Chief Financial Officer

Mr. Hanley has been the President, Chief Operations Officer, and Chief Financial Officer since our inception and the Chief Financial Officer of Geneva Suites in Bloomington, Minnesota since September 2018. Mr. Hanley also was the Chief Financial Officer of Outsell in Minneapolis, Minnesota from January 2005 through February 2018.

Catherine Decker, Senior Vice-President of People Operations

Ms. Decker has been our Senior Vice-President of People Operations since our inception and the Senior Vice-President of People Operations of Geneva Suites in Bloomington, Minnesota since April 2019. Ms. Decker also was the Vice-President of Human Resources of Outsell in Minneapolis, Minnesota from April 2010 through April 2019.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

In re: S. Hemenway, Inc., Case No. 16-31466-KAC (originally filed May 2, 2016). Our Chief Executive Officer, Scott Hemenway, is a principal officer of S. Hemenway, Inc., an entity with its address and principal place of business at 12207 Wood Lake Drive, Burnsville, Minnesota 55337. In May 2016, S. Hemenway, Inc. filed for chapter 11 bankruptcy for reorganization. On May 23, 2017, the bankruptcy court entered an order for report of payments made under the Chapter 11 plan, and on June 13, 2017, the matter was closed and discharged. S. Hemenway Inc. was sold in January 2018 and has not engaged in business with us or the Meraki franchise system.

Other than describe above, no bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The “Initial Franchise Fee” for the first Care Home is \$35,000, the Initial Franchise Fee for the second Care Home is \$20,000, and the Initial Franchise Fee for the third and subsequent Care home is \$10,000. The Initial Franchise Fee for the first Care Home is paid to us when you sign the Franchise Agreement, and the Initial Franchise Fee for the second and subsequent Care Home is due when you sign a lease for, or close the purchase on, the applicable Care Home. Once paid to us, the Initial Franchise Fee is not refundable under any circumstances.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of \$500 per Care Home or 7% of Gross Revenue	Weekly	See Note 1
Marketing Fee	The greater of \$150 per Care Home or 2% of Gross Revenue	Weekly	See Note 2
Technology Fee	Currently, \$75 per week	Weekly	See Note 3
Non-Compliance Fee	Will vary, currently estimated to be \$50 to \$500 per violation	Upon demand	See Note 4
Interest Expenses	Lesser of 1½% or the maximum rate permitted by law	When due	Payable if you do not timely pay any amounts owed to us or our affiliates.

Type of Fee	Amount	Due Date	Remarks
Insufficient Fund Fee	Up to \$250 for each delinquent payment	When due	See Note 5
Local Advertising	\$6,000 per year	As incurred	If you fail to spend that amount on local advertising, you must deposit the difference between what you should have spent and did spend into the Marketing Fund.
Proprietary Software	Currently, not collected	As incurred	See Note 6
Additional Training	Currently, \$500 per day per trainer plus our expenses	When incurred	
Annual Conference	Currently, \$1,000 per attendee	When incurred	
Transfer Fees	(A) 75% of the then-current Initial Franchise Fee for each Care Home (B) 50% of the then-current Initial Franchise Fee for each Care Home (C) \$1,500	Before completion of transfer	(A) Payable if the franchisee is a new franchisee to the System (B) Payable if the franchisee is an existing Meraki™ franchisee (C) Payable if there is a change of less than 50% ownership interest in you and not the Designated Owner
Management Fee	Currently, \$500 per Care Home per day plus costs and expenses	When incurred	See Note 7
Renewal Fee	10% of our then-current Initial Franchise Fee for each Care Home	At least 30 days before renewal	
Relocation Fee	25% of our then-current Initial Franchise Fee for each Care Home	When incurred	
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Inspection Results	An amount equal to all Royalty Fees plus all over-utilization fees payable by you since the last inspection, or six months, whichever is longer	Upon demand	Only payable if an examination discloses unauthorized tampering, modification, or other changes, that might affect the data collected from the Care Homes
Audit	Cost of audit	Upon demand	Payable only if an audit is necessary because you failed to timely provide us with information or if audit reveals illegal activity.
Insurance Reimbursement	Cost of insurance	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance, including late charges.

Type of Fee	Amount	Due Date	Remarks
Tax Indemnification	Amount we incur	When incurred	Imposed only if the state imposes sales and use tax in connection with the Care Home or the services we provide

Except where otherwise noted, all fees are payable to us and are non-refundable. Fees are uniformly imposed, although in the past we have modified certain fees. All fees will be paid to us via electronic funds transfer (“EFT”).

Notes:

- (1) Royalty Fee. Beginning the earlier of (i) the date that each Care Home commences business, or (ii) the date each Care Home is scheduled to commence business under the Development Schedule and continuing during the entire term of the Franchise Agreement, you must pay us the weekly Royalty Fee which is the greater of (a) \$500 per Care Home, or (b) 7% of Gross Revenue. The Royalty Fee is due and payable on or before Wednesday of each week for the previous calendar week.

“Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card, ACH, or otherwise, made or provided at or in connection with the Care Homes. “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue. Gross Revenue will not be adjusted for uncollected accounts.

- (2) Marketing Fee. Beginning the earlier of (i) the date that each Care Home commences business, or (ii) the date each Care Home is scheduled to commence business under the Development Schedule and continuing during the entire term of the Franchise Agreement, you will pay to us for deposit in the Marketing Fund (defined in Item 11) the weekly Marketing Fee, which is the greater of (a) \$150 per Care Home, or (b) 2% of Gross Revenue. You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We will place all Marketing Fees we receive in the Marketing Fund and we will manage such Marketing Fund, as described in Item 11.
- (3) Technology Fee. The Technology Fee may be used to develop, implement, and maintain certain technologies used in the System and at the Care Homes, including website maintenance, text programs, and other technologies we determine are necessary. The Technology Fee is due and payable in the same manner, and at the same time, as the Royalty Fee. We may change the Technology Fee upon 90 days’ notice to you, and we will not increase the Technology Fee more than once in the same calendar year.
- (4) Non-Compliance Fee. You must pay us the Non-Compliance Fee if you fail to comply on a timely basis with certain obligations under the Franchise Agreement or the Manuals. The Non-Compliance Fee is charged as consideration for the expenses we incur in addressing your failure to comply with the terms of the Franchise Agreement and the Manuals. The Non-Compliance Fees will be imposed according to the schedule in the Manuals. The Non-Compliance Fee does not limit our rights to put you in default or terminate the Franchise Agreement.
- (5) Insufficient Funds. In addition to interest, you must pay to us a service charge of up to \$250 for each payment we do not receive on or before the date due, or if there are insufficient funds in your bank account.

- (6) Proprietary Software. Once developed and incorporated into the System, you must pay us or our third-party suppliers the initial and ongoing then-current license fee(s) related to your use of any Proprietary Software or other required software. As of the Issuance Date, we do not collect any Proprietary Software fees.
- (7) Management Fee. If the Designated Owner dies or is permanently disabled, the executor, administrator or other personal representative, or the remaining Principal Owners, must appoint a competent individual acceptable to us within a reasonable time, not to exceed 30 days, from the date of death or permanent disability. The individual must satisfactorily complete our designated training program within a reasonable time as we determine. If an individual is not appointed within 30 days after your death or permanent disability, we may, but are not required to, immediately appoint an individual to maintain Care Homes operations on your behalf until an approved assignee can assume the management and operation of the Care Homes. Our appointment of an individual does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses incurred in operating the Care Homes or to any creditor of yours for any products, materials, supplies or services purchased by the Care Homes while it is managed by our appointed individual, and we may charge or Management Fee.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE CARE HOME

Type of Expenditure	Amount (Leased Care Home)	Amount (Purchased Care Home)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 1)	\$35,000	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Security Deposit, Down Payment (Note 2)	\$0 to \$8,000	\$75,000 to \$100,000	As Incurred	Before Opening	Landlord, Seller or Lender
3 Months' Rent, Mortgage Payment (Note 2)	\$15,000 to \$24,000	\$5,000 to \$12,000	As Incurred	As Incurred	Landlord or Lender
Care Home Improvements (Note 3)	\$0 to \$25,000	\$175,000 to \$275,000	Lump Sum	Before Opening	Vendors
Signage (Note 4)	\$0 to \$500	\$0 to \$500	As incurred	Before Opening	Approved Vendors
Furniture (Note 5)	\$15,000 to \$25,000	\$15,000 to \$25,000	As incurred	Before Opening	Approved Vendors
Office Equipment, Supplies, and Computer System (Note 6)	\$1,500 to \$5,000	\$1,500 to \$5,000	As incurred	Before Opening	Various Third Parties
Training (Note 7)	\$810 to \$1,810	\$810 to \$1,810	As incurred	Before Opening	Various Third Parties
Business Licenses (Note 8)	\$500 to \$1,000	\$500 to \$1,000	As incurred	Before Opening	Government Agencies
Professional Fees (Note 9)	\$1,500 to \$2,500	\$1,500 to \$2,500	As incurred	Before Opening	Various Third Parties
Insurance (Note 10)	\$750 to \$1,200	\$750 to \$1,200	As incurred	Before Opening	Approved Vendors

Type of Expenditure	Amount (Leased Care Home)	Amount (Purchased Care Home)	Method of Payment	When Due	To Whom Payment is To Be Made
Additional Funds – 3 Months (Note 11)	\$26,000 to \$53,000	\$26,000 to \$53,000	As incurred	Before Opening	Various Third Parties
Total (Note 12)	\$96,060 to \$182,010	\$336,060 to \$512,010			

Except where otherwise noted, all fees that you pay to us are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.

Notes:

- (1) Initial Franchise Fee. The “Initial Franchise Fee” for the first Care Home is \$35,000, the Initial Franchise Fee for the second Care Home is \$20,000, and the Initial Franchise Fee for the third and subsequent Care Home is \$10,000. You will only be required to pay \$35,000 for the First Care Home when you sign the Franchise Agreement, and you will pay the Initial Franchise Fee For the second, third and subsequent Care Homes when you sign a lease for, or close the purchase on, the applicable Care Home. We assume that the typical franchisee will agree to develop and operate 2 to 3 Care Homes under their Franchise Agreement. The Initial Franchise Fee is paid to us and is more fully described in Item 5.
- (2) Security Deposit, Down Payment, 3 Months’ Rent & Mortgage Payment. Depending on the market conditions and other factors in your geographic area, the cost associated with the Care Home premises may vary from the estimates provided in this Item 7. The exact costs will depend on several factors, including the condition of the premises, the size and location of the premises for your first Care Home, and other economic factors. If you rent the premises for the Care Home, we estimate that you will pay approximately 9% to 13% of the total value of the Care Home and improvement costs in rental expense for your Care Homes premises. If you purchase the premises for the Care Home, we estimate you will pay a 20% down payment for the premises where they purchase price is \$500,000. The exact amount of rental expenses or purchase expenses will vary greatly, depending on the location of the Care Home premises, the size of the premises, the portion of rent representing the value of leasehold improvements at the Care Homes premises, local market conditions and other factors.
- (3) Care Home Improvements. Whether you lease or purchase the premises for your Care Homes, you will need to make certain improvements to the premises to comply with our approved plans and specifications. Care Home improvements may include, but are not limited to, plumbing systems, electrical systems, mechanical systems, lighting, flooring, HVAC, roofing, siding, fixtures, electrical, cabinets, windows, structural, landscaping, kitchen, bathrooms, bedrooms, doorways, painting, ceilings, sewer system, foundation, sprinkler system, elevator, and decks. If you lease the premises, you may negotiate the cost of leasehold improvements as part of your rental expense, but the exact cost or impact on your rental expense will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord’s agreement to reimburse you for certain improvements, the size and location of the premises for your Care Homes and other economic factors.
- (4) Signage. We currently don’t require you to purchase any signage, but you may purchase some internal signs that meets our specifications. We currently do not permit you to put any exterior signs up around the Care Homes. We reserve the right to require you to purchase and install signage in the future.

- (5) Furniture. This amount includes estimated expenses for home furniture, small appliances, pictures and art, televisions, window coverings, kitchen and bathroom essentials, and other miscellaneous items. Your costs may vary as a result of the characteristics of the Care Home premises, price differences among suppliers, and shipping distances from suppliers. We may require you to purchase certain equipment and other items from us or our designated suppliers. You may purchase or lease approved brands and models of other equipment, fixtures, and furniture from any approved supplier.
- (6) Office Equipment, Supplies, and Computer System. You must purchase the office equipment, office supplies, business supplies, cleaning supplies, and computer system for each Care Home. The lower estimate assumes that you already own some of the computer hardware or software. The higher estimate assumes that you will need to purchase all of the additional computer hardware and software.
- (7) Training. Training expenses include salaries, benefits, lodging, meals and travel expenses for 2 people, your Designated Owner and Director, to attend the initial training program.
- (8) Business Licenses. This amount includes estimated expenses for local license and permit fees.
- (9) Professional Fees. This amount includes legal fees and prepaid insurance premiums.
- (10) Insurance. The insurance estimate reflects insurance costs for a period of 3 months.
- (11) Additional Funds – 3 Months. This amount estimates the expenses you will incur during the first 3 months of operations, including initial wages and fringe benefits, uniforms costs, taxes, maintenance and service contracts, repairs, and interest payments on any business loans as well as on any interim financing or construction loans. It does not include inventory costs beyond the opening inventory costs identified in the table and does not include your compensation during this 3-month period. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, local economic conditions, the local market, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.
- (12) Total. This total is an estimate of your pre-opening initial investment and the expenses you will incur during the first 3 months of operations of your first Care Home. You will incur these expenses for each Care Home you open. This total is based on our estimate of regional average costs and prevailing market conditions and our management team’s experience operating Geneva Suites care homes. You should review this information carefully with a business advisor before deciding to purchase the franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting or operating your Care Homes.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the Meraki™ System, you must maintain and comply with our quality standards.

Designated Products and Services, Suppliers

You must purchase for use or sale at your Care Homes only those services or products we designate from us, our designees or from other suppliers we approve. We or our designees may be the approved or sole supplier for certain services and products, although as of the date of this disclosure document we are not the approved supplier for any services or products.

Approved Services and Products

We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory, products, fixtures, furniture, equipment, supplies and other items or services necessary to operate your Care Homes (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products. The lists specify the suppliers and the products and services that we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you want to use any unapproved material, fixture, equipment, furniture or sign, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the services, material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. We will notify you of our decision within 30 days following our receipt of all information requested. You or the supplier must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. We may reinspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, the terms of any credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales, and use of products and services).

We will notify you in writing if we elect to revoke our approval of a supplier. If we revoke our approval of a supplier, you will have 30 days to stop offering, selling or using those products or other items or services in your Care Homes.

Location of your Care Homes; Real Estate Lease

You must locate a site for your Care Homes that we consent to. We consent to locations on a case by case basis, reviewing items such as size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). You may not sign a lease for the site until you provide us with a copy of the lease and allowed us reasonable time to confirm that the lease contains certain mandated provisions. We reserve the right to reject the lease if the lease does not contain these provisions. You are not required to purchase, lease or sublease the Care Homes premises from us or our affiliate. We may require you to use a designated third-party vendor to assist you in the site selection process at your expense.

Fixtures, Equipment, Furniture & Dimensions

You must construct and develop your Care Homes. We or our designated supplier will furnish to you, prototypical drawings and specifications for your Care Homes, including requirements for interior and exterior materials, decor, fixtures, equipment, furniture and dimensions. You must meet our specifications and standards in developing your Care Homes. You must submit construction plans and specifications to us for our approval before you begin construction of your Care Homes, and you must submit all revised plans and specifications to us during the course of construction. You must ensure that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. In developing and operating your Care Homes, you may purchase only the types of construction and decorating materials, fixtures, equipment, and furniture that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. You may purchase these items from any supplier who can satisfy our standards and specifications. We or our affiliate may be an approved supplier of one or more of these items. We or our affiliates are currently not an approved supplier of these items.

Insurance

For each Care Home you operate, you must purchase and maintain insurance in the types and amounts we require, as further described in the Franchise Agreement and Operations Manual. Currently, our requirements include Umbrella Liability insurance with coverage of at least \$1,000,000 for each occurrence and \$1,000,000 in the aggregate; comprehensive General Liability insurance with a per occurrence limit of at least \$1,000,000, \$2,000,000 in the aggregate, \$1,000,000 for personal and advertising injury, \$500,000 for rented premises, \$10,000 for medical payments. Automobile Liability insurance with \$1,000,000 Combined Single Limit. Umbrella Liability coverage should be excess of General Liability and Automobile Liability coverages. Real Property coverage insuring the value of the residence and at least \$200,000 for business personal property. Crime coverage with a minimum of a \$10,000 limit for money and securities. Professional Liability (malpractice) insurance with coverage of at least \$1,000,000 for each occurrence and \$3,000,000 in the aggregate for each certified staff member. Worker's Compensation, Employer's Liability and other insurance to meet statutory requirements. Employment Practices Liability insurance with coverage of at least \$1,000,000 for each claim and \$1,000,000 in the aggregate. Cyber Liability insurance including network security liability of \$1,000,000 per occurrence and \$1,000,000 in the aggregate. Additionally, any other types of insurance we require. All insurance policies must insure us, you and any other person that we designate from all liability, damages or injury, and must meet all other requirements that we designate.

All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us and our affiliates as an additional insured under the General Liability, Automobile Liability and Umbrella

Liability policies; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage that we designate in the Manuals for each Meraki franchised business that you operate, including this Franchised Business; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least two weeks before you take possession and commence development of the Franchised Business premises, and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

Computer System

The "Computer System" that you must purchase and use in your Care Homes includes one computer and print for each Care Home (the "Computer Hardware"). We also currently require you to purchase the management software we designate. Currently, Eldermark Senior Housing software is our designated third-party supplier and ClearCare is our designated third-party scheduling software. Additionally, you will be required to use Microsoft 365 and QuickBooks in the operation of your Care Homes. You must have internet access at each Care Home. See Items 7 and 11 for further information. You may purchase the hardware we designate from any supplier who can provide the necessary hardware equipment. During your first year of operations, you must use a bookkeeping service we designate in the Operations Manuals.

Advertising and Promotional Approval

If we provide you media planning assistance, you can use our recommended media plan in promoting the Care Homes or otherwise develop, and obtain our advance written approval to, an alternative plan. You also must use only our approved advertising and promotional materials in promoting the Care Homes. See Item 11 for further information regarding advertising programs.

Miscellaneous

Our officers own an interest in us. Our officers also own an interest in Geneva Suites, and Geneva Suites may be one of or the sole supplier of food or other supplies to your Care Homes.

Except as described above, our officers do not own a material interest in any other supplier. We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. As of the Issuance Date, there are no purchasing or distribution cooperative in the System. We attempt to receive volume discounts for the System.

We may license third party suppliers to produce advertising and promotion items that bear the Marks. You may purchase these items for resale or for promotional purposes from approved third party suppliers.

We estimate that the purchase or lease of equipment (including the Computer System hardware and software), fixtures, furnishings, supplies, products, and advertising and sales promotions materials,

including placement, which meet our specifications will represent approximately 50% to 60% of the cost to develop the Care Homes and 30% to 50% of the cost to operate your Care Homes.

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 other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.A, 6.A, and Exhibit A	Item 11
b. Pre-opening purchases/leases	6	Items 7, 8 and 11
c. Site development and other pre-opening requirements	6.F	Item 5, 7, and 11
d. Initial and ongoing training	7	Items 7 and 11
e. Opening	6.E	Items 5 and 11
f. Fees	4	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	9	Items 11 and 16
h. Trademarks and proprietary information	8 and 12.A	Items 13 and 14
i. Restriction on products/services offered	9.F – 9.H	Items 8 and 16
j. Warranty and customer service requirements	9.E	Item 11
k. Territorial development and sales quotas	2.A, 2.B, 6.B	Item 12
l. Ongoing product/service purchases	9.F and 9.G	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	9.B and 9.C	Item 11
n. Insurance	9.M	Items 6, 7 and 8
o. Advertising	5	Items 6, 7 and 11
p. Indemnification	19.B	None
q. Owner's participation/management/staffing	9.D, 9.L, and 9.O	Items 11 and 15
r. Records and reports	10	Item 6
s. Inspections and audits	11	Item 6
t. Transfer	14	Items 6 and 17
u. Renewal	3.B	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
v. Post-termination obligations	17	Item 17
w. Non-competition covenants	13	Item 17
x. Dispute resolution	20	Item 17

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 first Care Home, we will:

- (1) Provide you with specifications for your Care Homes, including those for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture, and décor (Franchise Agreement – Section 6(G)).
- (3) Provide the initial training program described below (Franchise Agreement – Section 7(A) and 7(B)).
- (4) Provide you with access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7(E)).
- (5) If developed, make available to you the Proprietary Software that we have developed or selected for the System (described further below) (Franchise Agreement – Section 6(D)).

Ongoing Assistance. During the term of your Franchise Agreement, we will:

- (1) Make available a field consultant to assist you in the opening and initial operations of your first Care Home for 2 days during the first 60 days of operation (Franchise Agreement – Section 7(C)).
- (2) Provide advisory services relating to Care Home operations, including products and services offered for sale, marketing assistance, sales and customer service processes, and operating processes and performance measures (Franchise Agreement – Section 7(D)).
- (3) Provide you with access to an online system for ordering marketing materials, forms, food and drink, business cards, and media purchase assistance (Franchise Agreement – Section 7(D)).
- (4) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(E)).
- (5) Operate the Marketing Fund (Franchise Agreement – Section 5(A)).

Advertising Programs. We establish and conduct various advertising programs as follows:

We operate a national marketing and promotional fund (the “Marketing Fund”) to advertise and promote the Marks and the System. You will pay us a weekly Marketing Fee, as described in Item 6. We will deposit the Marketing Fee in the Marketing Fund that we, within our sole discretion, manage through a separate account. We will place all Marketing Fees we receive in the Marketing Fund and we will manage such Marketing Fund. We may, in our sole discretion, decide to contribute to the Marketing Fund for the care homes that we or our affiliates operate in the United States. Reasonable disbursements from the Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the development and operation of a call center; market research; customer retention; incentive programs; sales development programs; media planning; media buying fees; creating and producing advertising materials; outside advertising agency fees for creating advertising programs; public relation activities; outside public relations agency fees; technology investments; digital marketing; and reimbursing us the costs of administering the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Meraki care homes to the Marketing Fund in that year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited financial statement of the Marketing Fund for the most recent calendar year. Any end-of-year surpluses or shortages in the Marketing Fund in a given year will carry over to the next year. Marketing Fees will not be used for advertising principally directed at the sale of franchises.

You must confirm that any advertising or promotional materials that we develop comply with applicable restrictions under state law, including any restrictions on the manner in which you (or any of your employees) are permitted to market their services. If you do not believe that any advertising or promotional materials conform with state law requirements that apply to you or your employees, you must provide us with copies of applicable law, regulations or other guidance on which you based your determination and we will meet in good faith to resolve the issue.

We have not established an advertising council composed of franchisees. Since we just began operating in October 2021, we have not collected or spent any Marketing Fees.

We will provide you with advertising material templates at no cost to you. If you order any advertising materials from us, we reserve the right to charge you a fee, plus any shipping expenses we incur. If you want to develop your own advertising materials, these advertising materials must be developed at your own cost, be factually correct, accurately depict the Marks, and communicate the brand position and character that we have established for Care Homes. If you develop your own advertisement materials, you must provide a copy of the materials to us for our review and approval (in writing) before you use the advertising materials. We will notify you of our approval or disapproval of advertising materials in writing within 3 business days of receipt of the proposed advertisement. Even though you must obtain our approval to use the advertising materials, you are responsible for confirming that the advertising and promotional materials that you prepare comply with applicable restrictions under state law, including any restrictions on the manner in which you (or any of your employees) are permitted to market their services.

Local Marketing. In addition to the Marketing Fee, you must spend at least \$6,000 per calendar year (the “Minimum Local Advertising Spend Requirement”) on “approved” advertising and promotional activities. On or before 45 days following the end of the applicable calendar year, you will provide us with an accounting of the funds that you spent on local advertising during the preceding calendar year. If you fail to spend the Minimum Local Advertising Spend Requirement during the previous calendar year on approved

local advertising, you will deposit with us the difference between the Minimum Local Advertising Spend Requirement and what you actually spent for approved advertising during the calendar year. We will deposit that amount in the Marketing Fund. During the first calendar year, you must spend a pro rata portion of the Minimum Local Advertising Spend Requirement on approved local advertising based on the day the Care Home opens or the day the Care Home is scheduled to open, whichever comes first. Advertising and promotional activities are “approved” if they are included in our recommended media plan (if applicable) and otherwise comply with the Franchise Agreement and Operations Manual.

Advertising Cooperative. As of the Issuance Date of this FDD, there is no advertising cooperative. Once established, though, you will participate in, support and contribute a proportionate share of the cost of regional cooperative advertising programs we designate. The amount of your contribution will be determined by the regional cooperative; provided that if the regional cooperative is unable or unwilling to designate the amount of the contribution, we may designate the contribution amount. We reserve the right to designate regional and local advertising markets, to establish regional advertising cooperatives and to establish the bylaws and other rules under which such councils will operate. Your contributions to regional and local advertising cooperatives will be credited toward your Minimum Local Advertising Spend Requirement and will not exceed 2% of Gross Revenue.

Computer System. The Computer System that you must purchase and use in your Care Homes includes the designated software and Computer Hardware. The designated software we currently require you to use is the Eldermark Senior Housing software. Additionally, you must use Microsoft 365 in the operation of your Care Homes. You may purchase the Computer Hardware we designate from any supplier who can provide the necessary hardware equipment.

The cost of the Computer System ranges from \$1,000 to \$2,000 per Care Home, plus approximately \$500 per month for the Eldermark Senior Housing software, ClearCare scheduling software, QuickBooks, and Microsoft 365 license. We estimate that the cost of any optional or required maintenance or hardware upgrades will range from \$750 to \$1,000 annually. During your first year of operations, you must use a bookkeeping service we designate in the Operations Manuals. You also must pay us a tech fee of \$75 per month.

You must properly secure and backup all patient and other data according to HIPAA standards. You must provide secure one-way access from us to you for the purpose of daily reporting and periodic administration of Proprietary Software. You must comply with all naming conventions we require.

You own and must maintain responsibility of all patient data and subsequent management and support costs.

You must incorporate upgrades and updates to the Computer System as they become available. (Franchise Agreement, Section 6(D)). There are no contractual limitations in the frequency or cost of this obligation should we discontinue offering upgrades and updates free of charge. We will have independent access to certain operational and financial information and data produced by your Computer System to the extent permitted by applicable law. (Franchise Agreement, Section 6(C).) There are no contractual limitations on our right to access the information and data.

Site Selection. You may lease or purchase the premises for the location of your Care Home(s). We may or may not lease to you, or sell to you, in our sole option and discretion, the premises for the Care Home(s). If you enter into a lease for the premises of the Care Homes, you must provide a copy of the proposed lease to us before you sign it. We reserve the right to reject the proposed lease if your lease does not contain provisions requiring that: (1) so long as the Franchise Agreement remains in effect, the premises will be used only for a Meraki™ Care Home; (2) we will be granted the right (but not the duty) to take

possession of the Care Home premises and assume the lease in the event of a termination of the Franchise Agreement or a threatened termination of the lease as a result of a breach by you; (3) the landlord will provide us written notice of any default or right to cure by you; and (4) upon vacating the premises of the Care Homes or termination of the Franchise Agreement or the lease for the Care Home’s premises, you must remove all signs and materials bearing the name “Meraki” and other Marks. You must use, at your expense, our designated third party vendor to review and comment on the business terms of the proposed lease unless otherwise approved by us in writing. The site for each Care Home will be identified in Exhibit A to the Franchise Agreement and the site for the first Care Home will generally be identified before you sign a Franchise Agreement.

Promptly after you sign a lease or acquire the premises for each Care Home, and receive our or our affiliates input on how you may design, construct, or renovate the premises, you must (a) prepare and submit to us for approval any proposed modifications to our basic plans and specifications, (b) contract with an architect that we approve, (b) obtain all required permits and licenses to operate the Care Home, and (c) construct all required improvements to the Care Home’s premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with the plans and specifications approved by us and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions. (Franchise Agreement Section 6(B)).

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening your first Care Home is approximately 6 months. This period may be longer or shorter, depending on the time of year, availability of financing, how soon you can attend training or other factors. You must complete development and open your first Care Home within the time period agreed upon by you and us, as described in the Franchise Agreement. Typically, we expect your first Care home to be open within 6 months after you sign the Franchise Agreement, your second Care Home to be open within 15 months after you sign the Franchise Agreement, and the third Care Home (if applicable) within 24 months after you sign the Franchise Agreement. If you fail to open the Care Homes within the time period you and we agree to (typically on a schedule within months from the date you sign the Franchise Agreement), we may terminate the Franchise Agreement.

Training. Before you may open the first Care Home, we will provide, and your Designated Owner and Director must attend and successfully complete, an initial training program on the operation of a Care Home, provided both at a place and time we designate, and by either electronic media, such as webinar or in person, or both. If, during any training program, we determine that your Designated Owner and/or Director are not qualified to perform their designated role in the operations of the Care Home, we will notify you and you must select and enroll a qualified substitute for such person in the training program. We currently plan to offer the initial training program on an “as needed” basis, with one training class generally offered every other month. We have the right to terminate the Franchise Agreement if your Designated Owner and/or Director does not successfully complete the relevant parts of the initial training program to our satisfaction.

INITIAL TRAINING PROGRAM

Subject	Hours of classroom training	Hours of on-the-job training	Location
Welcome & History of Meraki™ Assisted Living	1	-	Bloomington, MN*
Site Selection	3	-	Bloomington, MN*
Realtors, Contractors, and Architects	2	-	Bloomington, MN*
City and State Zoning	2	-	Bloomington, MN*
Contractors	2	-	Bloomington, MN*
Remodel and New Construction Floor Plans	2	2	Bloomington, MN*

Subject	Hours of classroom training	Hours of on-the-job training	Location
Next Steps	1	-	Bloomington, MN*
Q&A with Leadership	1	-	Bloomington, MN*
Welcome & Construction Update	1	-	Bloomington, MN*
Product (Services Provided)	3.5	-	Bloomington, MN*
Pre-Opening Procedures	3.5	-	Bloomington, MN*
Care Partners and Staff	8	-	Bloomington, MN*
Residents and Their Families	8	-	Bloomington, MN*
Advertising, Marketing, and Sales	4	-	Bloomington, MN*
Systems, Processes, and Technology	4	-	Bloomington, MN*
Finance	2	-	Bloomington, MN*
Food and Activities	3	-	Bloomington, MN*
House and Property	2	-	Bloomington, MN*
Q&A with Leadership	2	-	Bloomington, MN*
Total	55	2	

*The Initial Training Program will be conducted at our headquarters in Bloomington, Minnesota, or another location we designate.

The instructional materials for all training programs include the Operations Manual, and handouts and visual aids, and will include lecture, classroom discussion, hands-on demonstration and/or practice training at you Care Home. The following individuals will be involved in the initial training program:

Trainer and Role	Years of Experience in Subject Taught
Scott Hemenway, Chief Executive Officer	20
Matthew Hanley, President, Chief Operations Officer, and Chief Financial Officer	20
Catherine Decker, Vice-President of Operations	10
Marlena Hemenway, Franchisee Support	5
Saadia Angell, Franchisee Support	5
Michael O'Connor, Franchisee Support	20
Sarah Donnell, Franchisee Support	24

You are responsible for all travel and living expenses for your Designated Owner and Director incur while attending the initial training programs and any supplemental training we require.

After the first Care Home opens, we will provide training (at times we determine) to any new Director at your expense (currently, \$500 per day per trainer plus our expenses). We may require that your Designated Owner and Director attend all supplemental and ongoing training programs that we designate, at your sole expense, and you agree to pay us our then-current fee (currently, \$500 per day per trainer plus our expenses) for providing such supplement and ongoing training. In addition, if you fail to meet our customer satisfactions standards, we may require you to attend additional training. We will charge you a reasonable fee for these supplemental and refresher training programs.

Operations Manual. We will provide you with electronic access to our Operations Manual during the term of the Franchise Agreement. The current table of contents of the Operations Manual, as of June 1, 2021, has approximately 302 pages. A copy of the table of contents is included in Exhibit H.

ITEM 12

TERRITORY

You will receive a “Protected Area,” defined by US Postal Zip Code(s) when you sign the Franchise Agreement. The Protected Area is an exclusive area. The Protected Area will be determined based on the market and market conditions, including population, competitors and referral courses. The Protected Area will have a minimum of 10,000 and a maximum of 20,000 people. You must develop the number of Care Homes in the Protected Area that you and we agree to within the time period that you and we agree to (“Development Schedule”).

In addition, and not in lieu of, to our right to terminate this Agreement, if you are in default of the Franchise Agreement, we may partially or completely eliminate your Protected Area effective upon thirty (30) days’ notice to you. Once effective, we will have the right to establish, operate and franchise others to establish and operate a Meraki™ assisted living home in your former Protected Area without restriction and without consideration to you. If we terminate your Protected Area rights only, your rights to continue operating the Care Home(s) under the Franchise Agreement will continue.

You may relocate your Care Home(s) only with our written consent, which we will not unreasonably withhold. If we permit you to relocate your Care Home(s), you will pay us a relocation fee equal to 25% of the initial franchise fee for each Care Home you intend to relocate for services we will provide in assisting you in relocating your Care Home(s). You will need to build out the Care Homes consistent with our then-current standards for new Care Homes.

You may not use other channels of distribution, including the Internet. We will not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory. Neither we, nor our affiliates, currently have plans to operate or franchise a business under a different trademark that offers and sells services similar to the services you offer through Care Homes.

We (for ourselves and our affiliates) retain the right, without compensation to you:

1. to directly operate, and to grant other persons the right to operate, Meraki™ assisted living homes at locations outside the Protected Area;
2. to offer and sell products or services, or to grant other persons the right to offer products or services, located inside or outside the Protected Area under any trademarks except for the Marks;
3. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of Meraki care home), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Protected Area;
4. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from the Care Homes, and which may be located anywhere inside or outside the Protected Area; and

5. to advertise the System and Care Homes on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

The continuation of your territorial protection during the initial term of the Franchise Agreement depends on you not defaulting under the Franchise Agreement, including achieving minimum sales volume for each Care Home. You must achieve at least \$360,000 in Gross Revenue for each Care Home during each calendar year beginning January 1 of the second full calendar year you operate each Care Home (referred to as the “Minimum Performance Requirement Per Care Home”). If you fail to meet the Minimum Performance Requirement Per Care Home during any calendar year, we have the right, but are not required, to: (i) reduce the size of the Protected Area; (ii) require you, your Designated Owner, and your Director to attend additional training at your cost and expense; or (iii) terminate this Agreement. By way of example, if you commence operations of your first Care Home during the calendar year 2022, then the Minimum Performance Requirement for your first Care Home will commence in calendar year 2024 and you must achieve a minimum of \$360,000 in Gross Revenue through your first Care Home during the calendar year 2024 and each subsequent calendar year during the term of this Agreement. Then if you commence operations of your second Care Home during the calendar year 2023, then the Minimum Performance Requirement for your second Care Home will commence in calendar year 2025 and you must achieve a minimum of \$360,000 in Gross Revenue through your second Care Home during the calendar year 2025 and each subsequent calendar year during the term of this Agreement.

ITEM 13

TRADEMARKS

We grant you the right to operate your Care Home(s) under the name “Meraki.” Those rights are granted under the Franchise Agreement.

The following schedule lists only the principal trademarks (“Marks”) that you are licensed to use, which we or our affiliates have filed for on the USPTO Principal registrar. We or our affiliates have filed all required affidavits and renewal registrations for those Marks listed below.

Trademark	Registration / Serial Number	Registration / Filing Dates
MERAKI	Serial No. 90,357,542	Filing Date: December 3, 2020

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Our affiliate, Geneva Suites, owns the Marks and has licensed us the right to use the Marks and to sublicense the use of the Marks to operate Meraki™ assisted living homes under a trademark license agreement dated June 1, 2021 (the “License Agreement”). The License Agreement has an initial 10 year term, which will renew automatically unless one of the parties elects not to renew the License Agreement. Geneva Suites or we may terminate the License Agreement if the other party fails or refuses to perform any duty under the License Agreement. In addition, Geneva Suites may terminate the License Agreement if our misuse of the Marks materially impairs the goodwill associated with the Marks or if we do not comply with Geneva Suites’ instructions concerning the quality of the Marks. If the License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided

that the franchisees comply with all other terms of their Franchise Agreements. The License Agreement contains no other material limitations. Geneva Suites has filed all required affidavits respecting the Marks.

We have the right to periodically change the list of Marks, including the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time, not to exceed 90 days, after we notify you. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. Any use of our Marks must conform to the requirements defined in the Marketing Process section of the Operations Manual. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the Marks.

We are not obligated to indemnify you against infringement or unfair competition claims arising out of your use of the Marks. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Manual as well as our recipes, advertising copy and design, menu designs, written training materials, training videos and for certain other written materials we provide to assist you in operating your Care Homes.

There are no current material determinations of the USPTO, The United States Copyright Office or a court regarding the patents or copyrights. There are no material proceedings pending the USPTO or any court. There is no agreement that limits the use of the patent application or copyright. We are not aware of any patent or copyright infringement that could materially affect you.

You must immediately notify us of any apparent infringement of or challenge to your use of any patents or copyrights, and we have sole discretion to take any action we deem appropriate. We will indemnify you against actions arising out of your use of the patents or copyrights provided that you used the patents and copyrights in the manner we directed. We reserve the right to control any litigation relating to the patents and copyrights, and we will have the sole right to decide to pursue or settle any infringement actions relating to the patents and copyrights. You must notify us promptly of any infringement or unauthorized use of the patents and copyrights of which you become aware. If we determine that an action

requires you to modify or discontinue the use of a patent or copyright, you will make these modifications at your own expense.

We own certain proprietary or confidential information relating to the operation of Meraki Care Homes, including information in the Operations Manual (“Confidential Information”). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your expense.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Care Homes must at all times be under your Designated Owner’s direct supervision, and each Care Home must have at least one Director available at all times. You must at all times faithfully, honestly and diligently perform your obligations and continuously use your best efforts to promote and enhance the business of the Care Homes. The Designated Owner must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations.

The “Designated Owner” is a Principal Owner that owns at least 51% of you or who is appointed by your board to manage you and who (i) has the authority to, and does in fact, actively operate the Care Home; (ii) oversees the day-to-day operations of the Care Home; and (iii) has successfully completed all training we require. The “Director” is an individual we approve who will supervise the care of the residents of the Care Homes, and who has obtained all necessary licenses under federal, state and local law to deliver such care within the scope of practice of that individual’s category of licensure. Any Director must also have successfully completed our designated training program and meet such continuing education requirements as we may establish from time to time.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all of your employees who have managerial duties at the Care Home, as well as all corporate officers and directors of a corporate franchisee entity (all partners in a partnership), must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Care Home(s) those products and services that we approve, subject to applicable law. You will have the right and responsibility to set fees, own revenues, establish billing protocols and invoice customers and/or government programs or commercial payors for all products and services offered and sold at or through the Care Home(s). You must at all times maintain an inventory of

approved products and equipment in such quantities and variety that we direct. We may add new services or products that you must offer at your Care Home(s). Our right to modify the approved list of services and products to be offered at a Care Home is not limited.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.A	10 years
b. Renewal or extension of the term	3.B	Two additional five-year terms
c. Requirements for you to renew or extend	3.B.1-3.B.8	Written notice at least 180 days before expiration of the Agreement; in compliance with the Agreement; maintain possession of the premises; you and your Principal Owners meet all of the managerial, financial and business standards for new and renewing franchisees; you or your Designated Owner and Director satisfactorily complete any new training and refresher programs that we require; payment of the Renewal Fee equal to 10% of the then-current initial franchise fee at least 30 days before the Agreement expires; and sign a general release.
d. Termination by you	15.D	If we violate any material obligation under the Agreement and fail to cure such violation 60 days after receipt of written notice from you, and you are in substantial compliance with the Agreement, then you may terminate the Franchise Agreement.
e. Termination by us without cause	15.A and 15.B	Upon delivery of a written notice, with no opportunity to cure, if the termination results from such defaults described in Provision h. below.
f. Termination by us with cause	15.A	Upon delivery of a written notice, you will have 10 days (15 days for certain defaults), or more, or such longer period as applicable law may require, to remedy certain defaults.
g. "Cause" defined – curable defaults	15.A	10 days to cure failure to pay Royalty Fees, Marketing Fees, or other amounts to us, our affiliates, or your suppliers. 15 days to cure (1) failure to meet our residents service requirements, (2) failure to maintain required licenses, permits or certifications needed to open or operate your Care Home(s) or otherwise operate the Care Home(s) in an unsafe manner, or (3) you or the professionals you employ or contract with fail to meet the state and local certifications or other requirements for operation if the Care Home(s).

Provision	Section in Franchise Agreement	Summary
		30 days to cure (1) failure to satisfactorily complete the initial training program or failure to open and commence operations of each Care Home at such time as provided in this Agreement and the Development Schedule; (2) violate any material provision or obligation of this Agreement; (3) failure to conform to the material requirements of the System or the material standards of uniformity and quality for the services and products as described in the Operations Manual or as we have established in connection with the System; (4) you develop or use an unapproved website in connection with the Care Home(s) or otherwise conduct any unauthorized activity on the Internet; (5) failure to maintain the required insurance; (6) failure to comply with brand standards.
h. "Cause" defined – non-curable defaults	15.A	(1) failure to comply with one or more material requirements of the Agreement on three separate occasions within any 18 month period, regardless if cured; (2) the nature of the breach makes it not curable; (3) willful and repeated deceit of customers relative to the source, nature or quality of goods or services sold; (4) make material misrepresentations or omissions in the application for the franchise; (5) if we have reason to believe, or you or any of your managers, directors, officers, or any Principal Owner is convicted of, or pleads guilty to or not contest to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith; (6) you or any of your managers, directors, officers, or any Principal Owner is accused of (and the we reasonably believe the accusations are true) any violation of professional conduct or ethics codes that we believe will injure the System; (7) Franchisee becomes insolvent; (8) you make an assignment for the benefit of creditors; (9) you abandon any or all Care Homes or fail to relocate; (10) an unauthorized use of the Marks or Trade Secrets; (11) an unauthorized assignment or transfer of the Agreement or an ownership interest in you; (12) unauthorized tampering, modifications, or other changes to Proprietary Software, firm or hardware components that may impact the data reported to us; (13) willful and material falsification of any report, statement or other written data sent to us after the franchise is awarded; and (14) failure to maintain Minimum Performance Requirements Per Care Home.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/nonrenewal	17.A – 17.C	Within five days after termination, pay all amounts owed to us or our affiliates; discontinue use of the Operations Manuals and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise; assign to us or disconnect the telephone number for the Care Home Franchise; deidentify the premises; comply with all post-termination obligations under the Software License Agreement; cancel all fictitious or assumed name registrations relating to the use of the Marks; cease to use and return to us the Confidential Information; comply with all other applicable provisions of the Agreement regarding non-compete covenants; transfer the rights of any contracts relating to the Care Home that the we identify and is entitled to; not hold yourself out as a current or former franchisee under the Marks or the System; redecorate the premises if you remain in possession after termination.
j. Assignment of contract by us	2.C.4 and 14.A	There is no restriction on our right to assign the Agreement.
k. “Transfer” by you-defined	14.B and 14.C	Assignment to owned or controlled corporation, assignment in the event of your death or disability, or assignment of the Agreement or ownership in you.
l. Our approval of transfer by franchisee	14.B	We will not unreasonably withhold our consent to an assignment, provided you comply with any and all of our transfer conditions.
m. Conditions for our approval of transfer	14.B.1 – 14.B.11	All monetary obligations are satisfied; transferee meets our managerial, financial and business standards to our satisfaction; transferee must sign our then-current standard form of franchise agreement, which may contain materially different terms and condition; transferee and its Designated Owner and Director must successfully complete the initial training program; the lessor of the Care Homes premises must consent to the assignment or sublease of the premises; pay us a transfer fee; sign a general release; we must approve the material provisions of the assignment agreement; the purchase price and terms of the sale may not negatively impact the capability of the Care Homes to profit after the transfer; sign a termination agreement to observe covenants not to compete and all other post-termination obligations; and comply with the transfer process described in the Operations Manual.
n. Our right of first refusal to acquire your business	Not applicable	
o. Our option to purchase your business	Not applicable	
p. Your death or disability	14.C	Must appoint a competent individual acceptable to the us within 30 days from the date of death or permanent disability of the Designated Owner; the individual must satisfactorily complete the designated training program. The executor, administrator, or other representative must transfer the Designated Owner’s interest within 12 months from the date of death or permanent disability to a person we approve.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	13.B	During the term of the Agreement, you will not directly or indirectly, divert or attempt to divert any business, account, or customer of any other franchisee or competitive business; you and each Principal Owner and all those in active concert or participation with you and them will not directly or indirectly be connected with, have any interest in, or assist any person or entity engaged in any business that offers or sells assisted living services, home health services, non-medical home care, residential care home services, group home services without our prior written consent or through the passive ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.
r. Non-competition covenants after the franchise is terminated or expires	13.C	After the term of the Agreement for a period of two years, you will not directly or indirectly, divert or attempt to divert any business, account, or customer of any other franchisee or competitive business; for a period of 2 years, you and each Principal Owner and all those in active concert or participation with you and them will not directly or indirectly be connected with, have any interest in, or assist any person or entity engaged in any business that offers or sells assisted living services, home health services, non-medical home care, residential care home services, group home services within the Protected Area or within a 10 mile radius of the protected area of another Meraki franchisee. This does not apply to (1) another Meraki assisted living home that you operate under a separate franchise agreement; or (2) passive ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.
s. Modification of the agreement	21.D	Only by written agreement between the parties of the Agreement.
t. Integration/merger clause	21.K	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	20.A	Except for claims involving federal trademark laws, any claims, controversies or disputes arising out of or related to the Agreement, claims will be brought in the state or federal court of competent jurisdiction in Hennepin County, Minnesota.
v. Choice of forum	20.A	Litigation must be in Hennepin County, Minnesota (subject to state law).
w. Choice of law	20.A	Governing law will be the law of the state where your Business is located (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

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.

The information below is based on historical financial performance information from the 7 Care Homes operated by our affiliate that were in operation as of December 31, 2020. The table below includes average Gross Revenue, cost of goods sold, and gross profit for the 7 Care Homes for the calendar years ending December 31, 2019, and December 31, 2020, and for the six-month period ending June 30, 2021, as provided to us by our affiliate. We have not audited these figures.

	Calendar Year Ending December 31, 2019	Calendar Year Ending December 31, 2020	Six Month Period Ending June 30, 2021
Average Gross Revenue ⁽¹⁾	\$769,147	\$828,861	\$446,613
Cost of Goods Sold ⁽²⁾	\$575,235	\$576,211	\$293,629
Gross Profit ⁽³⁾	\$193,912	\$252,650	\$152,984

(1) "Gross Revenue" means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card, ACH, or otherwise, made or provided at or in connection with the Care Homes. "Gross Revenue" does not include any federal, state, municipal or other sales, value added or retailer's excise taxes that you pay or accrue. Gross Revenue will not be adjusted for uncollected accounts.

This amount reflects the Care Homes' average Gross Revenue for the calendar years ending December 31, 2019, and December 31, 2020, and for six month period ending June 30, 2021. The following information supplements the information above:

	Calendar Year Ending December 31, 2019	Calendar Year Ending December 31, 2020	Six Month Period Ending June 30, 2021
Average Gross Revenue	\$769,147	\$828,861	\$446,613
Median Gross Revenue	\$752,835	\$945,265	\$459,960
Number of Care Homes that Met or Exceeded Average	3 (42%)	4 (57%)	4 (57%)

	Calendar Year Ending December 31, 2019	Calendar Year Ending December 31, 2020	Six Month Period Ending June 30, 2021
High	\$951,154	\$1,010,615	\$560,619
Low	\$698,633	\$608,934	\$203,585

(2) Average “Cost of Goods Sold” is calculated by taking the total Cost of Goods Sold and dividing it by 7. Cost of Goods Sold includes caregiver, chef and nurse wages, related payroll taxes, food, supplies, rent, home utilities and repairs and property taxes. Our affiliate does not track each expense by Care Home since many of these expenses are shared. For example, a caregiver may work in multiple Care Homes. We anticipate that Meraki franchisees will also share expenses between Care Homes they operate.

(3) “Gross Profit” is the average Gross Revenue less the Cost of Goods Sold.

(4) This information also does not include any fees paid to us or our affiliates, including the weekly Royalty Fee equal to the greater of \$500 per Care Home or 7% of Gross Revenue or the weekly Marketing Fee equal to the greater of \$150 per Care Home or 2% of Gross Revenue. If our affiliate had paid us those fees, our affiliate would have paid the following:

	Calendar Year Ending December 31, 2019	Calendar Year Ending December 31, 2020	Six Month Period Ending June 30, 2021
Average Gross Revenue ⁽¹⁾	\$769,147	\$828,861	\$446,613
Royalty Fees	\$53,840	\$58,020	\$31,263
Marketing Fees	\$15,383	\$16,577	\$8,932

(5) This information does not include any other expenses that you will incur in operating a Care Home including marketing, administrative wages and respective payroll taxes, employee benefits (including health care), professional fees, dues and subscriptions, credit card fees, bank service charges, liability/Worker’s Comp. Insurance and licenses and permits or any corporate office expenses.

Some Care Homes have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than as described above, we do not make any financial performance representations. 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future revenue and/or income, you should report it to the franchisor’s management by contacting Scott Hemenway at 8100 Old Cedar Avenue South, Suite 105, Bloomington, MN 55425; 888-248-1776, and the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1
Systemwide Outlet Summary
For Years 2018-2020**

Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned (1)	2018	5	6	+1
	2019	6	7	+1
	2020	7	7	0
Total Outlets	2018	5	6	+1
	2019	6	7	+1
	2020	7	7	0

**TABLE NUMBER 2
Transfers of Outlets From Franchisee to New Owners (Other than the Franchisor)
For Years 2018-2020**

State	Year	Number of Transfers
TOTAL	2018	0
	2019	0
	2020	0

**TABLE NUMBER 3
Status of Franchised Outlets
For Years 2018-2020**

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Outlets at the End of the Year
TOTAL	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

TABLE NUMBER 4
Status of Company-Owned Outlets (1)
For Years 2018-2020

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
Minnesota	2018	5	1	0	0	0	6
	2019	6	1	0	0	0	7
	2020	7	0	0	0	0	7
TOTAL	2018	5	1	0	0	0	6
	2019	6	1	0	0	0	7
	2020	7	0	0	0	0	7

TABLE NUMBER 5
Projected Openings
As of October 1, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Iowa	0	1	0
Kansas	0	2	0
Minnesota	0	4	1
Missouri	0	2	0
Ohio	0	1	0
Wisconsin	0	4	0
TOTAL	0	14	1

Notes to Tables Above:

1. The Company-Owned Care Homes identified above are operated by our affiliate, Geneva Suites. As described in Item 1, these Care Homes are substantially similar to the Care Homes offered under this FDD except that they are operated under the trademarks “The Geneva Suites.” These locations are substantially similar to a franchised Care Home that you will operate under the Marks.

Attached as Exhibit F is a list of current franchisees. As of the date of this disclosure document, no franchisees have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with us.

If you buy a Meraki™ franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, no franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisor in our franchise system. There is no trademark-specific franchisee association required to be disclosed in this Item.

ITEM 21

FINANCIAL STATEMENTS

Attached here as Exhibit A are our audited financial statements as of October 27, 2021. Our fiscal year end is December 31. Because we just began franchising in 2021 and we have not been in business for three years or more, we cannot include all financial statements required by the FTC Rule.

ITEM 22

CONTRACTS

The Franchise Agreement (including Lease Addendum and Personal Guaranty) is attached as Exhibit B. The State Addenda are attached as Exhibit D. The sample copy of the general release is attached as Exhibit E.

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit I). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

MERAKI ASSISTED LIVING LLC
FINANCIAL STATEMENTS
AS AT OCTOBER 27, 2021

Independent Auditor's Report

To the Board of Directors of Meraki Assisted Living, LLC.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Meraki Assisted Living, LLC, which comprise the balance sheet as of October 27, 2021, and the related statement of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Meraki Assisted Living, LLC as of October 27, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meraki Assisted Living, 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 Meraki Assisted Living, LLC's ability to continue as a going concern for a reasonable period of time.


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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Meraki Assisted Living, 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 Meraki Assisted Living, 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 audit.


Frederick & Rosen, Ltd

Minneapolis, MN
November 3, 2021

Balance Sheet

Year ended October 27, 2021

Assets:	
Cash	\$50,000
Total Assets:	<u>\$50,000</u>
Total Liabilities:	\$0
Total Equity:	<u>\$50,000</u>

Income Statement

Year ended October 27, 2021

Income:	\$0
Expenses:	<u>\$0</u>
Net Income:	<u>\$0</u>

Statement of Equity

Year ended October 27, 2021

Beginning Equity:	\$0
Capital Contribution	<u>\$50,000</u>
Ending Equity:	<u>\$50,000</u>

Statement of Cash Flows

Year ended October 27, 2021

Beginning Cash:	\$0
Operating Activities:	\$0
Investing Activities:	\$0
Financing Activities:	
Proceeds from Capital Issuance	<u>\$50,000</u>
Ending Cash:	<u>\$50,000</u>

EXHIBIT B
FRANCHISE AGREEMENT

MERAKI™ ASSISTED LIVING FRANCHISE AGREEMENT

YOU

DATE OF AGREEMENT

Meraki Assisted Living LLC d/b/a Meraki™ Assisted Living
November 2021

MERAKI™ ASSISTED LIVING FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	2
3.	TERM OF FRANCHISE; RENEWAL RIGHTS	4
4.	FRANCHISE AND OTHER FEES.....	4
5.	MARKETING	6
6.	DEVELOPMENT AND OPENING OF THE CARE HOME	7
7.	TRAINING AND OPERATING ASSISTANCE	9
8.	MARKS.....	11
9.	CARE HOME IMAGE AND OPERATING STANDARDS	12
10.	RECORDS AND REPORTS	17
11.	INSPECTION AND AUDITS.....	18
12.	CONFIDENTIAL INFORMATION/IMPROVEMENTS	19
13.	COVENANTS.....	19
14.	ASSIGNMENT	20
15.	OUR TERMINATION RIGHTS	22
16.	YOUR TERMINATION RIGHTS	24
17.	YOUR OBLIGATION UPON TERMINATION.....	24
18.	FUNDAMENTAL REGULATORY CHANGE	25
19.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION	26
20.	DISPUTE RESOLUTION.....	26
21.	ENFORCEMENT.....	27
22.	NOTICES	28
23.	ACKNOWLEDGEMENTS	29

EXHIBITS

- A – CARE HOME LOCATION AND PROTECTED AREA
- B – GUARANTY AND ASSUMPTION OF OBLIGATIONS
- C – BUSINESS ASSOCIATE AGREEMENT
- D – ELECTRONIC TRANSFER OF FUNDS FORM

MERAKI™ ASSISTED LIVING FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20__, between Meraki Assisted Living LLC, a Minnesota limited liability company, with a principal place of business at 8100 Old Cedar Avenue S, Suite 105, Bloomington, MN 55425 (“Us,” “We,” or “Our”), and _____, a _____ formed and operating under the laws of the State of _____, with a principal place of business at _____ (“You” or “Your”).

INTRODUCTION

A. We develop and own a system relating to the development and operation of residential care homes and assisted living homes offering assisted living services to the residents of the care home.

B. Our affiliate owns the “MERAKI” trademark and other trademarks and service marks used in operating the System and has licensed us the right to use the Marks and sublicense the Marks to franchisees.

C. We grant qualified and duly licensed persons the right to develop and operate multiple Meraki™ assisted living homes at the designated premises we approve.

D. You desire to obtain the right to develop and operate multiple Meraki™ assisted living homes, using the System and Marks, at the specific locations we approve and within a specific geographic territory we determine.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. “Brand Standards” means the standards and specifications we designate for use of the Marks in operating, advertising and marketing a Meraki™ assisted living home, including your Care Home, to promote and maintain the goodwill associated with Marks, as described in the Operations Manual.

B. “Care Home” and “Care Homes” means each of the Meraki™ assisted living homes developed and operated under this Agreement, using the System and Marks, that offer and sell assisted living services to the residents of the home that we approve and as described in the Operations Manual.

C. “Confidential Information” means the methods, techniques, formats, documents, digital materials, communications, marketing and promotional techniques and procedures, specifications, information, systems and knowledge of and experience in operating and franchising Meraki™ assisted living homes that we communicate to you or that you otherwise acquire in operating the Care Homes under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

D. “Designated Owner” means a Principal Owner that owns at least fifty-one percent (51%) of you or who is appointed by your board to manage you and who (i) has the authority to, and does in fact, actively operate the Care Home; (ii) oversees the day-to-day operations of the Care Home; and (iii) has successfully completed all training we require.

E. “Director” means an individual we approve who will supervise the care of the residents of the Care Homes, and who has obtained all necessary licenses under federal, state and local law to deliver such care within the scope of practice of that individual’s category of licensure. Any Director must also have successfully completed our designated training program and meet such continuing education requirements as we may establish from time to time.

F. “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card, ACH, or otherwise, made or provided at or in connection with the Care Homes. “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue. Gross Revenue will not be adjusted for uncollected accounts.

G. “Marks” means the “MERAKEI” trademark and service mark and other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

H. “Principal Owner” means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a 10% or greater interest in such general partner.

I. “Protected Area” means the geographic area, identified in Exhibit A.

J. “Resident Data” has the meaning described in Section 9(I).

K. “System” means the Meraki™ system which includes the offer of approved products and services under the Marks, using certain distinctive types of homes, home sites, equipment (including but not limited to the Proprietary Software and Computer System (as defined in Section 6(D) below)), supplies, Confidential Information, business techniques, training, methods, and procedures, as we periodically may modify and further improve.

L. “Trade Secrets” mean our information, including formula, pattern, compilation, program, device, method, technique, or process that (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Authorized Location and Protected Area. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to develop and operate multiple Care Homes pursuant to the Development Schedule in Exhibit A, developed and operated from a site we approve (each an “Authorized Location”), and to use the System and Marks in operating the Care Homes. The number and location of each Care Home and your Protected Area are identified in Exhibit A.

B. Nature of Your Protected Area. During the term of this Agreement, if you are in compliance with this Agreement, we will not directly operate or franchise another to operate any other Meraki™ assisted living home within the Protected Area. Other than as we may authorize in the Operations Manual, the license granted to you under this Agreement is personal in nature, may not be used at any location other than the Care Homes, does not include the right to sell products or services identified by the

Licensed Marks at any location other than at the Care Homes, and does not include the right to sell products or services identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Care Homes for any purposes other than the operation of a Meraki™ assisted living home.

C. Rights Reserved to Us. We (for ourselves and our affiliates) retain the right, without compensation to you:

1. to directly operate, and to grant other persons the right to operate, Meraki™ assisted living homes at locations outside the Protected Area;

2. to offer and sell products or services, or to grant other persons the right to offer products or services, located inside or outside the Protected Area under any trademarks except for the Marks;

3. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of Meraki care home), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Protected Area;

4. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from the Care Homes, and which may be located anywhere inside or outside the Protected Area; and

5. to advertise the System and Care Homes on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

D. Minimum Performance Requirements. The rights we have granted to you under this Agreement are dependent on you achieving at least \$360,000 in Gross Revenue for each Care Home identified on Exhibit A during each calendar year beginning January 1 of the second full calendar year you operate each Care Home (referred to as the “Minimum Performance Requirement Per Care Home”). If you fail to meet the Minimum Performance Requirement Per Care Home during any calendar year, we have the right, but are not required, to: (i) reduce the size of the Protected Area; (ii) require you, your Designated Owner, and your Director to attend additional training at your cost and expense; or (iii) terminate this Agreement.

By way of example, if you commence operations of your first Care Home during the calendar year 2022, then the Minimum Performance Requirement for your first Care Home will commence in calendar year 2024 and you must achieve a minimum of \$360,000 in Gross Revenue through your first Care Home during the calendar year 2024 and each subsequent calendar year during the term of this Agreement. Then if you commence operations of your second Care Home during the calendar year 2023, then the Minimum Performance Requirement for your second Care Home will commence in calendar year 2025 and you must achieve a minimum of \$360,000 in Gross Revenue through your second Care Home during the calendar year 2025 and each subsequent calendar year during the term of this Agreement.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement will be for 10 years commencing on the date of this Agreement (the “Effective Date”).

B. Renewal. You will have the right to renew the Franchise for the Care Home for two additional five-year terms provided you satisfy the following conditions:

1. you have given us written notice at least 180 days before the end of the term of this Agreement of your intention to renew;

2. you have complied with all of the material provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. you maintain possession of the premises of all Care Homes, and you have made such reasonable capital expenditures necessary to remodel, modernize and redecorate all Care Homes and to replace and modernize the supplies, fixtures, signs, and equipment used in the Care Homes so that your locations reflect the then-current internal and external physical appearance of new Meraki™ assisted living homes, or are able to secure a new location(s) within the Protected Area which we have accepted (such acceptance not to be unreasonably withheld) and agree to construct all required improvements to the premises of the Care Homes and install all required fixtures and equipment in compliance with our then-current standards and specifications for new Meraki™ assisted living homes;

4. you and your Principal Owners meet all of our managerial, financial and business standards for new and renewing franchisees;

5. you (or if you are an entity, Designated Owner) and the Director complete, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for travel, living and compensation costs of attendees;

6. you have paid a Renewal Fee equal to 10% of our then-current initial franchise fee for each Care Home to us at least 30 days before the term of this Agreement expires;

7. sign our then-current form of franchise agreement; provided that you will be required to pay the Renewal Fee in lieu of the Initial Franchise Fee stated in the then-current franchise agreement; and

8. you and each Principal Owner signs a general release, in form acceptable to us, of all claims against us and our current and former affiliates, and their respective past and present officers, directors, employees, and agents.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. You will pay us an initial franchise fee described in Exhibit A (the “Initial Franchise Fee”). The Initial Franchise Fee is payable when you sign this Agreement, is fully earned by us upon receipt, and is non-refundable.

B. Royalty Fee. Beginning the earlier of (i) the date that each Care Home commences business, or (ii) the date each Care Home is scheduled to commence business under the Development

Schedule, and continuing during the entire Term of this Agreement, you must pay us a non-refundable weekly royalty fee (the “Royalty Fee”) that is the greater of (a) \$500 per Care Home, or (b) 7% of Gross Revenue. The Royalty Fee is due and payable on or before Wednesday of each week for the previous week (Sunday through Saturday). All payments will be made by electronic transfer of funds, as described below.

C. Technology Fee. You must pay us a non-refundable then-current weekly technology fee (the “Technology Fee”). The Technology Fee may be used to develop, implement, and maintain certain technologies used in the System and at the Care Homes, including website maintenance, text programs, and other technologies we determine are necessary. The Technology Fee is due and payable in the same manner, and at the same time, as the Royalty Fee. As of the Effective Date, the Technology Fee is \$75 per week. We may change the Technology Fee upon 90 days’ notice to you, and we will not increase the Technology Fee more than once in the same calendar year.

D. Non-Compliance Fee. You must pay us a “Non-Compliance Fee” if you fail to comply on a timely basis with certain obligations under this Agreement or the Operations Manual. The Non-Compliance Fee is charged as consideration for the expenses we incur in addressing your failure to comply with the terms of this Agreement and the Operations Manual. All Non-Compliance Fees shall be imposed according to the schedule stated in the Operations Manual. The fees described in this Section 4(D) shall in no way limit our rights to put you in default or terminate this Agreement.

E. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds authorizations and other documents as we periodically designate, in the form attached as Exhibit D or any other form that we may require or accept, to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account or an affiliate’s account and to charge your account for all amounts you owe us or our affiliates. Your authorizations will permit us or our affiliates to designate the amount to be transferred from your account. You will maintain a balance in your account sufficient to allow us or our affiliates to collect the amounts owed to us or our affiliates when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein.

F. Interest on Late Payments. All Royalty Fees, Marketing Fees and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (1) one-and-one-half percent (1½%) per month; or (2) the maximum contract rate of interest permitted by applicable state(s) law.

G. Insufficient Funds. In addition to interest charges on late fee payments, you must pay to us a service charge of up to \$250 (“Insufficient Fund Fee”) for each delinquent payment that you owe to us under this Agreement. A payment is delinquent if: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.

H. Application of Payments. We have discretion to apply against amounts due to us or any of our affiliates any payments received from you or any amount we owe you.

I. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Marketing Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Marketing Fees, or any other amounts due.

J. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state(s) in which the Care Homes are located imposes, or may in the future impose, as a result of your operation of the Care Homes or the license of any of our intangible

property in the jurisdiction in which the Care Homes are located. If more than one franchisee is located in such jurisdiction, they will share the liability equally. If applicable, this payment is in addition to the Royalty Fee payments described above.

K. Regulatory Compliance. The compensation set forth in this Articles 4 and 5 represent fair market value payment for your use of the System and is not based on, or intended to take into account, the professional services you provide or the volume or value of any referrals or other business otherwise generated, if any, under this Agreement. You acknowledge and agree that we are not a provider of health care services, and that we do not recommend or arrange for the provision of health care services. You shall not pay for or otherwise compensate any business, individual, or service in exchange for customer referrals in violation of any applicable federal or state law or regulation. You agree and acknowledge that it is your sole responsibility to ensure your full compliance with applicable federal and state laws or regulations with respect to “anti-kickback statutes.”

5. MARKETING

A. Marketing Fund. Beginning the earlier of (i) the date that each Care Home commences business, or (ii) the date each Care Home is scheduled to commence business under the Development Schedule, and continuing during the entire Term of this Agreement, you will pay to us for deposit in a system marketing fund (the “Marketing Fund”) a non-refundable weekly system marketing fee that is the greater of (a) \$150 per Care Home, or (b) 2% of Gross Revenue (the “Marketing Fee”). You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We will place all Marketing Fees we receive in the Marketing Fund and we will manage such Marketing Fund. We may, in our sole discretion, decide to contribute to the Marketing Fund for the care homes that we or our affiliates operate in the United States. Reasonable disbursements from the Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the development and operation of a call center; market research; customer retention; incentive programs; sales development programs; media planning; media buying fees; creating and producing advertising materials; outside advertising agency fees for creating advertising programs; public relation activities; outside public relations agency fees; technology investments; digital marketing; and reimbursing us the costs of administering the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Meraki care homes to the Marketing Fund in that year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year. Any end-of-year surpluses or shortages in the Marketing Fund in a given year will carry over to the next year.

B. Minimum Local Advertising Requirements. In addition to the Marketing Fee due under Section 5(A) above, you will spend at least \$6,000 per calendar year (the “Minimum Local Advertising Spend Requirement”) on “approved” advertising and promotional activities. On or before 45 days following the end of the applicable calendar year, you will provide us with an accounting of the funds that you spent on local advertising during the preceding calendar year. If you fail to spend the Minimum Local Advertising Spend Requirement during the previous calendar year on approved local advertising, you will deposit with us the difference between the Minimum Local Advertising Spend Requirement and what you actually spent for approved advertising during the calendar year. We will deposit that amount in the Marketing Fund. During the first calendar year, you must spend a pro rata portion of the Minimum Local Advertising Spend Requirement on approved local advertising. For purposes of this Section 5(B), advertising and promotional

activities are “approved” if they are included in our recommended media plan (if applicable) and otherwise comply with Section 5(C) below.

C. Approved Advertising. You will use only our approved advertising and promotional materials approved by us in promoting the Care Homes. If you desire to use any advertising or promotional materials in promoting the Care Homes which we previously have not approved, it must be submitted to us and you must obtain written approval from us at least 10 days before using any such materials, which approval will not be unreasonably withheld. If no response is received it should be considered unapproved. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you will immediately cease using such materials upon written notice from us.

D. Cooperative Advertising. You will participate in, support and contribute a proportionate share of the cost of regional cooperative advertising programs we designate. The amount of your contribution will be determined by the regional cooperative; provided that if the regional cooperative is unable or unwilling to designate the amount of the contribution, we may designate the contribution amount. We reserve the right to designate regional and local advertising markets, to establish regional advertising cooperatives and to establish the bylaws and other rules under which such councils will operate. Your contributions to regional and local advertising cooperatives will be credited toward your Minimum Local Advertising Spend Requirement and will not exceed 2% of Gross Revenue.

E. Participation in Certain Programs and Promotions. You will use your best efforts to promote and advertise the Care Homes and will participate in all advertising and promotional programs we establish in the manner we direct. We may provide you with advertising templates at no cost. If you order any advertising materials from us, we reserve the right to charge you a fee, plus any shipping expenses we incur. You will have the right to advertise and sell your services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

6. DEVELOPMENT AND OPENING THE CARE HOMES

A. Lease, Ownership of Care Homes Premises. If you enter into a lease for the premises of the Care Homes, you must provide a copy of the proposed lease to us before you sign it. We reserve the right to reject the proposed lease if your lease does not contain provisions requiring that: (1) so long as this Agreement remains in effect, the premises will be used only for a Meraki™ assisted living home; (2) we will be granted the right (but not the duty) to take possession of the Care Home’s premises and assume the lease in the event of a termination of this Agreement or a threatened termination of the lease as a result of a breach by you; (3) the landlord will provide us written notice of any default or right to cure by you; and (4) upon vacating the premises of the Care Homes or termination of this Agreement or the lease for the Care Home’s premises, you must remove all signs and materials bearing the name “Meraki” and other Marks. You must use, at your expense, our designated third party vendor to review and comment on the business terms of the proposed lease unless otherwise approved by us in writing.

B. Your Development of the Care Homes. Promptly after you sign a lease or acquire the premises for each Care Home, and receive our or our affiliates input on how you may design, construct, or renovate the premises, you must:

1. prepare and submit to us for approval, which will not be unreasonably withheld, any proposed modifications to our basic plans and specifications, which you may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

2. contract with an architect that we approve;

3. obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

4. construct all required improvements to the Care Home's premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with the plans and specifications approved by us and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

5. obtain an opening inventory of required for the operation of the Care Home that we set forth in the Operations Manual; and

6. establish filing, accounting and inventory control systems complying with our requirements.

C. Fixtures, Equipment, Furniture and Signs. You will use in constructing and operating the Care Homes only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture, and signs that we have approved for Meraki™ assisted living homes as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then approved, you must first notify us in writing and will provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time.

D. Computer System. In operating the Care Homes, you will use the computer system we designate, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the "Computer System"). The Computer System developed for use in the Care Homes may include one or more proprietary software programs or applications developed by or for us (the "Proprietary Software"). You must use any Proprietary Software that we designate. The Proprietary Software will remain the confidential property of us or our third party supplier. You may be required to enter into our or a third party supplier's standard form computer software access or license agreement in connection with your use of the Proprietary Software or other software we determine is necessary for the Care Homes. You must pay us or our third party suppliers the initial and ongoing then-current license fee(s) related to your use of any Proprietary Software or other required software. We reserve the right to assign our rights, title and interest in any Proprietary Software or any software license agreement to a third party we designate, or to replace the Proprietary Software. In such event, you may be required to enter into a separate computer software license agreement specified by us or the third party supplier of the Proprietary Software. You must replace the Computer System, including the Proprietary Software, as we designate. We may require you to make certain updates and modifications to the Computer System more frequently. We also may access financial information and customer data produced by or otherwise located on your Computer System (collectively the "Customer Data"). We periodically will establish policies respecting the use of the Customer Data. At each Care Home you operate under this Agreement, you will have Internet access with a form of high-speed connection as we require and a dedicated telephone line. You will use an email address we designate or approve for communication with us, residents, resident's families, and the general public. The computer hardware component of the Computer System must comply with specifications we develop. We have the right to designate a single source from which you must purchase the Computer System, including the Proprietary Software, any other software or hardware components or associated services. You understand and agree that we or our affiliates may be that single, designated source.

You will be required to use and, at our direction, pay for all future updates, supplements and modifications to the Computer System.

E. Care Home Opening. Before you open each Care Home, you must obtain our prior written approval. We will approve the Care Home to open if the following conditions are satisfied:

1. the Care Home meets our standards and specifications;
2. you and your employees have received all required federal, state and local government certifications, permits and licenses to fully operate the Care Home and such certifications, permits and licenses are current;
3. your Designated Owner and Director have successfully completed our initial training program and have obtained all necessary certificates and licenses to fully perform the duties at the Care Home;
4. you provide us with proof of insurance in a form we require; and
5. you otherwise are in compliance with the terms of this Agreement.

You agree to complete the development and open each Care Home for business within the time period stated in Exhibit A.

F. Development of the Care Home. We will provide you with specifications reflecting our requirements for dimensions, interior design and layout, image, fixtures, equipment, furniture, signs and décor for your Care Home. You acknowledge that our assistance in site location and acceptance of the premises does not represent a representation or guaranty by us that the location will be a successful location for your Care Home.

G. Relocation of Care Home. You will not relocate any Care Home from its Authorized Location without our prior written consent. If you relocate one or more Care Home under this Section 6(G), the “new” location of the Care Home(s) to which we consent (the “new” Authorized Location(s)) must comply with all applicable provisions of this Agreement and with our then-current specifications and standards. If you must relocate one or more of the Care Homes because the Care Home(s) was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Care Home(s) at the new Authorized Location in the Protected Area within six months after you discontinue operations at the existing Authorized Location. If you relocate one or more of the Care Homes for any other reason, we will not unreasonably withhold our consent to the proposed relocation, provided that you meet the following conditions: (1) we have received at least 90 days’ written notice prior to the closing of the Care Home(s) at the prior Authorized Location of the Care Home(s); (2) you have obtained site(s) acceptable to us; (3) you agree to open the new Authorized Location(s) for the Care Home(s) within five days after you close the Care Home(s) at the prior Authorized Location(s); and (4) otherwise comply with any other conditions that we may require. In addition, you must pay us a relocation fee equal to 25% of the initial franchise fee for each Care Home you intend to relocate before we will review a proposed new Authorized Location for the Care Home. There is no guarantee that an acceptable location will be available for relocation, and if you are unable to relocate your Care Home(s) within the Protected Area and reopen your Care Home(s) within the time periods described in this, we may terminate this Agreement upon notice to you.

7. TRAINING AND OPERATING ASSISTANCE

A. Initial Training. Before you may open the first Care Home, we will provide, and your Designated Owner and Director must attend and successfully complete, an initial training program on the operation of a Care Home, provided both at a place and time we designate, and by either electronic media, such as webinar or in person, or both. If, during any training program, we determine that any of these critical staff members are not qualified to perform their designated role in the operations of the Care Home, we will notify you and you must select and enroll a qualified substitute for such person in the training program.

B. Additional Training. After the first Care Home opens, we will provide training (at times we determine) to any new Director at your expense. We may require that your Designated Owner and Director attend all supplemental and ongoing training programs that we designate, at your sole expense, and you agree to pay us our then-current fee for providing such supplement and ongoing training. In addition, if you fail to meet our customer satisfactions standards, we may require you to attend additional training. We will charge you a reasonable fee for these supplemental and refresher training programs.

C. Annual Conference. Your Designated Owner and Director must attend any annual franchise conference or conference that we sponsor or designate. You must pay to us our then-current conference fee and you are responsible for all travel and living expenses. If you fail to attend the annual franchise conference without our prior written consent, you must pay our then-current fee for two people for failing to attend the franchise conference.

D. Opening Assistance. We will provide you with the services of one of our employees for two days during the first 60 days of the Care Home opening to assist you in the initial operations of the first Care Home. We will determine the time during which the employee is available to you. We will not provide you any on-site opening assistance for your second or third Care Homes.

E. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Care Home, as we deem appropriate. Operating assistance may include advice regarding the following:

1. additional services and products authorized for sale;
2. marketing the approved services, products, materials and supplies;
3. sales and customer service process;
4. operating processes, operating performance measures, and technology in operating the Care Homes;
5. provide online system for ordering marketing materials, forms, food and drink, business cards, Care Home signage and media purchase assistance; and
6. other assistance we determine is necessary during the term of this Agreement.

We will provide such guidance, at our discretion, through our Operations Manual bulletins or other written materials, telephone conversations and/or meetings at our office or at the Care Home in connection with a Care Home inspection. We will provide additional assistance for a fee.

F. Operations Manual. We will provide on loan to you, during the term of this Agreement, electronic (Internet) access to an Operations Manual, and other handbooks, manuals and written materials (collectively, the “Operations Manual”). The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that we develop for use in your Care Home and

information relating to your other obligations. We may add to, and otherwise modify, the Operations Manual to reflect changes in authorized services and products, and specifications, standards and operating procedures of your Care Home. The applicably dated master copy of the Operations Manual that we maintain at our principal office or on our website, and make available to you by electronic access, will control if there is a dispute involving the contents of the Operations Manual. You acknowledge and agree that the Operations Manual will not contain any information on certain operational aspects of your Care Home, including compliance with HIPAA and related laws or employment matters.

G. Franchisee Advisory Council. We reserve the right to form a franchisee advisory council (the “FAC”). We will determine, in our sole discretion, how the FAC is formed and its composition. The FAC will serve in advisory capacity only, except as contemplated in Section 18. We will establish the rules under which the FAC will operate.

8. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us or our affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term of this Agreement or after termination or expiration of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Care Home(s), and you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, and you cannot use any Mark in selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication) except through a webpage or other electronic communication that we approve; (3) create or register any Internet domain name in any connection with the Care Homes or franchised business; and (4) use any email address which we have not authorized for use in operating the Care Homes or franchised business. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote the Care Homes or franchised business or conduct any business on the Internet, including using social and professional networking sites to promote the Care Homes or franchised business, except as provided in our written social media policy (if any) or with our prior written approval. We will set up, own, and have administrative rights to any social and professional networking sites that you use in the Care Homes and/or franchised business.

D. Notification of Claims of Infringement by Others. You must notify us in writing within 24 hours of learning of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you

become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, within 24 hours of learning of any alleged claim or complaint, notify us of such claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. So long as you are using the Marks in compliance with this Agreement and Operations Manual, we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time, not to exceed 90 days, after we notify you.

9. CARE HOME IMAGE AND OPERATING STANDARDS

A. Brand Standards. Our overarching objective in establishing and enforcing operating standards is the development and protection of our Brand Standards. We expect all Meraki™ assisted living homes, including the Care Homes, to stand for an extraordinarily competent, professional, and caring experience for the residents. Any behaviors, practices, or actions that detract from this objective will be considered damaging and a violation of our Brand Standards.

B. Condition and Appearance of Care Homes, Rebuilding of Care Homes. You agree to maintain the condition and appearance of the Care Homes, and refurbish and modify its layout, decor and general theme, as we may require to maintain the condition, appearance, efficient operation, ambience and overall image of Meraki™ assisted living homes, including the Care Homes (as we may periodically modify). You will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Care Homes and adjacent parking areas, and periodically clean and redecorate the interior and exterior of the Care Homes. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Care Homes premises (including but not limited to areas shared with your Care Home, common areas and parking areas) or its fixtures, equipment, furniture or signs does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. If you fail, within 15 days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, we may (in addition to our rights under Section 15 below) enter the Care Home(s) premises and correct the deficiencies on your behalf, and at your expense.

You will, at your expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Care Homes premises and to replace and modernize the supplies, fixtures, signs, and equipment so that your business reflects the then-current physical appearance of new Meraki™ assisted living homes. We may require you to take such action: (i) as a condition to the transfer of any interest; (ii) as a condition of renewal; and (iii) otherwise during the term of the Agreement as further described in the Operations Manual. You acknowledge and agree that the requirements of this Section 9(B) are both

reasonable and necessary to insure continued public acceptance and patronage of Meraki™ assisted living homes and to avoid deterioration or obsolescence in connection with the operation of the Care Homes.

C. Care Home Alterations. You cannot alter the premises or appearance, including the interior or exterior, of the Care Homes, or make any unapproved replacements of or alterations to the fixtures, equipment, or signs of the Care Homes, without our prior written approval. We may, in our discretion and at your sole expense, correct any alterations to the Care Homes that we have not previously approved.

D. Your Hiring and Training of Employees. As the owner of your franchised business, you are solely responsible for the day-to-day operation of the Care Homes, including all employment related matters and issues that may arise. You will hire all employees of the Care Homes, be exclusively responsible for the terms of their employment and compensation. You will maintain at all times a staff of trained employees sufficient to operate the Care Homes in compliance with our standards and applicable law. To the extent any employees are engaged in the provision of medical or health care services at the Care Homes, you are solely responsible for ensuring that such employees are licensed and qualified to practice under applicable provisions of state and federal law and for ensuring that you have in place the appropriate levels of supervision of such employees in their delivery of medical or health care services as is required under applicable provisions of state law. Any training we provide to you or your employees is intended to assist you in operating the Care Homes under the System and is not intended to provide training to any personnel on any medical or health care procedures. You acknowledge and agree that the Director and all other professional staff participating in the Care Homes will be adequately trained, will maintain proper licensure, certification, or accreditation to perform at the highest level of competency all required services at the Care Homes, and you will be solely responsible for such training.

E. Your Representations and Warranties. Before you open each of the Care Homes for business, you must qualify as a professional service entity or corporation organized and permitted, under applicable provisions of state law, to operate the Care Homes. You agree and acknowledge that it is your sole responsibility to ensure your corporate and ownership structure complies with state laws and regulations, including, without limitation, those relating to the corporate practice of medicine. You represent and warrant to us that as of the date you open the Care Homes for business and at all times during the remaining term of this Agreement:

1. You are a limited liability company or corporation organized and in good standing under the laws of the state(s) in which the Care Homes are located and will have obtained all licenses and otherwise qualify under all applicable laws and regulations to provide all approved products and services. You are legally permitted to own and operate the Care Homes, and employ and contract with individuals to provide services at the Care Homes, consistent with applicable state laws and regulations.

2. Each of the professional staff you employ, contract with, or otherwise engage to provide services at the Care Homes is licensed, certified, registered and otherwise qualified under all applicable laws and regulations, without restriction or disciplinary proceeding, and fully qualified, by education, training and experience, to provide the services for which you employed, contracted with or otherwise engaged that professional.

3. You have reviewed applicable State(s) law requirements that pertain to the categories of licensure maintained by the professionals you employ, contract with or engage to provide services and have determined that their respective licensure status permits them to act as a Director.

4. You and any professionals you employ, contract with, or otherwise engage to provide services are eligible to participate, without restriction, in, and are currently enrolled in good standing with, all such federal and state health care programs, including Medicaid, the beneficiaries or enrollees of which receive services at the Care Homes. To the extent any of the services provided at the Care Homes are reimbursable by commercial health insurance plans or long-term care insurance plans, you are responsible for being enrolled in, and ensuring any professionals you employ, contract with or otherwise engage to provide services are credentialed with, any such plans to which you submit claims for services provided to plan beneficiaries or enrollees.

5. You are responsible for compliance with all laws and regulations that govern the relationship between Home Care residents and any professionals you employ, contract with, or otherwise engage to provide services, including those laws and regulations which apply to providers who participate in the Medicaid programs. This includes, but is not limited to, the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)) and the federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a) and its prohibition against providing inducements to beneficiaries of the Medicare and Medicaid programs. You will establish and enforce procedures to ensure that proper and complete records are completed and maintained by professionals for all of your residents as required by applicable law and by the rules and regulations of any applicable governmental agency.

F. Services, Products, Supplies and Materials. You agree that the Care Home(s) and your franchised business will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. We periodically may modify the lists of approved services and products, and you will comply with such modified lists of approved services and products. Under no circumstances, may you offer an unapproved product or service in connection with the Care Home. If you propose to offer any products or services that we have not approved, you must first notify us in writing. For any unapproved products or services, you must provide sufficient information, specifications and samples (if applicable) concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time whether or not the proposed brand and/or supplier is approved. We will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any services and products to be used in the Care Home. You agree that certain products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING BUT NOT LIMITED TO ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM. You may not participate in or run any clinical trial as part of your Care Home without our prior written consent.

G. Standards of Service. You must at all times give prompt, courteous and efficient service to your residents. You must, in all dealings with your residents, suppliers, and the public, adhere to the highest standards of honesty, integrity and fair dealing. You must meet our customer service standards as described in the Operations Manual. We use a variety of methods to measure customer service standards, including but not limited to resident surveys, and we will share those results with you. If you fail to meet the customer satisfaction standards that we require, we may require you to attend additional training and remediate the practice(s), or we may terminate this Agreement.

H. Specifications, Standards and Procedures. You acknowledge and agree that each and every detail of the appearance and operation of each of the Care Homes is important to us and other Meraki™

assisted living homes. You agree to maintain the highest standards of quality and service in the Care Homes and agree (to the extent permissible by applicable law) to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a Meraki™ assisted living homes, including but not limited to:

1. type and quality of products or services provided;
2. quality and uniformity of services at the Care Homes (to the extent permissible under applicable law);
3. methods, standards, and procedures relating to marketing and customer service;
4. the hours and days during which the Care Homes are open;
5. the safety, maintenance, cleanliness, function and appearance of the Care Homes premises and its fixtures, equipment, furniture, décor and signs;
6. qualifications, dress, general appearance and demeanor of Care Home employees;
7. the style, make and/or type of equipment (including but not limited to computer equipment) used in operating the Care Homes;
8. use and illumination of exterior and interior signs, posters, displays, standard formats and similar items; and
9. adherence to resident and prospective resident communication protocols as described in the Operations Manual, including adherence to the communications scheduling functions of our Proprietary Software.

I. Resident Records and Data. You must maintain, at all times, complete, accurate and legible records for all residents of the Care Home. You acknowledge and agree that you are a “Covered Entity” as defined at 45 C.F.R. § 160.103 and that you must comply with all applicable laws, regulations and ethical principles concerning confidentiality of all resident records (“Resident Data”), including the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the privacy and security regulations issued by the Department of Health and Human Services at 45 C.F.R. Parts 160 and 164 (the “Privacy Rule” and the “Security Rule,” collectively the “HIPAA Regulations”). Without limiting the generality of the previous sentence, you must provide all residents notices and obtain all authorizations and consents required by the HIPAA Regulations and applicable state law. Further, you agree to seek authorization from each resident, prior to performing Proprietary Protocols and Treatments, to release Resident Data to us for research purposes, and to seek authorization from each resident to release Resident Data to us for marketing purpose, as required by the HIPAA Regulations. Such authorizations shall be in a format acceptable to us and consistent with the requirements of the HIPAA Regulations and applicable state laws. We may access the Resident Data produced by or otherwise located on your Computer System to the extent permitted by and consistent with the HIPAA Regulations and applicable state laws. We will further describe in the Operations Manual the Resident Data we will have access to and, based on information you provide or we collect, identify any restrictions applicable federal and state laws may place on our access to Resident Data. Notwithstanding the foregoing, you, as the Covered Entity, are responsible for all decisions pertaining to the use and disclosure of “Protected Health Information” (as defined in the HIPAA Regulations) to us pursuant to this Agreement. We periodically will establish policies respecting the use of the Resident Data. You own and are responsible for the Resident Data that is stored on the Computer System during the term of this Agreement and you are

solely responsible for maintaining Resident Data for such periods of time as may be required under applicable provisions of federal or state law.

J. Business Associate Agreement. By execution of this Agreement, you and we agree to abide by the terms of the Business Associate Agreement regarding Resident Data, as provided at Exhibit C, the terms of which are hereby incorporated into and become effective with the execution of this Agreement. You agree to execute an amended Business Associate Agreement to the extent we determine such an amended agreement is necessary.

K. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Care Home and must operate the Care Home in full compliance with all applicable laws, ordinances and regulations, including without limitation HIPAA and the HIPAA Regulations. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the staffing and management of the Care Home. Without limiting the previous sentence, you must ensure each employee or contractor has all necessary licenses, and meets all continuing education requirements, and you must maintain copies of all such licenses. You must notify us in writing within five days of the commencement of any action, disciplinary investigation, suit, proceeding or investigation, or of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that relates to you, the Care Home, your Director. You will not conduct any business or advertising practice which injures or threatens to injure our business, the System or the goodwill associated with the Marks and other Meraki™ assisted living homes. On a monthly basis, you must review the status of the individuals that you employ, contract with or otherwise engage to ensure that they have not been excluded by, or sanctioned under, the Department of Health and Human Services Office of the Inspector General or the General Services Administration as set forth on the List of Excluded Parties.

L. Management of the Care Homes/Conflicting Interests. The Care Homes must at all times be under your Designated Owner's direct supervision, and each Care Home must have at least one Director available at all times. You must at all times faithfully, honestly and diligently perform your obligations and continuously use your best efforts to promote and enhance the business of the Care Homes. The Designated Owner must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations.

M. Insurance. You agree to purchase and maintain in force, at your expense, all of the insurance coverage we require in the types and amounts described in the Operations Manual. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us and our affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage that we designate in the Operations Manual for each Meraki Care Home that you operate; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least two weeks before you take possession and commence development of the Care Home(s), and at such other times as we may require. In addition, you

will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

N. Participation in Internet Website. We require you to participate in a Meraki™ website listed on the Internet or other online communications and participate in any extranet system we designate and comply with any social media policy we have implemented. We will determine the content and use of the website and extranet system and will establish rules under which franchisees will participate. We will retain all rights relating to the website and extranet system and may alter the website or extranet system upon 30 days' notice to you. Your general conduct on the Internet and any extranet system we designate, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation on the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation on the website or extranet system is considered Confidential Information, including access codes and identification codes. Your right to participate on the website or extranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

O. Professional Judgment. You will at all times be free, in your sole discretion, and solely responsible for, the exercise of professional judgment on behalf of your residents. No provision of this Agreement permits us to affect or influence you or your professionals' professional judgment. You have complete control over, and sole responsibility for, all aspects of care at the Care Homes, including training and supervision of any professionals, employees or agents involved in the delivery of services at the Care Home.

P. Third-Party Payor Reimbursement. You acknowledge and agree that the products and services that you provide under this Agreement and Operations Manual may not be reimbursable by Medicaid or other federal or state-sponsored or funded health care programs ("Government Programs"). You further acknowledge and agree that all the products and services you provide under this Agreement and Operations Manual at the Care Homes may not be reimbursable by commercial third party payers or long-term care third-party payers in your state ("Commercial Payors"). You further agree to inform all individuals who present at the Care Home as potential residents that that the products and services may not be reimbursable by Government Programs or Commercial Payors prior to accepting such individuals as residents. You will be solely responsible for making all decisions concerning medical necessity, reimbursement, coding selection, billing amounts and compliance with Government Programs' or Commercial Payors' reimbursement requirements. You will have the right and obligation to set fees, own revenues, establish billing protocols and invoice customers and/or Government Programs or Commercial Payors for all products and services that you provide under this Agreement and Operations Manual. You, to the extent allowable by law, shall be solely responsible for handling all of the recurring administrative functions and assuming the financial risks associated with insurance filing, billing and the collection of fees related to the Care Homes. You are solely responsible for complying with applicable state and federal laws, regulations and rules (and Commercial Payor rules and requirements) that govern coding, billing, collection and claims submission and you agree that you will indemnify and hold us harmless (pursuant to your commitments under Section 19(B) of this Agreement) for any of your acts or omissions in that regard.

10. RECORDS AND REPORTS

A. Accounting and Records. During the term of this Agreement, you will, at your expense, maintain at the Care Home premises and retain for a minimum of five years from the date of their preparation (or longer if required under applicable law), complete and accurate books, records and accounts (using such methods and systems of bookkeeping and accounting as we may require) relating to the Care Homes (the "Records"), in the form and manner we direct in the Operations Manual or otherwise in writing.

The Records will include the following: (1) a standard chart of accounts; (2) monthly income statement; (3) monthly balance sheet; (4) monthly bank statements; (5) all tax returns relating to the Care Homes and of each of the Principal Owners; and (6) such other documents, records and information in the form and manner as we periodically may request. You will be permitted to preserve the Records and submit reports electronically, consistent with our requirements. In addition, you must comply with all federal and state laws that may require that you maintain certain records respecting Resident Data and other information (including record retention periods applicable to providers and suppliers in the Medicare and Medicaid programs) for a longer period of time.

During the first full year of operations of your first Care Home, you must only use one of the approved suppliers to conduct all bookkeeping services for your Care Home(s). After the first the first full year of operations of your first Care Home, to conduct some or all bookkeeping services required under this Agreement, you may continue to use such approved third-party supplier we designate, use any other third-party supplier you desire, or conduct your own bookkeeping services.

B. Reports and Tax Returns. Your fiscal year end must be the calendar year end. You will deliver or provide access to us the following: (1) monthly income statement; (2) monthly balance sheet; (3) monthly bank statements; (4) within 90 days after the end of each fiscal year, an annual profit and loss statement and source and use of funds statement for the Care Homes for the year and a balance sheet for the Care Homes as of the end of the year, reviewed by an independent certified public accountant; and (5) within 120 days after the end of each fiscal year, all tax returns relating to the Care Homes. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms approved by us and signed and verified by you.

11. INSPECTION AND AUDITS

A. Our Right to Inspect the Care Homes. To determine whether you are complying with this Agreement and our brand standards, we may, at any time during business hours and without prior notice to you, inspect all aspects of the Care Homes and your franchised businesses. You will fully cooperate with our representatives making any inspection and will permit our representatives to take photos and videos of the Care Homes and to interview employees, contractors, residents, families of residents, referral sources, power of attorneys, conservators, and others.

B. Result of Inspection. If any examination of the Care Homes discloses unauthorized tampering, modification, or other changes, that might have the effect of under reporting data normally collected by us, whether or not such under reporting actually occurred, we have the option to either (1) immediately terminate this Agreement with no opportunity to cure, as described in Section 15(B); or (2) require that you pay us a penalty in an amount equal to all Royalty Fees plus all over-utilization fees payable by you since the last inspection, or six months, whichever is longer, which will be due and immediately payable to us upon demand.

C. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records, including but not limited to the books, records and state and/or federal income tax records and returns of any Principal Owner. You must maintain all Records and supporting documents at all times at the Care Homes premises. You will make financial and other information available at a location we reasonably request, and will allow us (and our agents) full and free access to any such information at the Care Homes. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

D. Result of Audit. If any examination or audit discloses an understatement of Gross Revenues, any amounts due under this Agreement, plus interest (at the rate provided in Section 4(F) above) from the date originally due until the date of payment, are immediately due. You must reimburse us for the cost of the audit or examination, including but not limited to the charges of any independent accountants and the travel expenses, room and board and compensation of our employees or agents, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Revenues for any month are understated by greater than 2%. The foregoing remedies are in addition to all of our other remedies and rights under applicable law.

12. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Care Home pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is a trade secret of ours and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including but not limited to restrictions on disclosure to Care Home employees; and (5) will sign a Confidentiality Agreement and will require the Director and all other employees and agents with access to Confidential Information to sign such an agreement in a form we direct or approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements and additions relating to the development and/or operation of Care Homes or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Care Home, or any advertising or promotion ideas related to the Care Home (collectively the “Improvements”) that you and/or your employees conceive or develop during the term of this Agreement. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

13. COVENANTS

A. Non-Solicitation of Residents. You covenant that, during the term of this Agreement, and for a period of two years thereafter, you will not, directly or indirectly, divert or attempt to divert any business, account or customer of the Care Home or any other Meraki™ assisted living home or the System to any competing business.

B. Covenant not to Compete During Term. You (and each Principal Owner) and all those in active concert or participation with them (such as spouses, relatives, children or others) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise,

conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business that offers or sells assisted living services, home health services, non-medical home care, residential care home services, group home services, or any other related business that is competitive with or similar to a Meraki™ assisted living home, except: (i) with our prior written consent; or (ii) through the passive ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

C. Post-Term Covenant not to Compete. You (and each Principal Owner) and all those in active concert or participation with them (such as spouses, relatives, children or others) will not, for a period of two years after this Agreement expires or is terminated or the date on which you cease to conduct the business franchised under this Agreement, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business that offers or sells assisted living services, home health services, residential care home services, group home services, or any other related business that is competitive with or similar to a Meraki™ assisted living home that is located (i) within the Protected Area, (ii) within the protected territory of another Meraki™ franchisee, or (iii) or within a 10 mile radius of the Protected Area or the protected territory of another Meraki™ franchisee; provided, however, that this Section 13(C) will not apply to: (i) other Meraki™ assisted living home that you operate under a separate franchise agreement; or (ii) passive investments of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.

D. Director Covenant not to Compete. If any person fulfilling the role of Director is not a Principal Owner and is not required to sign a personal guaranty, you will require the Director to sign a non-competition agreement in a form we direct or approve.

E. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 13 in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 13. The covenants stated in this Section 13 will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Your Assignment or Sale of Substantially All of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability and financial capacity. You and your Principal Owners will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your franchised business, one or more of the Care Homes, substantially all or all of the assets of your franchised business and/or the Care Homes, this Agreement, any material contract relating to one or more of the Care Homes, or any controlling interest in you (“controlling interest” to include a proposed transfer of 10% or more of the common (voting) stock of a corporate entity or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment, provided you comply with any and all of the following conditions which we may, in our discretion, deem necessary:

1. You have satisfied all of your accrued monetary obligations to us, our affiliates and your vendors, and you otherwise are in good standing under this Agreement;
2. The transferee-franchisee (or the Director, Designated Owner and other Principal Owners) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, maintains all necessary certifications and licenses necessary to perform his/her duties consistent with applicable law, and has the aptitude and ability to conduct the franchised business. You understand that we may communicate directly with the transferee-franchisee during the transfer process to respond to inquiries, as well as to ensure that the transferee-franchisee meets our qualifications;
3. The transferee-franchisee must, at our option, either (a) enters into a written agreement, in a form satisfactory to us, assuming and agreeing to discharge all your obligations and covenants under this Agreement for the remainder of the term, or (b) signs our then-current standard form of franchise agreement (which may contain materially different terms and conditions). In addition, the proposed Designated Owner and Director (if the Designated Owner is not a Director) must enter into written agreements, in a form satisfactory to us, agreeing to comply with the various obligations under this Agreement;
4. The transferee-franchisee and the proposed Director and Designated Owner successfully complete the initial training program required of new franchisees;
5. If required, the lessor of the Care Homes premises consents to your assignment or sublease of the premises to the transferee-franchisee;
6. You pay us a transfer fee equal to (i) 75% of the then-current initial franchise fee for each Care home if the transferee-franchisee is a new franchisee to the Meraki™ franchise system, or (ii) 50% of the then-current initial franchise fee for each Care Home if the transferee-franchisee is an existing franchisee under the Meraki™ franchise system; or (iii) \$1,500 if there is a change in ownership of less than 50% of an interest in you and no change in Designated Owner. Unless the transfer fee is \$1,500, you must pay us \$5,000 of the transfer fee at the time you request our consent to the proposed transfer, and you must pay us the balance of the assignment fee upon completion of the transfer;
7. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;
8. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset;
9. The purchase price and terms of the sales may not negatively impact the capability of the Care Homes to profit after the transfer;
10. You (and each Principal Owners, if applicable) sign an agreement, in form satisfactory to us, in which you and each Principal Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations; and
11. You comply with the transfer process described in the Operations Manual.

C. Your Death or Disability. If the Designated Owner dies or is permanently disabled, the executor, administrator or other personal representative, or the remaining Principal Owners, must appoint a competent individual acceptable to us within a reasonable time, not to exceed 30 days, from the date of death or permanent disability. The individual must satisfactorily complete our designated training program within a reasonable time as we determine. If an individual is not appointed within 30 days after your death or permanent disability, we may, but are not required to, immediately appoint an individual to maintain Care Homes operations on your behalf until an approved assignee can assume the management and operation of the Care Homes. Our appointment of an individual does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses incurred in operating the Care Homes or to any creditor of yours for any products, materials, supplies or services purchased by the Care Homes while it is managed by our appointed individual. We may charge a reasonable fee for management services and may cease to provide management services at any time.

If the Designated Owner dies or is permanently disabled, your executor, administrator, or other personal representative must transfer his interest within a reasonable time, not to exceed 12 months from the date of death or permanent disability, to a person we approve. Such transfers, including but not limited to transfers by devise or inheritance will be subject to conditions contained in Section 14(B) above.

D. Guaranty. All of your Principal Owners and all of your Principal Owners' spouse (if applicable) will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit B (the "Guaranty and Assumption of Obligations"). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section 14 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty and Assumption of Obligations. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes you.

15. OUR TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option and without consideration to you, terminate this Agreement, as provided herein, if: (1) the Designated Owner and/or Director fails to satisfactorily complete the initial training program, inclusive of all training requirements, or you fail to open and commence operations of each Care Home at such time as provided in this Agreement and the Development Schedule; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Principal Owner makes a material misrepresentation or omission in the application for the franchise; (4) you, your Director, or any of your managers, directors, officers or any Principal Owner is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we have good reason to believe that you have committed such a felony, crime or offense; (5) you, your Director, or any of your managers, directors, officers or any Principal Owner is accused of any violation(s) of professional conduct or ethics codes that we believe will injure the System, the Marks or the goodwill associated therewith, and we reasonably believe the accusations are true; (6) you fail to conform to the material requirements of the System or the material standards of uniformity and quality for the services and products as described in the Operations Manual or as we have established in connection with the System; (7) you fail to timely pay Royalty Fees, Marketing Fees, or any other obligations or liabilities due and owing to us or our affiliates, or your suppliers we approve as a source for required items; (8) your current liabilities exceed your current assets for 90 days or more or you are insolvent within the meaning of any applicable state or federal law, whether or not creditors have forced insolvency; (9) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; (10) you voluntarily or otherwise "abandon" (as

defined below) any or all Care Homes, or you do not relocate any or all Care Homes in conformance with Section 6(G); (11) you are involved in any act or conduct which is an unauthorized use of the Marks or Trade Secrets, or materially impairs or otherwise is prejudicial to the goodwill associated with the name “Meraki” or any of the Marks or the System; (12) you or a Principal Owner makes an unauthorized assignment or transfer of this Agreement, the Care Home(s) or an ownership interest in you; (13) you develop or use an unapproved website in connection with the Care Home(s) or otherwise conduct any unauthorized activity on the Internet in violation of Section 8(C) above; (14) you fail to meet our residents service requirements under this Agreement and our Operations Manual; (15) you or the professionals that you employ, contract with or otherwise engage fail to maintain any required licenses, permits, or certifications required to open or operate your Care Home(s) (or otherwise violate any of the representations and warranties contained in Section 9(E) of this Agreement), or you fail to comply with any federal, state, or local law or regulation, or you operate the Care Home(s) in an unsafe manner, and you do not cure or commence to cure this failure within 5 days after you receive notice or we determine that it is not possible to cure such failure; (16) you or the professionals you employ, contract with or otherwise engage fail to meet the state and local certifications or other requirements for operation and/or employment in the Care Home(s) and you fail to cure this default within ten days after you receive notice or fail to prohibit any employees from working at the Care Home(s) until the requirements are met; (17) the result of an inspection shows unauthorized tampering, modifications or other changes to the Proprietary Software, firm or hardware components that may impact the data reported to us regardless if such underreporting actually occurred, as described in Section 11(B); (18) you fail to maintain the insurance required in Section 9(M) above; (19) you fail to comply with our brand standards as required in Section 9(A) above; (20) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise; and (21) you fail to satisfy the Minimum Performance Requirement Per Care Home one or more times during the term of this Agreement. The term “abandon” means your failure to operate the Care Home(s) during regular business hours for a period of 15 consecutive days without our prior written consent, which we will not unreasonably withhold.

B. Procedure. Except as described below, you will have 30 days, or such longer period as applicable law may require, after your receipt from us of a written notice of termination within which to remedy any default hereunder, and to provide evidence thereof to us. If you fail to correct the alleged default within that time and provide us with satisfactory evidence of such correction, this Agreement will terminate without further notice to you effective immediately when the 30 day period, or such longer period as applicable law may require, expires. You will have 10 days after your receipt from us of a written notice of termination, or such longer period as applicable law may require, to remedy any default under item (7) in Section 15(A) above. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the 10 day period expires, or such longer period as applicable law may require. You will have 15 days after your receipt from us of a written notice of termination, or such longer period as applicable laws may require, to remedy any default under items (14), (15), or (16) in Section 15(A) above. If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the 15 day period expires, or such longer period as applicable law may require. We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, if the termination results from any of the following: (1) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any 18 month period, regardless if you cured such defaults; (2) the nature of your breach makes it not curable; (3) you willfully and repeatedly deceive customers relative to the source, nature or quality of goods or services sold; and (4) any default under items (3), (4), (5), (8), (9), (10), (11), (12), (17), (20), or (21) in Section 15(A) above.

C. Termination of Protected Area. In addition, and not in lieu of, to our right to terminate this Agreement, if you are in default of this Agreement as described under Section 15(A), then we may partially or completely eliminate your Protected Area rights described in Section 2(B) effective upon thirty (30) days’

notice to you. Once effective, we will have the right to establish, operate and franchise others to establish and operate a Meraki™ assisted living home in your former Protected Area without restriction and without consideration to you. Nothing under this Section 15(C) will impact your right to continue operating the Care Homes under this Agreement.

D. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR TERMINATION RIGHTS

You may terminate this Agreement if we violate any material obligation of us to you and fail to cure such violation within 60 days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time of giving such notice of termination. Your written notice will identify the violation and demand that it be cured.

17. YOUR OBLIGATION UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason other than a termination as a result of a breach by us, you will:

1. within five days after termination, pay all amounts due and owing to us or our affiliates, including but not limited to all Royalty Fees, Marketing Fees, and accrued interest due under this Agreement. If you dispute any amounts we believe you owe us, you must place those amounts in escrow until you and we resolve such dispute;
2. discontinue using, and return to us by first class prepaid United States mail any hard copies of, the Operations Manuals and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;
3. assign to us or, at our discretion, disconnect the telephone number for the Care Home. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
4. remove from the Care Home premises all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Care Home or bear the name “Meraki” or other Marks;
5. comply with all post-termination obligations under the Software License Agreement, including but not limited to the return of all materials relating to the Proprietary Software;
6. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
7. immediately cease using Confidential Information and return to us all documents in your possession that contain Confidential Information;
8. comply with all other applicable provisions of this Agreement, including but not limited to the non-compete provisions;

9. at our option, transfer to us your rights under those contracts relating to the Care Home that we identify (and that we are entitled to hold under applicable provisions of federal or state law); and

10. not hold yourself out as a current or former franchisee under the Marks and System.

Upon termination of this Agreement for any reason, your right to use the name “Meraki” and the other Marks, and the System will immediately terminate and you (and the Principal Owners) will not in any way associate yourself as being associated with us. If you fail to remove all signs and other materials bearing the Marks within two weeks of termination or expiration, we may do so at your expense.

B. Redecoration. If this Agreement is terminated for any reason, and you either remain in possession of the premises of the former Care Home(s) to operate a separate business not in violation of Section 13 above or enter into an agreement with a third party to allow such third party to directly operate a business at the premises of the former Care Home, you will, at your expense, modify both the exterior and interior appearance of the business premises so that they will be easily distinguished from the standard appearance of Meraki™ assisted living homes. At a minimum, such changes and modifications to the premises will include: (1) removing all signs and other materials bearing the name “MERAKI” and other Marks; (2) removing from the premises all fixtures which are indicative of Meraki™ assisted living homes; (3) discontinuing use of all Confidential Information regarding the operation of the Care Home; and (4) taking such other action, at your expense, as we may reasonably require. If you fail to immediately initiate modifications to the premises of the former Care Home or complete such modifications with any period of time we deem appropriate, you agree that we or our designated agents may enter the premises of the former Care Home to make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that we or our designated agents may enter the premises during normal business hours not less than once each week following termination and remain within the premises for a sufficient time to gain access to all areas accessible by residents to determine that appropriate modifications to the premises have been made. You further agree that such visits may continue until appropriate modifications are made.

D. Continuing Obligations. All obligation of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. FUNDAMENTAL REGULATORY CHANGE

The parties hereto acknowledge that the federal and/or state environment in which the Care Home is operated may change (collectively, a “Fundamental Regulatory Change”) resulting in one or more provisions of this Agreement to violate then-current federal and/or state laws, rules, regulations, judicial precedent or reimbursement policies. In the event of a Fundamental Regulatory Change causing such a violation, either party may give notice of intent to amend this Agreement to compensate for the prohibition, restriction, limitation or change. If the parties do not or cannot mutually agree to amend this Agreement in writing within 15 days after such notice is given, then either party may elect to terminate this Agreement immediately upon written notice to the other party without further liability (except for any post-termination obligations under this Agreement, including Sections 13 and 17, and any provisions that survive the termination or expiration of this Agreement, including Sections 12 and 19(B)), provided however, that if the implementation of any such law, rule, regulation, standard or interpretation is stayed on account of any administrative appeal or any suit filed in a court of competent jurisdiction, the right to amend or terminate as set forth above will also be stayed during the period of such stay. The determination that a Fundamental Regulatory Change has occurred shall be made by (i) our counsel with the concurrence of your counsel, (ii) your counsel with the concurrence of our counsel, or (iii) if our and your counsel cannot concur, by a

nationally recognized law firm with expertise in health care law, including HIPAA, that we and you jointly select.

Notwithstanding the foregoing, if there is a Fundamental Regulatory Change and there are more than ten franchised Meraki™ assisted living home in operation, you agree that we have the option (but not the obligation) to negotiate amendments to all franchise agreements in response to the Fundamental Regulatory Change with the FAC, and you acknowledge and agree that you will be bound by whatever amendments we and the FAC reach. We may unilaterally alter the terms of this Agreement in response to the Fundamental Regulatory Change for up to 90 days during the time in which we are negotiating with the FAC.

19. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so, including holding the other party liable under any lease. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Care Home and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Care Home under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials, in any format (including hard copy or electronically), as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Care Home (including any vicarious liability claims), and all reasonable costs of defending any claim brought against any of us or any action in which any of us is named as a party (including but not limited to reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to the our breach of this Agreement, gross negligence, willful misconduct or our intellectual property infringement (provided that you used our intellectual property in the manner we directed). Without limiting the generality of the foregoing, your obligation to indemnify us extends to your commitment to adhere to applicable laws, regulations and rules with respect to coding and billing Government Programs and/or Commercial Payors pursuant to Section 9(P).

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

20. DISPUTE RESOLUTION

A. Venue, Governing Law. Except for claims involving to federal trademark laws, any claims, controversies or disputes arising out of or related to this Agreement will be brought in the state or federal court of competent jurisdiction in Hennepin County, Minnesota. We and you irrevocably consent to the jurisdiction of such courts. You agree and consent that such courts have personal jurisdiction over you and your Care Home. Any claims involving federal trademark law, will be brought in any Federal District Court we elect. Subject to our rights under federal trademark laws, this Agreement will be governed by and construed under the laws of the state where your Care Home is located, without regard to any conflict of laws principles of such state.

B. Injunctive Relief. You recognize that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of the other Meraki™ assisted

living homes operated by us, our affiliates, or other franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

C. Attorneys' Fees. The nonprevailing party will pay all costs and expenses, including but not limited to reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

21. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. The rights are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both us and you. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

E. Survival. All of our and your obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following the expiration or termination of this Agreement until the obligations are satisfied or by their nature expire.

F. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals.

G. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise “reasonable business judgment” in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of “reasonable business judgment,” even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of us. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including but not limited to a trier of fact), will substitute its judgment for our reasonable business judgment.

H. Waiver of Punitive Damages. You, us and our respective affiliates agree to waive, to the fullest extent permitted by law, and except for treble damages, where available, for willful infringement of intellectual property rights, the right to or a claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained by it, plus attorneys’ fees, if applicable under this agreement.

I. Waiver of Jury Trial. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

J. Notice of Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Care Home on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration. You are responsible for evaluating any such arrangements for compliance with applicable health care regulatory requirements, including, but not limited to, provisions under the Medicare and Medicaid programs pertaining to health care fraud and abuse, such as the federal Ethics in Patient Referrals Act (42 U.S.C. § 1395nn) and the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)), and any state law equivalents of the same.

K. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

22. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand, one business day after sent by a recognized overnight delivery service which requires a written receipt, or three business days after placed in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party.

23. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner’s) ability as an independent businessperson, and your active participation in the daily affairs of the Care Home as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture or as to the success of a particular location.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein or in the Franchise Disclosure Document that we furnished to you, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. Except for fill in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Agreement, and exhibits attached hereto, at least seven calendar days prior to the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled “Franchise Disclosure Document” at least 14 calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provision that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that other franchisees of ours have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

US:
MERAKI ASSISTED LIVING LLC

YOU:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**EXHIBIT A
TO FRANCHISE AGREEMENT
CARE HOME LOCATION AND PROTECTED AREA**

This Exhibit is attached to and is an integral part of the Meraki™ Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between us and you.

1. Protected Area. We and you agree that the Protected Area is the geographic area in the following zip codes: _____.

2. Care Home Locations. Each Care Home will be located within the Protected Area at the following addresses:

Care Home #1: _____.

Care Home #2: _____.

Care Home #3: _____.

If the premises for each of the Care Homes to be developed and operated pursuant to the Franchise Agreement have not been designated as of the Effective Date, we will update this Exhibit A to include the address for the Franchised Business premises once determined. You acknowledge that our acceptance of a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location.

3. Opening Schedule. You must open each Care Home within the time periods identified in the table below:

Each Meraki™ Care Home You Must Develop and Operate During the Term of the Franchise Agreement	Date by Which Each Care Home’s Site Must Be Approved By Us	Date by Which Each Meraki™ Care Home Must be Open (“Scheduled Opening Date”)	Cumulative Number of Care Homes That Must Be Open and Operating by Scheduled Opening Date
1			1
1			2
1			3

4. Initial Franchise Fee. The Initial Franchise Fee is \$_____, payable in the following amounts at the following times:

- \$35,000 when you sign the Franchise Agreement;
- \$20,000 when you sign a lease for, or close the purchase on, your second Care Home; and
- \$10,000 when you sign a lease for, or close the purchase on, your third Care Home.

5. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

US:
MERAKI ASSISTED LIVING LLC

YOU:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B
TO FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of the Franchise Agreement dated _____ (the “Agreement”) by Meraki Assisted Living LLC (the “Company,” “we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement that _____ (the “Franchisee” or “you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. All capitalized terms contained herein and not defined herein will have the same meaning as provided in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Agreement upon demand if you fail to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in Section 13 and the dispute resolution provisions contained in Section 20 of the Agreement.

(7) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this Guaranty and Assumption of Obligations Agreement (this “Guaranty Agreement”) against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Guarantor(s) agree that the following Sections of the Agreement apply to Guarantor(s) and to this Guaranty Agreement: Section 21(E) (Survival); Section 20(C) (Attorneys' Fees); Section 21(B) (Waiver of Obligations); Section 20(A) (Venue & Governing Law); Section 20(B) (Injunctive Relief); Section 21(H) (Waiver of Punitive Damages); Section 21(I) (Waiver of Jury Trial); Section 21(D) (Binding Effect); Section 21(G) (Interpretation of Rights and Obligations); Section 21(K) (Entire Agreement); and Section 22 (Notices).

Each of the undersigned has signed this Guaranty Agreement as of the same day and year as the Agreement was executed.

GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)

_____ ()

_____ ()

_____ ()

_____ ()

_____ ()

**EXHIBIT C
TO FRANCHISE AGREEMENT
BUSINESS ASSOCIATE AGREEMENT**

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) is made and effective _____, (“Effective Date”) by and between _____ (the “Covered Entity”) and Meraki Assisted Living LLC (the “Business Associate”) (collectively the “Parties”).

RECITALS

A. Pursuant to Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, (“HIPAA”), the Department of Health and Human Services (“HHS”) has issued regulations at 45 C.F.R. Parts 160 and 164 (the HIPAA Security Rule, HIPAA Privacy Rule, the HIPAA Enforcement Rule and the HIPAA Breach Notification Rule, referred to collectively herein as the “Regulations”) to protect the security, confidentiality and integrity of health information.

B. The Parties have entered into a franchise agreement whereby Business Associate will provide certain services to Covered Entity (the “Engagement”), and, pursuant to such Engagement, Business Associate may be considered a “business associate” of Covered Entity as defined in the Regulations.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree to the provisions of this Agreement in order to comply with the Regulations.

I. Definitions and Term

The following terms are defined as set forth below. Any terms used but not otherwise defined in this Agreement have the definitions set forth in the Regulations and the Health Information Technology for Economic and Clinical Health Act (“HITECH”), found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005, and any regulations promulgated thereunder.

- a. “Breach” shall have the meaning set forth in 45 C.F.R. § 164.402.
- b. “Designated Record Set” shall have the meaning set forth in 45 C.F.R. § 164.501 and shall include, but not be limited to, medical records and billing records about Individuals.
- c. “Electronic Protected Health Information” or “EPHI” shall have the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103.
- d. “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- e. “Protected Health Information” or “PHI” means, subject to the definition provided at 45 C.F.R. § 160.103, individually identifiable health information that Business Associate receives from Covered Entity or creates, receives, transmits or maintains on behalf of Covered Entity for purposes of performing the services under the Engagement. Unless otherwise stated in this Agreement, any provision, restriction or obligation in this Agreement related to the use of PHI shall apply equally to EPHI.
- f. “Required by Law” shall have the same meaning as the term “required by law” in 45 C.F.R. § 164.103.

- g. “Secretary” shall mean the Secretary of the Department of Health and Human Services or their designee.
- h. “Security Incident” means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with the system operations in an information system.
- i. “Subcontractor” means a person to whom a business associate delegates a function, activity or service, other than in the capacity of a member of the workforce of such business associate.
- j. “Unsecured PHI” shall have the same meaning as the term “Unsecured PHI” in 45 C.F.R. § 164.402.

Business Associate acknowledges and agrees that all PHI that is created or received by Covered Entity and disclosed or made available in any form by Covered Entity to Business Associate, or is created, received, maintained or transmitted by Business Associate on Covered Entity’s behalf, will be subject to this Agreement. This Agreement will commence upon the Effective Date and will continue as long as Business Associate has use, custody or access to PHI subject to this Agreement, and thereafter for the period required by the Regulations.

II. Obligations and Activities of Business Associate

- a. Use and Disclosure. Business Associate will not use or further disclose PHI other than as permitted or required by this Agreement or as Required by Law. Business Associate will not use or disclose PHI in a manner that would violate the Regulations if done by Covered Entity.
- b. HIPAA Security Rule. Business Associate will develop, implement, maintain and use appropriate safeguards, and comply with the Security Rule at Subpart C of 45 C.F.R. Part 164, with respect to EPHI, to prevent use or disclosure of the PHI other than as provided for by this Agreement.
- c. HIPAA Privacy Rule. Business Associate will comply with all requirements of the Privacy Rule at Subpart E of 45 C.F.R. Part 164 that apply to business associates.
- d. Mitigation. Business Associate will mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement.
- e. Subcontractors. In accordance with the requirements of the Regulations, Business Associate will ensure that any Subcontractor that creates, receives, maintains or transmits PHI on behalf of Business Associate agrees in writing to the same restrictions that apply to Business Associate with respect to that PHI.
- f. Reports of Impermissible Use or Disclosure of PHI; Security Incident. Business Associate will report to Covered Entity any use or disclosure of PHI not provided for or permitted by this Agreement of which it becomes aware, or any Security Incident of EPHI of which it becomes aware, within ten (10) days following the date on which Business Associate first discovers the use, disclosure or Security Incident. In addition to its other obligations under this Agreement, Business Associate will take prompt action to correct any Security Incident or use or disclosure of PHI not permitted under this Agreement and any action pertaining to such Security Incident or unauthorized use or disclosure as required by applicable federal or state laws and regulations.

- g. Breaches of Unsecured PHI. Business Associate will report to Covered Entity any Breach of Unsecured PHI by Business Associate or any of its officers, directors, employees, Subcontractors or agents. All notifications of Breach of Unsecured PHI will be made by Business Associate to Covered Entity without unreasonable delay and in no event later than ten (10) days of discovery. Business Associate will use the standard at 45 C.F.R. § 164.410(a) to determine when the Breach is treated as discovered. All notifications will comply with Business Associate's obligations under, and include the information specified in, 45 C.F.R. § 164.410 and include any other available information that Covered Entity is required to include in its notification to individuals pursuant to 45 C.F.R. § 164.404(c). In the event of a Breach by Business Associate, Business Associate will cooperate with Covered Entity to notify, (i) individuals whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, used or disclosed, and (ii) the media, as required pursuant to 45 C.F.R. § 164.406, if the legal requirements for media notification are triggered by the circumstances of such Breach.
- h. Access. In the event an Individual requests access to PHI in a Designated Record Set from Business Associate, Business Associate will provide Covered Entity with notice of the same within five (5) days. Business Associate will provide access, within ten (10) days of a request of Covered Entity and in the manner designated by Covered Entity, to PHI in a Designated Record Set to Covered Entity, or, as directed by Covered Entity, to an Individual or the Individual's designee in order to meet the requirements under 45 C.F.R. § 164.524 (Access). If the PHI that is the subject of a request is maintained by the Business Associate in a Designated Record Set electronically, Business Associate will provide an electronic copy of such information to the Covered Entity, or, as directed by the Covered Entity, to the Individual or the Individual's designee, in the format required by the Regulations and as directed by Covered Entity, in order to meet the Covered Entity's obligations under 45 C.F.R. § 164.524.
- i. Amendment. In the event Business Associate receives a request from an Individual for an amendment to PHI in a Designated Record Set, Business Associate will provide Covered Entity with notice of the same within five (5) days. Business Associate will make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 (Amendment) within ten (10) days of a request of Covered Entity or an Individual and in the manner designated by Covered Entity, in order to meet the Covered Entity's obligations under 45 C.F.R. § 164.526. Business Associate will incorporate any amendments to PHI it receives from Covered Entity and will notify Covered Entity of any amended PHI that it receives from third parties relating to Covered Entity's PHI.
- j. Accounting of Disclosures. Business Associate will document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to fulfill its obligations under the Regulations, including, but not limited to, responding to a request by an Individual for an accounting of disclosures in accordance with 45 C.F.R. § 164.528, and will provide such information to Covered Entity or an Individual, in the time and manner designated by Covered Entity. Except in the case of a direct request from an Individual for an accounting related to treatment, payment or healthcare operations disclosures through an electronic health record, if the request for an accounting is delivered directly to Business Associate or its agents or subcontractors, Business Associate will, within five (5) days of a request, notify Covered Entity of the request. Covered Entity will either inform Business Associate to provide such information directly to the Individual, or it will request the information to be immediately forwarded to Covered Entity for compilation and distribution to such Individual, and Business Associate will provide such information in its possession within ten (10) days of Covered Entity's request. In the case of a direct request for an accounting from an Individual related to

treatment, payment or healthcare operations disclosures through electronic health records, Business Associate will provide such accounting to the Individual in accordance with Section 13405(c) of HITECH and such regulations as are adopted thereunder. Covered Entity and Business Associate agree that the provisions of this section related to accounting of disclosures for treatment, payment and healthcare operations purposes from an electronic health record will only be effective as of such date such accountings of disclosures are required under HITECH. Business Associate and any agent or Subcontractors will maintain the information required for purposes of complying with this section for such period of time as is required under the Regulations and HITECH.

- k. Covered Entity's Obligations Under Privacy Rule. To the extent that Business Associate is to carry out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate will comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligations.
- l. Records. Business Associate will make its internal practices, books, and records relating to the use and disclosure of PHI available to the Covered Entity or to the Secretary for purposes of determining Covered Entity's compliance with the Regulations. Business Associate will notify Covered Entity regarding any PHI that Business Associate provides to the Secretary concurrently with providing such PHI to the Secretary, and upon request by Covered Entity, will provide Covered Entity with a duplicate copy of such PHI.
- m. Minimum Necessary. Business Associate and its Subcontractors, if any, will only request, use and disclose the minimum amount of PHI necessary to accomplish the intended purpose of the request, use or disclosure. Business Associates agrees, and it will ensure that its Subcontractors agree, to comply with Section 13405(b) of HITECH, any regulations issued thereunder or any guidance from the Secretary regarding what constitutes the definition of minimum necessary.
- n. Compliance with HITECH. Business Associate will comply with all requirements of Title XIII, Subtitle D of HITECH which are applicable to business associates, and will comply with all regulations issued by the Secretary to implement these referenced statutes, as of the date by which business associates are required to comply with such referenced statutes and regulations.

III. Permitted Uses and Disclosures by Business Associate

- a. Required by Law. Business Associate may use or disclose PHI as Required by Law.
- b. To Carry Out Engagement. Except as otherwise limited in this Agreement, for purposes of the services provided as part of the Engagement, Business Associate may use or disclose PHI solely to perform functions, activities, or services for, or on behalf of, Covered Entity, provided that such use or disclosure would not violate the Regulations if done by Covered Entity.
- c. Management and Administration. Except as otherwise limited in this Agreement, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, as provided in 45 C.F.R. § 164.504(e)(4). In addition, Business Associate may disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that such disclosures are Required by Law or Business Associate obtains, prior to the disclosure, reasonable assurances from the person to whom it is disclosed that such PHI will be held secure and confidential as provided pursuant to this Agreement and only disclosed as Required by Law or for the purposes for which it was disclosed to the third party,

and that any breaches of confidentiality of the PHI which becomes known to such third party will be immediately reported to Business Associate.

- d. Data Aggregation. Business Associate may use PHI to provide data aggregation services related to the health care operations of the Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- e. De-Identification. Business Associate may use PHI to create information that is de-identified. Any such de-identification by Business Associate will be done in compliance with 45 C.F.R. § 164.514(b). Covered Entity agrees that de-identified information may be used and disclosed on Business Associate's own behalf. Covered Entity agrees that any de-identified information is and will remain the sole property of Business Associate and, due to the regulatory treatment of de-identified information, is no longer PHI and not subject to this Agreement or the Regulations.

IV. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

- a. Notice of Privacy Practices. Covered Entity will provide Business Associate, upon request, with Covered Entity's Notice of Privacy Practices in effect at the time of the request.
- b. Revocation of Permission. Covered Entity will provide Business Associate with any changes in or revocation of permission by an Individual to use or disclose PHI to the extent such changes may affect Business Associate's permitted or required uses and disclosures.
- c. Restrictions on Use and Disclosure. Covered Entity will notify Business Associate of any material restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent such restrictions may affect Business Associate's use and disclosure of PHI.

V. Obligations of the Covered Entity

Covered Entity will not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Regulations if done by Covered Entity.

VI. Termination

- a. Termination for Cause by Covered Entity. Notwithstanding any contrary termination provision of any other agreement between the Parties, Covered Entity is authorized to terminate this Agreement and the Engagement as described in this Section if Covered Entity determines that Business Associate has violated a material term of this Agreement. Upon Covered Entity's knowledge of a material breach of this Agreement by Business Associate, Covered Entity will provide written notice of such breach to Business Associate and provide an opportunity for Business Associate to cure the breach or end the violation. If Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity, then Covered Entity may immediately terminate this Agreement; or Covered Entity may immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and Covered Entity determines that cure is not possible.
- b. Effect of Termination.

1. Except as provided in paragraph 2 of this section, upon termination of the Engagement, Business Associate will return or destroy all PHI received from Covered Entity or created, received, maintained or transmitted by Business Associate on behalf of Covered Entity. This provision will apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate will retain no copies of PHI.
2. In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate will provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of PHI is infeasible, Business Associate will extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible for so long as Business Associate maintains such PHI.

VII. Indemnification

Each Party (the “Indemnifying Party”) shall defend, hold harmless and indemnify the other Party (the “Indemnified Party”) against any and all claims, liabilities, damages, judgments, costs and expenses (including reasonable attorney’s fees and costs) asserted against, imposed upon or incurred by the Indemnified Party that arises out of, or in connection with, the Indemnifying Party’s default under or failure to perform any contractual or other obligation, commitment or undertaking under this Agreement, or the negligence of the Indemnifying Party or its employees, agents, or representatives in the discharge of its or their responsibilities, or any other act or omission of the Indemnifying Party or its employees, agents or representatives. This provision will survive termination of the Agreement with respect to any claim, action, or proceeding by a third party that relates to acts or omissions occurring during the term of this Agreement.

VIII. Miscellaneous

- a. Survival. The respective rights and obligations of Business Associate and Covered Entity under Sections II, VI, VII, and VIII of this Agreement shall survive the termination of this Agreement.
- b. Notification. Except as otherwise agreed to in this Agreement, any notice required or permitted under this Agreement will be given in writing and delivered personally or sent by certified mail, return receipt requested, or by reputable overnight delivery service, such as Federal Express, to the following addresses:

Covered Entity

Business Associate:

Meraki Assisted Living LLC
8100 Old Cedar Avenue South, Suite 105
Bloomington, MN 55425

Such addresses may be changed by either Party by written advice as to the new address given as above provided.

- c. Interpretation. Any ambiguity in this Agreement will be resolved in favor of a meaning that permits Covered Entity and Business Associate to comply with HIPAA, the Regulations, and HITECH. In the event of any inconsistency between the provisions of this Agreement, the Engagement and the Regulations, the Regulations will control.
- d. No Third Party Beneficiaries. This Agreement is intended for the sole benefit of the Business Associate and Covered Entity and does not create any third party beneficiary rights.
- e. Unenforceability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event either Party believes in good faith that any provision of the Agreement fails to comply with the then-current requirements of HIPAA, the Regulations, and other applicable law, including but not limited to HITECH and all regulations promulgated thereunder, that Party will notify the other Party in writing. For a period of up to thirty (30) days, the Parties will address in good faith such concern and will amend the terms of this Agreement if necessary to bring it into compliance. If after such thirty (30) day period either Party in good faith believes that this Agreement fails to comply with HIPAA, the Regulations, and other applicable law, including but not limited to HITECH and all regulations promulgated thereunder, then that Party has the right to terminate this Agreement upon written notice to the other Party.
- f. Independent Contractors. Business Associate is not the agent of Covered Entity and Covered Entity does not control, supervise or instruct Business Associates or any Subcontractors. The Parties are independent contractors and nothing in this Agreement will be deemed to make them partners or joint venturers or make Business Associate an agent of Covered Entity.
- g. Entire Agreement. This Agreement is the entire agreement of the Parties related to its subject matter and supersedes all prior agreements between the Parties that were designated or qualified as business associate agreements and replaces all previous drafts, understandings and communications.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

COVERED ENTITY:

BUSINESS ASSOCIATE:

MERAKI ASSISTED LIVING LLC

By: _____

By: _____

Title: _____

Title: _____

**EXHIBIT D
TO FRANCHISE AGREEMENT**

ELECTRONIC TRANSFER OF FUNDS FORM

Date: _____, 20__

I, the undersigned officer of _____ (“Franchisee”), hereby authorize Meraki Assisted Living LLC to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to Royalty Fees, Technology Fees, Marketing Fees, contributions or payment of goods or services. If Franchisee has not established an account for ACH/debit payments as of the execution date of the Franchise Agreement, Franchisee agrees to provide to Meraki Assisted Living LLC the missing information before commencement of the initial training program.

Name on the Account: _____

Address: _____

City, State, Zip: _____

Bank Routing Number: _____

Bank Account Number: _____

E-mail Confirmation: _____

Signature: _____

Name: _____

Title: _____

46577918v11

EXHIBIT C

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT D
STATE-SPECIFIC ADDENDA

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

EXHIBIT E
SAMPLE RELEASE OF CLAIMS

RELEASE OF CLAIMS

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Meraki Assisted Living LLC (“Franchisor”), _____ (“Franchisee”), and _____ (“Guarantor”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Franchisor and Franchisee entered into a Franchise Agreement dated _____.
- B. Guarantor guaranteed Franchisee’s performance under the Franchise Agreement when they sign that personal guaranty agreement dated _____.
- C. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release.** Franchisee and Guarantor, and all persons or entities acting on Franchisee and Guarantor’s behalf or claiming under Franchisee and/or Guarantor, including without limitation each party’s corporate parents, partners, subsidiaries, affiliates, owners, and the respective officers, directors, owners, stockholders, members, employees, insurers, attorneys, agents, successors, predecessors, assigns, heirs and personal representatives of any of them (collectively, the “Franchisee Parties”) hereby irrevocably and unconditionally waive, release, acquit and forever discharge, and covenant not to sue, Franchisor, and all persons or entities acting on Franchisor’s behalf or claiming under Franchisor, including without limitation each of Franchisor’s corporate parents, partners, subsidiaries, affiliates, owners, and the respective officers, directors, owners, stockholders, members, employees, insurers, attorneys, agents, successors, predecessors, assigns, heirs, and personal representatives of any of them (collectively, the “Franchisor Parties”) of and from any and all claims, suits, debts, liabilities, causes of action, demands, contracts, promises, obligations, losses, rights, controversies, damages, costs, expenses (including without limitation actual attorneys’ fees and costs incurred), actions and causes of action of every nature, whether known or unknown, direct or indirect, vested or contingent, claims, at law or in equity, whether arising by statute, common law, or otherwise (collectively, the “Claims”) that they may now have, or at any time previously had, or hereafter may have or claim to have, against each or any of the Franchisor Parties arising out of or relating to any conduct, transaction, occurrence, act or omission relating to the Franchise Agreement, the Guaranty, the Franchised Business, the Care Home(s), the franchise relationship between the parties, the offer or sale of any franchise, or any other agreement between any of the Franchisee Parties and any of the Franchisor Parties.
- 5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and

understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

FRANCHISEE:

FRANCHISOR:

_____:

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____

GUARANTOR:

BY: _____

NAME: _____

EXHIBIT F
FRANCHISEE LIST

**LIST OF CURRENT FRANCHISEES
AS OF OCTOBER 1, 2021**

None.

**LIST OF FRANCHISE AGREEMENTS
SIGNED, BUT NOT OPEN, AS OF OCTOBER 1, 2021**

Note.

**LIST OF FORMER FRANCHISEES
AS OF OCTOBER 1, 2021**

List of franchisees who transferred an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the 12-month period ending October 1, 2021, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you transfer an outlet(s) or had an outlet(s) terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement.

None.

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Meraki Assisted Living LLC (“Franchisor”) the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of my obligations as a Meraki™ Assisted Living franchisee. I understand that the Franchise Agreement contains all obligations of the parties and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend largely upon me and my ability.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that Franchisor has a national marketing and promotional program that is not directed towards any specific franchise territory but is intended to benefit the entire Meraki™ system nationwide. I further understand that amounts from the national marketing and promotional fund will be used to offset in-house expenses incurred in providing marketing services, media planning, and network marketing support.

7. I understand that if there is a Fundamental Regulatory Change (as described in the Franchise Agreement) that the terms of the Franchise Agreement may change, and that if there are more than 10 Franchisor™ franchisees, that Franchisor will negotiate those changes with the franchisee advisory council and I must abide by those agreed upon changes.

8. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write “None”):

Applicants’ Acknowledgment:

Name: _____
Date: _____

Name: _____
Date: _____

EXHIBIT H

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION A: INTRODUCTION (14 PAGES)

MISSION STATEMENT	1
MERAKI PHILOSOPHY OF CARE	2
WELCOME LETTER FROM THE FOUNDERS	3
MERAKI HISTORY	4
SERVICES PROVIDED TO FRANCHISEES	5
ADVERTISING MATERIALS & PROMOTIONAL ITEMS ◀	5
APPROVED SUPPLIERS ◀	5
CORPORATE WEBSITE ◀	5
FRANCHISEE ADVISORY COUNCIL ◀	6
INITIAL TRAINING ◀	6
INITIAL ON-SITE ASSISTANCE ◀	6
ONGOING TRAINING AND SUPPORT ◀	6
PROTECTED TERRITORY ◀	7
SITE SELECTION ASSISTANCE ◀	7
FRANCHISEE RESPONSIBILITIES	8
RESPONSIBILITIES TO RESIDENTS ◀	8
RESPONSIBILITIES TO CARE PARTNERS ◀	8
RESPONSIBILITIES TO YOUR FELLOW FRANCHISEES ◀	9
RESPONSIBILITIES TO THE FRANCHISOR ◀	9
PAYING OTHER FEES	10
ADDITIONAL ASSISTANCE ◀	10
ADDITIONAL TRAINING ◀	10
ALTERNATIVE SUPPLIER EVALUATION ◀	11
ATTORNEYS' FEES ◀	11
AUDIT ◀	11
INDEMNIFICATION ◀	11
INSUFFICIENT FUNDS ◀	11
LATE FEE ◀	12
SUCCESSOR FEE ◀	12

TECHNOLOGY FEE ◀	12
------------------------	----

TRANSFER FEE ◀	12
-----------------------------	----

VISITS FROM THE HOME OFFICE	13
BUSINESS PLAN ◀	13

SECTION B: PRE-OPENING PROCEDURES (31 PAGES)

PRE-OPENING TIMELINE & CHECKLIST	1
PRE-OPENING CHECKLIST ◀	2
ESTABLISHMENT OF BUSINESS IDENTITY	4
COMPLIANCE ISSUES	5
BUSINESS PLANNING	6
COMPETITIVE ANALYSIS	8
IDENTIFYING YOUR LOCAL COMPETITION ◀	8
RESEARCH YOUR COMPETITION ◀	8
HIT THE PHONES! ◀	9
REVIEW THE RESULTS ◀	10
SELECTING A SITE	11
SITE SELECTION PROCESS ◀	11
SITE SELECTION CRITERIA ◀	11
MARKET ANALYSIS ◀	12
SITE ACCEPTANCE ◀	13
BUILDING OUT THE RESIDENCE	14
ARCHITECTURAL PLANS ◀	15
CONSTRUCTION CRITERIA ◀	16
DÉCOR SPECIFICATIONS ◀	17
EQUIPMENT, FURNITURE AND TECHNOLOGY 18	
INITIAL INVENTORY OF SUPPLIES	19
CONTRACTING WITH REQUIRED UTILITIES AND SERVICES	20
REQUIRED LICENSES AND PERMITS	22
SETTING UP BANK ACCOUNTS	24
ACCOUNTS TO OPEN ◀	24

OBTAINING INSURANCE	25
MEETING YOUR TAX OBLIGATIONS	26
EMPLOYER IDENTIFICATION NUMBER ◀26
FEDERAL TAXES ◀	26
STATE TAXES ◀	27
PROPERTY TAXES ◀	27
CONDUCTING A GRAND OPENING	28
PLANNING ◀	29

SECTION C: PEOPLE DEVELOPMENT
(61 PAGES)

HELPFUL LINKS/RESOURCES	1
EEOC GUIDELINES FOR HIRING EMPLOYEES 3	
EMPLOYERS COVERED BY EEOC-	
ENFORCED LAWS ◀	3
HOW EMPLOYEES ARE COUNTED ◀	4
RECORD KEEPING REQUIREMENTS ◀	4
REPORTING REQUIREMENTS ◀	4
CHARGE PROCESSING PROCEDURES ◀	5
MEDIATION ◀	5
REMEDIES ◀	6
REGULATORY ENFORCEMENT FAIRNESS	
ACT ◀	6
TECHNICAL ASSISTANCE ◀	6
INFORMAL GUIDANCE ◀	7
PUBLICATIONS ◀	7
WAGE AND LABOR LAWS	8
FAIR LABOR STANDARDS ACT ◀	8
WHAT THE FLSA REQUIRES ◀	9
WHAT THE FLSA DOES NOT REQUIRE ◀	
.....	11
FLSA MINIMUM WAGE POSTER ◀	11
OTHER MANDATORY LABOR LAW	
POSTERS ◀	12
LAWS REGARDING HARASSMENT	13
SEXUAL HARASSMENT ◀	13
RACIAL AND ETHNIC HARASSMENT ◀	13
PREGNANCY DISCRIMINATION ◀	14
RELIGIOUS ACCOMMODATION ◀	14
IMMIGRATION REFORM/CONTROL ACT	15

AMERICANS WITH DISABILITIES ACT (ADA)	16
PROFILE OF THE IDEAL MERAKI TEAM	
MEMBER	18
JOB DESCRIPTIONS	20
RECRUITMENT	21
GENERATING APPLICANTS ◀	22
EMPLOYMENT APPLICATIONS ◀	22
PHONE INTERVIEW ◀	23
THE INTERVIEW PROCESS ◀	26
REFERENCE CHECK ◀	34
EMPLOYMENT REQUIREMENTS ◀	34
JOB OFFER ◀	35
HIRING ON A PROBATIONARY PERIOD	37
DEVELOPING EMPLOYEE POLICIES	38
EMPLOYEE ORIENTATION	43
FORMS ◀	43
POLICIES, PROCEDURES, & BENEFITS ◀	
.....	44
OVERVIEW OF OPERATION ◀	45
TRAINING	46
TRAINING TIPS ◀	46
TIME TRACKING PROCEDURES	51
UNIFORM AND DRESS CODE	52
PERFORMANCE EVALUATIONS	53
EVALUATION PROCESS ◀	54
PROGRESSIVE DISCIPLINE	56
TERMINATION/SEPARATION	58
TERMINATION ◀	58
RESIGNATION ◀	59

SECTION D: OPERATING PROCEDURES
(109 PAGES)

HOURS OF OPERATION	1
RESIDENT SERVICE PROCEDURES	2
INTERACTING/WORKING WITH RESIDENTS	
◀	3
PRACTICING COMPASSIONATE	
CAREGIVING ◀	6
TELEPHONE ANSWERING PROCEDURES /	
TELEPHONE	
ETIQUETTE ◀	10

INDIVIDUAL RESIDENT SERVICE PLANS ◀	11	NARCOTIC COUNT ◀	58
RETENTION TECHNIQUES ◀	12	MEDICATION SETUP ◀	60
HANDLING COMPLAINTS ◀	13	MEDICATION REVIEW ◀	61
NURSE SUPERVISORY VISITS ◀	14	MEDICATION DISPOSAL ◀	62
CARE PLANS	15	RESIDENT MOVING PROCEDURES	63
RESIDENT CHARTING ◀	16	SCHEDULING MOVE-IN & MOVE-OUT ◀	63
CONTACTING A NURSE ◀	20	RESIDENT'S PERSONAL PROPERTY ◀	64
PHYSICIANS' ORDERS ◀	21	DISCHARGE OF RESIDENT ◀	66
INCOMING FAX PROCEDURE ◀	22	RESIDENT SECURITY & SAFETY	69
DELEGATION OF HOME CARE TASKS ◀	23	GENERAL SAFETY RULES ◀	70
RESIDENT CARE CONFERENCE ◀	25	FALL PREVENTION ◀	74
DAILY PROCEDURES	26	FIRST AID PROTOCOLS ◀	75
DAILY RESIDENT ACTIVITIES	27	INCIDENT INVESTIGATION & REPORTING	86
PHYSICAL ACTIVITIES ◀	27	EMERGENCY CARE / Do NOT	
PASSIVE PROGRAMMING ◀	27	RESUSCITATE (DNR)	
SPIRITUAL PROGRAMMING ◀	28	ORDERS ◀	87
MENTAL (COGNITIVE) PROGRAMMING ◀	28	911 ◀	88
ACTIVE PROGRAMMING ◀	28	HOSPICE POLICY ◀	89
CREATIVE PROGRAMMING ◀	28	INTERACTING WITH A RESIDENT'S	
COORDINATING & SCHEDULING		PHYSICIAN ◀	90
ACTIVITIES ◀	29	ELOPEMENT ◀	91
HOUSEKEEPING STANDARDS	30	HANDLING SIGNIFICANT CHANGES IN	
BASIC HOUSECLEANING INSTRUCTIONS		RESIDENT'S	
◀	30	HEALTH ◀	91
HOUSEHOLD CLEANING/SANITIZING ◀	33	LIFTING & MOVING RESIDENTS ◀	91
LAUNDRY PROCEDURES ◀	35	INFECTION CONTROL PROCEDURES	92
SAFETY RULES ◀	35	INFECTION CONTROL ◀	92
HEALTH & SAFETY ◀	37	UNIVERSAL PRECAUTIONS ◀	96
TRANSPORTATION	39	DISPOSAL OF HAZARDOUS WASTE ◀	97
MEAL PLANNING AND PREPARATION	44	HAND WASHING ◀	97
NUTRITIONAL SUPPLEMENTS ◀	45	HEPATITIS B VACCINATIONS ◀	99
FOOD SAFETY AND SANITATION ◀	45	TB SKIN TEST ◀	99
MAINTAINING CLEANLINESS OF		SAFETY & SECURITY ISSUES	102
EQUIPMENT &		SMOKE FREE ENVIRONMENT ◀	102
UTENSILS ◀	50	SAFETY DATA SHEETS (SDS) ◀	102
EQUIPMENT & UTENSIL STORAGE ◀	51	EMERGENCY PROCEDURES ◀	102
OUTSIDE PROVIDER SERVICES	53	DEATH OF A RESIDENT ◀	103
MEDICATION MANAGEMENT	54	MISSING RESIDENT ◀	103
MEDICATION PROCEDURES ◀	54	EMERGENCY PLAN ◀	104

FIRE PROCEDURES – DISCOVERY ◀.....	105	INITIAL ASSESSMENT ◀.....	3
THUNDERSTORMS ◀.....	106	COMMUNICATION OF RULES OF THE HOUSE ◀.....	5
NATURAL DISASTERS ◀.....	106	PREPARING THE FACILITY AND RESIDENT BELONGINGS ◀.....	5
UTILITY OUTAGES ◀.....	108	SCHEDULING MOVE-IN ◀.....	6
SECTION E: SALES AND ADMISSION PROCEDURES (27 PAGES)		HIPAA REQUIREMENTS ◀.....	6
LEAD GENERATION.....	1	ORIENTING RESIDENTS TO THE HOME.....	8
REFERRAL SOURCES ◀.....	1	RESIDENT FILE MANAGEMENT/CHART AUDIT.....	9
THE ADULT CHILD ◀.....	6	CHART AUDIT ◀.....	11
THE RESIDENT ◀.....	7	MANAGING PERSONNEL.....	12
HANDLING PHONE INQUIRIES ◀.....	9	SCHEDULING TEAM MEMBERS ◀.....	13
QUESTIONS TO ASK A NEW CALLER ◀.....	10	COMMUNICATING WITH TEAM MEMBERS ◀.....	13
SETTING UP APPOINTMENTS.....	12	HOSTING TEAM MEMBER MEETINGS ◀.....	14
KNOW YOUR COMPETITION.....	13	MOTIVATING TEAM MEMBERS ◀.....	14
OVERVIEW OF THE SALES PROCESS.....	14	DISCHARGE PROCEDURES.....	17
RESIDENT GROUPS SERVED ◀.....	14	LICENSURE & PERMITS ◀.....	18
GOALS AND SERVICES AT OUR HOME ◀.....	15	HOME MAINTENANCE RECORDS ◀.....	19
MEETING WITH FAMILIES AND POTENTIAL RESIDENTS ◀.....	16	INVENTORY MANAGEMENT.....	20
THE TOUR ◀.....	18	ORDERING PRODUCTS ◀.....	20
SELLING POINTS ◀.....	19	USING DESIGNATED & APPROVED SUPPLIERS ◀.....	22
FREQUENTLY ASKED QUESTIONS ◀.....	20	RECEIVING PROCEDURES ◀.....	22
PRESENTING THE COST ◀.....	22	INVENTORY ROTATION ◀.....	23
OVERCOMING TYPICAL OBJECTIONS ◀.....	22	BILLING PROCEDURES.....	24
CLOSING PROCEDURES ◀.....	23	COLLECTION PROCEDURES ◀.....	26
SALES MANAGEMENT PROCEDURES.....	25	FINANCIAL AND FRANCHISE REPORTING.....	27
SALES-TRACKING LOGS ◀.....	25	ROYALTY PAYMENT ◀.....	27
USING A LEAD-TRACKING SYSTEM ◀.....	25	MAKING YOUR ADVERTISING CONTRIBUTIONS ◀.....	27
GENERATING PROSPECT MANAGEMENT REPORTS ◀.....	26	REQUIRED REPORTS ◀.....	28
SECTION F: MANAGEMENT AND ADMINISTRATIVE PROCEDURES (32 PAGES)		FINANCIAL STATEMENTS ◀.....	28
USE OF THE SOFTWARE.....	1	GENERATING REPORTS.....	29
ADMISSION OF A RESIDENT.....	2	BASIC PRINCIPLES OF ACCOUNTING.....	31
ADMISSION PROCEDURES ◀.....	2	SECTION G: MARKETING (23 PAGES)	
SETTING UP PAYMENT METHOD ◀.....	3	MARKETING PLAN.....	1

DEVELOPING YOUR MARKETING PLAN ◀	TRADE ASSOCIATIONS ◀.....	16
.....3	IN-RESIDENCE BULLETIN BOARD ◀.....	16
REQUIRED ADVERTISING EXPENDITURES.....	DIGITAL ◀.....	16
ADVERTISING CONTRIBUTIONS ◀.....	GUIDELINES FOR USING MERAKI MARKS....	17
4	SIGNAGE AND LOGO SPECIFICATIONS	18
PROMOTING MERAKI IN YOUR AREA	EXTERIOR SIGNAGE ◀.....	18
5	BUSINESS CARDS AND LETTERHEAD ◀	18
MARKETING TO REFERRAL SOURCES ◀..	PUBLIC RELATIONS.....	19
5	WRITING A PRESS RELEASE ◀.....	19
USE OF SOCIAL MEDIA ◀	PUTTING TOGETHER A PRESS KIT ◀.....	20
7	COMMUNITY INVOLVEMENT	21
PRINT ◀.....	OBTAINING ADVERTISING APPROVAL	22
13		
EMAIL BLASTS ◀.....		
13		
BUSINESS DIRECTORY ◀.....		
14		
WORD OF MOUTH ◀.....		
15		
TRADE SHOWS ◀.....		
15		

EXHIBIT I
STATE EFFECTIVE DATES & RECEIPTS

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
Minnesota	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 Meraki Assisted Living LLC d/b/a Meraki™ Assisted Living (“Franchisor”) offers you a franchise, Franchisor must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or its affiliate in connection with the proposed franchise sale. Iowa, New York, Oklahoma and Rhode Island require that Franchisor gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Franchisor gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Franchisor 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, D.C. 20580 and those state administrators listed on Exhibit C.

The franchisor is Meraki Assisted Living LLC d/b/a Meraki™ Assisted Living located at 8100 Old Cedar Avenue South, Suite 105, Bloomington, MN 55425. Our telephone number is 888-248-1776.

Issuance Date: November 16, 2021

Franchisor’s franchise sellers involved in offering and selling the franchise to you is Scott Hemenway and Matt Hanley or will be provided to you separately before you sign a franchise agreement: _____

Franchisor authorizes the respective state agencies identified on Exhibit C to receive service of process in the particular state.

I have received a disclosure document dated November 16, 2021, that included the following Exhibits:

- | | |
|---|---|
| (A) Financial Statements | (E) Sample Release of Claims |
| (B) Franchise Agreement (and exhibits) | (F) Franchisee List |
| (C) List of State Administrators; Agents for Service of Process | (G) Disclosure Acknowledgment Agreement |
| (D) State-Specific Addenda | (H) Operations Manual Table of Contents |
| | (I) State Effective Dates & Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for Franchisee

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.

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| (D) State-Specific Addenda | (H) Operations Manual Table of Contents |
| | (I) State Effective Dates & Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for Meraki Assisted Living LLC

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail or email one copy (this page) to Scott Hemenway at 8100 Old Cedar Avenue South, Suite 105, Bloomington, MN 55425 or franchise@merakiassistedliving.com.

46923503v9