


## FRANCHISE DISCLOSURE DOCUMENT

	<p>Salt Suite Franchising LLC (a North Carolina limited liability company) 844 West Fourth Street, #203 Winston Salem, North Carolina 27101 (336) 624-9524 E-mail: <a href="mailto:info@thesaltsuite.com">info@thesaltsuite.com</a> <a href="http://www.thesaltsuite.com">www.thesaltsuite.com</a></p>
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The Salt Suite Franchising LLC offers a franchise for the operation of a salt therapy treatment center under the name The Salt Suite® which offers a comfortable environment for individuals to receive salt therapy treatments to treat respiratory and skin conditions.

The total investment necessary to begin operation of a Salt Suite franchise is \$218,150 to \$467,600. This includes \$42,850 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all of the accompanying exhibits and 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 forms, contact Ryan Dodson, 844 West Fourth Street, #203, Winston Salem, North Carolina 27101; 336-624-9524.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your contract carefully and in its entirety. It is strongly recommended you that 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 “Buying a Franchise: A Consumer Guide” 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](http://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.

Date of Issuance: March 8, 2022

## 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 Exhibits E-1 and E-2.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets
<b>Will my business be the only Salt Suite business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Salt Suite franchisee?</b>	Item 20 or Exhibits E-1 and E-2 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 A.

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 North Carolina. 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 North Carolina than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

**MICHIGAN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

**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, logo type, 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 obligation 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.**

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

To simplify the language in this Franchise Disclosure Document (the “**Disclosure Document**”), “**we**” or “**us**” or “**our**” means Salt Suite Franchising LLC, the franchisor. “**You**” or “**your**” means the person who is awarded the franchise rights. If you are a legal entity, certain provisions of the Franchise Agreement and related agreements will apply to your owners.

**The Franchisor, its Parents, Predecessors and Affiliates**

The Franchisor

We are a North Carolina limited liability company formed on September 3, 2019. Our principal place of business is located at 844 West Fourth Street, #203, Winston Salem, North Carolina 27101. We do business under our corporate name and under the trade name THE SALT SUITE®.

**Exhibit A** contains our agents for service of process.

We have offered salt therapy franchises since January 2020. We do not operate a business of the type being franchised, do not offer franchises in any other line of business, and have no other business activities other than as described in this Disclosure Document.

Parents

We do not have any parents.

Predecessors

We have a predecessor, The Salt Suite Franchising Company, LLC, which was a Florida limited liability company formed on October 31, 2014 with a principal place of business at 3100 South Federal Highway, #3, Delray Beach, Florida 33483.

Our predecessor did not conduct a business of the type you will operate.

Our predecessor offered franchises similar to the ones offered through this Disclosure Documents from 2016 until selling to us the majority of its assets on November 11, 2019. As of November 11, 2019, our predecessor had 6 franchised outlets. Our predecessor did not offer franchises or engage in any other line of business.

Affiliates

We have an affiliate, Breathe Forward LLC, formed on January 6, 2020 with a principal place of business located at 3100 S. Federal Highway, Bay #3, Delray Beach, Florida 33483. Breathe Forward operates a company store. Breathe Forward does not offer franchises in any line of business or offer products or services to franchisees.

**The Salt Suite® Business**

We grant The Salt Suite® franchises to qualified candidates for the right to develop and operate treatment centers, under the name The Salt Suite®, which provide adults and children with a comfortable environment to receive salt therapy treatments. We refer to this business as the “Franchised Business” in this Disclosure Document. You must sign our standard Franchise Agreement (the “**Franchise Agreement**”) in the form attached as **Exhibit B** to this



Disclosure Document. The Franchise Agreement grants you the right to develop, own and operate a single Salt Suite franchise at an approved location (the "**Unit Franchise**").

The Franchised Business will operate under the trade name and service mark THE SALT SUITE®, and will use other trade names, service marks, trademarks, logos, emblems and indicia of origin that we designate for use by The Salt Suite® businesses (the "**Proprietary Marks**"). We use and license others to use the Proprietary Marks and our proprietary operating system (the "**System**") developed for the operation of a Franchised Business.

The Salt Suite® is a center for wellness and relaxation and offers a comfortable environment for adults and children to receive salt therapy treatments. Each Salt Suite treatment center has two adult therapy rooms, or salt suites, and a children's salt suite. The adult salt suites are equipped with luxurious chairs and footrests where each person has their own divided space to relax, listen to music, meditate, or rest. The children's salt suite is designed to provide kids with a playful environment while they receive natural salt treatments. Suites also offer a salt booth which delivers the same efficacy of the adult salt therapy suites but in a shorter amount of time.

Salt therapy is a non-invasive, drug-free, chemical-free, and all-natural treatment. Salt therapy, also referred to as halotherapy, is a holistic method that recreates the microclimate of a salt cave. Dry salt aerosol is dispersed into a room where the walls and floor are covered with layers of salt.

You will offer memberships to your center at two levels: one level allowing for up to four visits per month and another allowing for unlimited visits, both at fixed prices you set, though we will recommend prices.

### **The Market and Competition**

The market for salt therapy is individuals, both adults and children, who come for salt therapy as a preventative measure, as a place to relax, to ease respiratory conditions, or to improve skin problems. The market for salt therapy is developing. Sales are year-round.

You will compete with other businesses offering salt therapy treatments, including independent businesses and other chains offering similar types of services.

### **Industry Specific Regulations**

You must comply with federal, state, and local laws that apply to your business. With respect to salt therapy and salt therapy products, you must refrain from making health claims that lack scientific support, and should include a statement that products and services offered and statements made are not intended to diagnose, treat, cure, or prevent any disease.

You should investigate the application of these laws further.

### **Referral Program**

We will pay a \$5,000 referral fee to someone who refers a prospect to us who purchases a franchise upon the franchisee's opening of a Salt Suite outlet.

## **ITEM 2 BUSINESS EXPERIENCE**

Ryan Dodson, CEO. Ryan Dodson has served as our CEO since November 15, 2019. From February 2018 to April 2019, Mr. Dodson served as Chief Strategy Officer for Liberty Tax, Inc. in Virginia Beach, Virginia. From July 2012 to November 2020, Mr. Dodson served as a Liberty Tax Area Developer through TCB Developers, LLC.

From August 2007 to the present, Mr. Dodson has served as a Liberty Tax Franchisee through G.R.I.T.S. Marketing, Inc. in Winston Salem, North Carolina. From January 2005 to the present, Mr. Dodson has served as a Liberty Tax Area Developer through Dodson Financial Services, Inc. in Winston Salem, North Carolina. From May 2004 to November 2020, Mr. Dodson served as a Liberty Tax Area Developer through Borg Investments, LLC in Winston Salem, North Carolina.

*Tiffany Dodson, Chief Experience Officer.* Tiffany Dodson has served as our Chief Experience Officer since November 2019. From March 2017 to the present, Ms. Dodson has also served as the Owner of Achieve Your Dreams Franchise Consulting. From July 2012 to November 2020, Ms. Dodson served as a Liberty Tax Area Developer through TCB Developers, LLC. From August 2007 to the present, Ms. Dodson has served as a Liberty Tax Franchisee through G.R.I.T.S. Marketing, Inc. From January 2005 to the present, Ms. Dodson has served as a Liberty Tax Area Developer through Dodson Financial Services, Inc. From May 2004 to November 2020, Ms. Dodson served as a Liberty Tax Area Developer through Borg Investments, LLC. All of Ms. Dodson's employment took place in Winston Salem, North Carolina.

### **ITEM 3 LITIGATION**

There is no litigation required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

There is no bankruptcy information required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

#### **Franchise Fee**

The initial franchise fee for a single Franchised Business is \$42,000, payable in full upon execution of the Franchise Agreement (the "**Initial Franchise Fee**"). We offer a 10% discount on the Initial Franchise Fee for honorably discharged U.S. Veterans.

#### **Salt Scrubs, Salt Lamps, Charcoal Bags, and Essential Oils**

You must purchase approximately \$850 of Salt Scrubs, Charcoal Bags, and Essential Oils from us before you open for business.

#### **Delayed Opening Fee**

We reserve the right to approve and charge you a \$500 per month fee to extend the opening date of your franchise beyond the 365 days allowed by the franchise agreement.

#### **Initial Training Fee for Additional Attendees**

You agree to pay to us \$1,500 per person to train additional persons that we permit you to bring to initial training, beyond yourself and two staff members, who may attend at no additional charge.

#### **Uniformity and Refundability of Initial Fees**

We charge the Initial Fees uniformly and they are nonrefundable when paid.

We do not finance the Initial Fees.

**ITEM 6 OTHER FEES**

<b>TYPE OF FEE <sup>(1)</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	8% of Gross Revenues  Subject to a minimum of \$500 per month beginning the third month of operations	Payable on the 5 <sup>th</sup> day of each month for the prior month's Gross Revenues	See Note 2 for a definition of Gross Revenues.
Brand Development Fee	2% of Gross Revenues	Monthly	We may raise this fee up to 3% of Gross Revenues.
Local Marketing Requirement	For Outlets with 125 members or fewer: the greater of 4% of Gross Revenues or \$2,000 per month  For Outlets with more than 125 members: the greater of 4% of Gross Revenues or \$1,000 per month	Monthly	You agree to spend these funds to promote the business locally pursuant to our guidelines.
Suite Management Software	Then-current fee charged by our approved suppliers for such suite management software  Currently \$445 per month	Monthly	You agree to pay to us or designated vendors the cost of any software we specify.
Technology Fee	This fee covers among other things, website maintenance, email hosting, intranet.  Currently \$125 per month	Monthly	You agree to pay this fee to us to support our technology services.
Supplemental Training and Relocation Assistance Fee	\$500 per day plus travel, lodging, and meal costs.	At time of training	You agree to pay this fee if we provide supplemental training.
Initial Marketing Spend	\$10,000 to \$16,000 depending on labor	Up to 3 months before opening and 60 days after opening	You must spend these funds per our guidelines.
Renewal Fee	25% of the initial franchise fee in effect at the time of your franchise purchase	At time of renewal	You pay this fee to us to renew your franchise rights.

<b>TYPE OF FEE <sup>(1)</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Annual Convention Fee	\$495 per person to attend \$1,000 if you do not attend	Before attending the Convention	We pay the \$1,000 into the Brand Development Fund if you do not attend.
Client Refunds	Actual amount of fee refunded	At time of refund	If you do not resolve a client service complaint and we believe a reasonable basis exists for a refund to the client all or a portion of the client's fees, we may pay the client directly and bill you.
Sales, Excise or Gross Receipts Tax	Actual amount incurred	At time of charge	If we must pay any tax on fees we charge to you, you agree to reimburse us.
Insurance - Reimbursement of Costs	Amount of unpaid premiums and our reasonable expenses	As invoiced	Payable only if you fail to purchase and maintain or provide adequate evidence of any required insurance coverage.
Management Fee	10% of your Gross Revenue plus our costs	At time of management	You agree to pay this fee to us if we must manage your franchise due to your death or disability.
Interest Charge on Late Payments and Late Fee	1.5% per month or the highest amount allowed by applicable law, whichever is less. \$100 for any report or payment that is late.	On demand	Only required if payment or report is late.
Failure to Comply Fee	1 <sup>st</sup> Breach-\$500 2 <sup>nd</sup> Breach-\$1,000 3 <sup>rd</sup> Breach-\$2,500	At time of breach	You agree to pay these fees to us for breach of the Franchise Agreement or Manual.
Payment Services Fee	Up to 3.75% of payment amount	At time of payment	You pay this fee to us if you pay us or an affiliate with a credit card.
Audit Fee	Cost of audit, currently \$500/day, plus interest on underpayment at Default Rate	Immediately upon determination by audit.	Payable only if we find, based on an audit, that you have understated amounts owed to us by 2% or more.

<b>TYPE OF FEE <sup>(1)</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Music and Media	Your pro rata share of any license costs	On Demand	You agree to pay your pro rata share of any music license we enter into to provide music to franchisees.
Alternative Supplier Approval	Reasonable costs and expenses of inspection and testing estimated to range from \$500 to \$2,000.	As invoiced	You agree to pay us for our reasonable costs and expenses if we evaluate an alternative supplier at your request.
Transfer Fee	50% of the current Initial Franchise Fee	Before transfer	Payable when Franchised Business is transferred to an unrelated third party.
Local Marketing Cooperative	As set by the cooperative, but no more than 3% of Gross Revenues or \$1,000 per month, whichever is greater	Monthly	If 60% of the franchisees in a market area agree to form a Local Marketing cooperative, and we concur, then you agree to pay a uniform amount as set by the cooperative. Franchisor outlets (if any) and franchisee outlets will each have one vote in a market area; franchisor outlets will not have controlling voting power.
Indemnification	Actual loss sustained	At time of expense	You must indemnify us from any loss caused by your operation of the Franchised Business.
Costs and Attorney Fees	Actual amount incurred	At time of expense	If we are the substantially prevailing party in litigation with you, you agree to pay our costs and attorney fees.

**NOTES:**

(1) All fees and expenses described in this chart are non-refundable. All fees are uniformly imposed. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable

to us. We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer. We require you to sign the Electronic Funds Transfer (EFT) Authorization attached as **Schedule 4** to the Franchise Agreement.

(2) "Gross Revenue" means all sales generated through the Franchised Business including fees for any products sold by you, whether for cash or credit (and regardless of collectability), proceeds received by you in connection with any business interruption insurance, and income of every kind or nature related to the Franchised Business including barter or trade. Gross Revenues does not include the sales price of products returned by clients and any sales tax or other taxes collected from clients and paid to the appropriate taxing authority or any sales attributable to coupon purchases.

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>1</sup>	\$42,000	\$42,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements <sup>2</sup>	\$81,000	\$255,000	Lump sum	As incurred	Contractor and Third Parties
Furniture, Fixtures and Equipment, including Computer Hardware and Software <sup>3</sup>	\$10,000	\$18,000	Lump Sum	As arranged	Suppliers
Permits and Licenses <sup>4</sup>	\$350	\$1,000	As Incurred	Before opening	Governmental Agencies
Signs <sup>5</sup>	\$5,000	\$7,500	Lump Sum	Before opening	Suppliers
Initial Inventory <sup>6</sup>	\$8,000	\$12,000	Lump Sum	As incurred	Us or Approved Supplier
Initial Marketing Spend <sup>7</sup>	\$10,000	\$16,000	As Arranged	Before opening	Suppliers, Media

Training Expenses <sup>8</sup>	\$500	\$3,500	Lump Sum	As incurred	Airlines, Hotels, Restaurants
Professional Fees <sup>9</sup>	\$2,500	\$5,000	As Agreed	As agreed	Attorney, Accountant
Utility Deposits <sup>10</sup>	\$300	\$1,600	As Arranged	As incurred	Utility Providers
Lease Deposits <sup>11</sup>	\$3,000	\$8,000	As Agreed	As incurred	Landlord
Insurance <sup>12</sup>	\$1,500	\$5,000	As Agreed	As incurred	Insurance Companies
Salt Generators, Salt Booth & PEMF Mat <sup>13</sup>	\$21,000	\$33,000	As Agreed	Before opening	Approved Supplier
Additional Funds for First 3 Months <sup>14</sup>	\$30,000	\$60,000	As Agreed	As agreed	Third Parties
<b>Total<sup>15</sup></b>	\$218,150.00	\$467,600.00			

Note 1-Initial Franchise Fee. The table above is based on the purchase of one franchise. We offer a 10% discount on the Initial Franchise Fee for honorably discharged U.S. Veterans.

The amounts described above which are paid to us are not refundable. Whether amounts paid to third parties are refundable would depend upon the policies of the third parties.

We do not offer financing to franchisees for any items listed in the above table.

Note 2-Leasehold Improvements. The range in the chart reflects your estimated construction and build-out costs. We require you to use our designated vendor, presently SFV Services, Inc., for your buildout.

Note 3-Furniture, Fixtures, and Equipment, including Computer Hardware and Software. Furniture and equipment needed to operate the Franchised Business include salt generators, tables and chairs, recliner chairs and footrests, materials needed for salt application, and artwork. You also must purchase computer hardware and software, flat screen television sets, audio and speaker systems, and related items pursuant to our guidelines.

Note 4-Permits and Licenses. This estimates your expenses obtain permits and zoning for the Franchised Business. This may include building inspection fees, occupational license fees and will vary from one jurisdiction to the other.

Note 5-Signs. The actual cost of your exterior sign will depend upon the size and location of your Franchised Business, the particular requirements of the landlord, local and state ordinances and local zoning requirements.

Note 6-Initial Inventory. The estimate includes the cost to purchase the supplies necessary to begin operating a Franchised Business, including without limitation: salts, uniforms, general office supplies, aging and supplies bearing our Marks; lotions, salt scrubs, salt lamps, soap bars, bath salts, and cosmetics.

You must purchase your initial inventory of Salt Scrubs, Charcoal Bags, and Essential Oils from us at an approximate cost of \$850.

Note 7-Initial Marketing Spend. You must spend these sums to promote the opening of the Franchised Business during the first 60 days of operation, pursuant to our guidelines.

Note 8-Training Expenses. You are responsible for all transportation, meals, and other expenses associated with the initial training program for you and/or your managers, designees and employees. The cost will depend on the distance you must travel and the types of accommodations you choose.

Note 9-Professional Fees. This estimate includes legal and accounting expenses for negotiating your Franchise Agreement or other legal contracts and business entity organization expenses during the business entity formation period.

Note 10-Utility Deposits. Utility deposits may include gas, electric, water, telephone, cable and Internet. Utility deposits and the method of payment thereof will depend upon the location of the Franchised Business and your creditworthiness.

Note 11-Lease Deposits. The Salt Suite® businesses typically occupy between 1,300 and 1,800 square feet of commercial space. The lease deposit in the chart assumes the payment of one month's rent as a security deposit, plus the first and last months' rent, based upon estimated annual base rents between \$20 and \$45 per square foot. Rents for leased premises will vary depending on size, condition and location of The Salt Suite® business and the then-current, local real estate rental market conditions. Lease rates in urban, downtown and more affluent areas may be higher. Estimates of rental costs may be obtained by contacting local commercial realtors. These amounts do not reflect carrying costs, common area maintenance or real estate taxes.

Note 12-Insurance. We require you to purchase insurance as we describe in more detail in Item 8.

Note 13-Salt Generators. A machine called a halogenerator grinds salt to produce a dry salt aerosol used in a salt therapy treatment room. You must purchase such salt generators, salt booths, and PEMF mat as we specify.

Note 14-Additional Funds. Additional Funds include additional operating expenses after the date you first begin operations of the Franchised Business that are not included in the individual line items included in the chart above. The Additional Funds is an estimate which is intended to cover such items such as possible initial operating losses, additional insurance, miscellaneous additional pre-opening costs, payroll, and payments to any governmental agency that is necessary to open the Franchised Business.



Note 15-Total. In preparing these estimates, we relied on the experience of our predecessor's principals in owning and operating The Salt Suite®. Your actual costs will depend on factors such as: how well you follow the system; your management skill; experience; business acumen; local economic conditions; the local market for the services offered by the Franchised Business; prevailing wage rates; and the level of competition. You should review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase The Salt Suite® franchise.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **The Goods or Services Required to be Purchased or Leased:**

Advertising and Marketing. You must use advertising material from us, a vendor that we designate, or we must approve the advertising in writing, prior to its use.

Computers and Software. We require you to use such computer hardware, software, and systems as we specify, which may include vendor designations.

Furniture, Fixtures, and Equipment. You must purchase furniture, fixtures, and equipment pursuant to our specifications, which may include a supplier designation.

Insurance. You must obtain and maintain, at your own expense, insurance coverage that we require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business, and standards for underwriters of policies providing required insurance coverage, including (a) our protection and rights under these policies as an additional insured; (b) required or permissible insurance contract provisions; (c) assignment of policy rights to us; (d) periodic verification of insurance coverage that must be furnished to us; (e) our right to obtain insurance coverage at your expense if you fail to obtain required coverage; and (f) similar matters relating to insured and uninsured claims. Each insurance policy required under the Franchise Agreement must be issued by an issuer we approve, must have a current Best's rating of at least "A" and must be licensed to do business in the state(s) in which the franchised restaurant or business is located.

All policies must be written by an insurance company satisfactory to us in accordance with the standards and specifications we prescribe in the Manuals or otherwise in writing. You are currently required to purchase and maintain throughout the term of the Franchise Agreement:

1. Comprehensive general liability insurance, including contractual liability, broad form property damage, premises liability, personal injury, advertising injury, product liability, automobile liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage in the amount of \$1,000,000 per occurrence, with \$2,000,000 aggregate coverage (or such higher amount as required by the lease for the premises);
2. Worker's compensation and employer's liability insurance, as well as such other insurance as may be required by applicable law;
3. Fire, vandalism and extended coverage insurance with primary and excess limits of at least the full replacement value of the Franchised Business and its furniture, fixtures and equipment;
4. Business interruption and extra expense insurance for a minimum of twelve (12) months to cover net profits and continuing expenses, including royalty fees;
5. Employment practices liability insurance;

6. Professional Liability Insurance with a minimum policy limit of \$500,000 per occurrence and \$1,500,000 aggregate or an amount we reasonable specify;
7. All other insurance required by the state or locality in which the Franchised Business is operated in such amounts as required by statute and
8. Any other insurance coverage as we may reasonably require.

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments, and your history. All insurance policies, except workers' compensation policies, must name us -Salt Suit Franchising LLC - as well as our officers and directors, as an additional named insured party. You must provide us with a copy of each certificate of insurance at least fifteen (15) days before the opening of the Franchised Business and on each policy renewal date. No policy may be cancelled or materially altered without thirty (30) days advance written notice to us.

In connection with any construction, leasehold improvements, renovation, refurbishment or remodeling of the premises of the Franchised Business, your general contractor must maintain comprehensive general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability and independent contractors coverage) in at least the amount of \$1,000,000, with us named as an additional named insured, as well as worker's compensation and employer's liability insurance as required by state law. **A CERTIFICATE OF INSURANCE MUST ALSO BE PROVIDED EVIDENCING THE ADDITIONAL INSURED COVERAGE PROVIDED UNDER CG 2037.**

You may elect to have reasonable deductibles for the coverages described in above.

Inventory. You must purchase inventory (salts, uniforms, general office supplies, packaging and supplies bearing our Marks; lotions, salt scrubs, salt lamps, soap bars, bath salts, and cosmetics from us, a designated supplier, or pursuant to our specifications. You must purchase Salt Scrubs, Salt Lamps, Charcoal Bags, and Essential Oils from us.

Leased Location. You will need a site in which to operate the Franchised Business. We furnish site selection guidelines. We require you to send to us any proposed lease and information as required by us to evaluate the site for our approval before you sign the lease. You may lease from any landlord.

Leasehold Improvements. You may purchase leasehold improvements from our designated vendor, presently SFV Services, Inc., for your buildout, and buildout your premises pursuant to our specifications.

Signs. You must purchase signage pursuant to our specifications, which may include a vendor designation.

Uniforms. You must purchase uniforms from a designated supplier, or pursuant to our specifications.

#### **Whether we or our Affiliates are Approved Suppliers:**

We are an approved supplier of advertising material, but not the only approved supplier of such items. We are an approved supplier, and the only approved supplier of Salt Scrubs, Charcoal Bags, and Essential Oils.

Our affiliates are not approved suppliers of any goods or services purchased by franchisees.

#### **Officer Interests in Suppliers:**

Our officers, Ryan and Tiffany Dodson, own an interest in us.

**Alternative Suppliers:**

We do not maintain written criteria for approving suppliers and thus these criteria are not available to you or your proposed supplier. We do permit you to contract with alternative suppliers if approved by us and they meet our criteria. We charge our reasonable costs and expenses (normally \$500 - \$2,000) to test another supplier that you propose. If you wish to propose to us another supplier, you may submit the proposed supplier that you wish for us to consider in writing. Your request must include sufficient specifications, photographs, drawings and other information and samples to enable us to determine whether supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. We will examine the quality of the items and the supplier's ability to supply a sufficient quantity in a timely way with good customer service to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within 30 days if we approve or disapprove of an alternative supplier. If we revoke approval for a supplier, we will provide written notice to you.

**Issuance and Modification of Specifications:**

We issue and modify specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

**Revenue from Required Purchases:**

In our last fiscal year ending December 31, 2021, we derived \$2,922 from required purchases or leases by franchisees, representing 1.5% of our total revenue of \$200,500.

Our affiliate did not earn any revenue from required purchases or leases by franchisees.

**Required Purchases as a Proportion of Costs:**

We estimate that required purchases described above will be approximately 70-80% of all purchases and leases by you of goods and services to establish a franchise and approximately 60-70% of your operating costs.

**Supplier Payments to Us:**

Designated suppliers of halogenerators, salt lamps, logo items, promotional items, soap bars, lotions, and cosmetics pay a rebate to us of the difference between wholesale and distributor pricing on products you purchase from them or, in some cases a fixed rebate percentage amount, which varies by supplier.

In the fiscal year ended December 31, 2021, we earned \$7,433 in supplier rebates from such purchases.

**Purchasing or Distribution Cooperatives:**

At this time, we do not have any purchasing or distribution cooperatives.

**Purchase arrangements:**

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees.

**Material Benefits:**

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

**ITEM 9. FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the franchise agreement. It will help you find more detailed information about your obligations in the franchise agreement and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Sections 1 and 6.B.	Item 11
b. Pre-opening purchases/leases	Sections 6.C., 6.P., and 6.V.	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6.B., 6.C. and 6.L.	Item 11
d. Initial and ongoing training	Sections 6.E. and 6.G.	Item 11
e. Opening	Section 6.D.	Item 11
f. Fees	Sections 2.B.6, 4.A.5, 4.A.6, 4.B.6, 5, 6.P., 10.E., 11.E., 12.D., 13.B.2.j, 15.G., 19, and 25.K	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operations Manuals	Sections 6, 7 and 8	Items 8 and 11
h. Trademarks and proprietary information	Sections 7, 8 and 9	Items 13 and 14
i. Restrictions on products/services Offered	Section 6	Items 8 and 16
j. Warranty and customer service requirements	Sections 4.P and 10.E	Not applicable
k. Territorial development and sales quota	Section 1 and 6.B	Item 12
l. Ongoing product/service purchases	Section 6	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 6.I., 6.L., and 13.B.2.f	Item 11
n. Insurance	Section 12	Items 6, 7, and 8
o. Advertising	Section 11	Items 6, 8, and 11
p. Indemnification	Sections 13.F. and 19	Item 6
q. Owners participation/management/staffing	Sections 3.B., 6.F. and 6.M.	Items 11 and 15
r. Records and reports	Sections 6.F. and 10	Item 17
s. Inspections and audits	Sections 6.R. and 10	Items 6 and 11
t. Transfer	Section 13	Items 6 and 17
u. Renewal	Section 2.B.	Items 6 and 17
v. Post-termination obligations	Section 15 and 16	Item 17
w. Non-competition covenants	Section 16	Item 17
x. Dispute resolution	Section 25	Item 17

**ITEM 10 FINANCING**

We do not offer any direct or indirect financing. We do not guarantee your loan, lease or obligations.

**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 Obligations:** Before you open your Franchised Business, we will:

1. Designate a geographic area (“**Designated Area**”) within which the Franchised Business is to be located. (Section 1.B. of the Franchise Agreement)

2. We will provide to you our criteria for The Salt Suite® locations. We will review and advise you regarding potential locations that you submit to us. (Section 4.A.2 of the Franchise Agreement). We do not own the premises and do not lease it to you.

3. We will approve or disapprove your site for the Franchised Business. (Section 4.A.2 of the Franchise Agreement).

4. Review and approve or disapprove the lease for your site. (Section 4.A.2 of the Franchise Agreement) You must obtain our approval of the lease or sublease (or any modification or amendment) for the location before you sign it, or any renewal of it. A condition to our approval of the lease (or sublease) is the execution by you, the landlord and us of the Lease Rider (**Schedule 3** to the Franchise Agreement). We also require you to sign and deliver to us a Telephone Number & Internet Assignment Agreement in the form attached as **Schedule 5** to the Franchise Agreement. (Section 15.J. of the Franchise Agreement).

5. Furnish you with mandatory and suggested specifications for The Salt Suite®, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs and furnishings. You are solely responsible for developing and constructing the site for your Franchised Business, which includes applying the salt to the walls and the floors of each salt therapy treatment room, for all expenses associated with it, and for compliance with the requirements of any applicable federal, state or local law. (Section 4.A.3. of the Franchise Agreement)

6. Provide you with written specifications for the operation and management of the Franchised Business, as well as our lists of approved suppliers. (Section 4.A.4. of the Franchise Agreement).

7. Provide you with our initial training program, which is described below. (Section 4.A.5. of the Franchise Agreement).

8. We provide assistance to you in hiring and training employees. (Section 4.A.5. of the Franchise Agreement).

9. At the time your Franchised Business is ready to open for business, a member of our corporate staff will travel to your location to provide you approximately five (5) days of additional training, which includes pre-opening and opening assistance to familiarize you and your staff with our techniques and methods of operation. (Section 4.A.6. of the Franchise Agreement).

10. Loan or provide access to you of our Operations Manuals (the “**Manual**”), (Section 4.A.7. of the Franchise Agreement). **Exhibit C** contains a copy of the Table of Contents of our Manual. The Manual contains 193 pages.

11. We are not required to provide to you assistance with conforming the premises to local ordinances and building codes and obtaining any required permits.

Site Selection – The location for your Franchised Business must satisfy our site selection criteria, which we may modify. The factors that will affect our approval are demographic characteristics of the proposed site

include: available parking, traffic patterns, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses, the nature of other businesses in proximity to the proposed site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of the premises, appearance and other physical characteristics of the premises, financing, building permits, zoning, local ordinances, and anticipated timetable for the installation of equipment, furniture and signs. You must use our designated third party vendor for site selection assistance, unless we grant you permission otherwise.

Before you acquire the premises for the Franchised Business, you must submit to us all information that we request. We will have thirty (30) days after we receive the information from you to determine whether the proposed site meets our site selection criteria. We will not unreasonably withhold our approval, but no site will be deemed to conform to our criteria unless we have expressly indicated that in writing. We must approve your lease or sublease for the premises before you sign it. You will have three (3) months following the Effective Date of this Agreement to locate and receive our written approval of a site for the Franchised Business. If you fail to do so, we can terminate your Franchise Agreement or allow you more time. And we require you and your landlord to sign our standard Lease Rider.

Construction and Opening – You must prepare, or cause to be prepared, all required construction plans and specifications to suit the shape and dimensions of the premises and insure that these plans and specifications comply with applicable ordinances, building codes, permit requirements and lease requirements and restrictions. Our mandatory and suggested specifications and layouts for The Salt Suite® franchise, including requirements for dimensions of the premises, design, color scheme, image, décor, interior layout, signs, furniture, fixtures, and equipment will be included in our Manual. You are required to use our designated vendor for your buildout services and construct your buildout pursuant to our specifications. You must complete construction and begin operations of the Franchised Business within one year from the date that you sign the Franchise Agreement. You may not open the Franchised Business to the public until you have received our prior written approval.

Typical Length of Time Before You Open Your Franchised Business - We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is approximately 6-12 months. Some factors which may affect this timing include your ability to locate a site, the time to acquire the site through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning, other state and local requirements and any necessary licenses and permits, the timing of the delivery and installation of equipment, supplies and leasehold improvements, and the time to convert, renovate or build out the site with possible construction delays, as well as your ability to attend the initial training program. The Franchised Business must be open for business within twelve (12) months from the date of execution of the Franchise Agreement (the "**Commencement Deadline**"), unless we grant you an extension, which we may choose to grant in our sole discretion. Failure to commence operations of the Franchised Business by the Commencement Deadline may result in, at our option, the termination of your Franchise Agreement, and we can retain the entire Initial Franchise Fee.

**Continuing Obligations:** During the operation of the Franchised Business, we will:

1. Provide the general advisory assistance and field support deemed by us, in our discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business. (Section 4.B.1. of the Franchise Agreement)
2. Continue our efforts to establish and maintain high standards of quality, customer satisfaction and service. (Section 4.B.2. of the Franchise Agreement)
3. Provide you with updates, revisions and amendments to our Manual. We may periodically modify the Manual, but these modifications will not alter your fundamental status and rights under the Franchise Agreement. (Section 4.B.3. of the Franchise Agreement)

4. On a periodic basis, conduct (as we deem advisable) inspections of the Franchised Business and its operations and evaluations of the methods and the staff. (Section 4.B.4. of the Franchise Agreement).

5. Furnish guidance to you with respect to: (a) specifications, standards and operating procedures, including providing suggested retail prices; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; and (c) development and implementation of Local Marketing and promotional programs. Such guidance will, in our discretion, be furnished in the form of the Operations Manual, bulletins, written reports and recommendations, other written materials, refresher training programs and/or telephonic consultations or consultations at our offices. (Section 4.B.5. of the Franchise Agreement).

6. At your request, or if we in our sole discretion deem it necessary, we will provide you additional refresher or continuing training and operational assistance. You are required to pay any costs we incur in connection with providing such training. We also reserve the right to charge you our then-current supplemental training fee, which as of the date of this Disclosure Document is \$500 per person per day. We may, in our sole discretion, require you or any manager of the Franchised Business to participate in, at your expense, additional or refresher training programs at location we designate. (Section 4.B.6. of the Franchise Agreement).

7. At your request, or if we in our sole discretion deem it necessary, we may periodically furnish you the services of a representative, whether in person or telephonically or via consultations held at our office, to provide additional operating assistance. (Section 4.B.7. of the Franchise Agreement)

## **Advertising and Promotion**

### **Approval of Advertising**

Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing. All promotional and marketing materials that you propose to use must conform to our standards and requirements as specified in our Manuals. You must provide us with all samples of promotional and marketing materials in whatever form you desire to use for our approval at least fifteen (15) days before your proposed use of the materials. We will make reasonable efforts to notify you of our approval or disapproval of the materials within fifteen (15) days of receiving them. If you do not receive our written approval within this time period, we will be deemed to have disapproved the materials. ***You may not use any advertising plans or materials until we have approved them.*** (Section 11.A. of the Franchise Agreement.) However, our approval does not (a) constitute a determination that the advertising, promotions and marketing that you conduct complies with applicable laws and regulations or (b) provide assurance that such approved materials will be successful. You must consult your own advisors at your own expense.

Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in our System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material.

### **Initial Marketing Spend**

You must spend \$10,000 - \$16,000 to promote the opening of your Franchised Business during the first sixty (60) days of operations, pursuant to our specifications.

### **Local Marketing Requirement**

You agree to spend the following sums each month on Local Marketing in your Protected Area (“**Local Marketing Requirement**”):

Membership Count of Your Outlet	Local Marketing Spend Requirement
125 members or fewer	The greater of 4% of Gross Revenues or \$2,000 per month
Over 125 members	The greater of 4% of Gross Revenues or \$1,000 per month

At our request, you must give us an advertising expenditure report to show your compliance with the Local Marketing Requirement. Local Marketing expenses consists of the costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of “marketing” you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying. (Section 11.D. of the Franchise Agreement)

National Advertising Program

You agree to pay to us 2% of your Gross Revenues as a "**Brand Development Fee**") to advertise The Salt Suite® franchises and Affiliate-Owned Units. We reserve the right to raise the Brand Development Fee up to 3% of Gross Revenues.

The Brand Development Fees will be paid into a "**Brand Development Fund.**" We or our designee will maintain and administer the Brand Development Fund.

You will not be able to make any decision or exercise any authority over the manner in which the Brand Development Fund monies are used or allocated by us, and you will not have any ownership interest in material produced or commissioned by the Brand Development Fund. We will direct all programs financed by the Brand Development Fund, with sole discretion over the creative concepts and materials. The Brand Development Fund may periodically furnish you with samples of marketing, brand building and promotional formats and materials, which you may use during the term of your Franchise Agreement. We will direct all advertising programs and will have sole discretion to approve the creative concepts, materials, and media used in the advertising programs and their placement and allocation. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and improve the collective success of all The Salt Suite® franchises and Affiliate-Owned Units.

In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. The Brand Development Fund may be used to satisfy the costs of maintaining, administering, directing, creating, and producing advertising. This includes the cost of preparing and conducting television, internet, radio, magazine, and newspaper advertising campaigns; direct mail; public relations activities; employing advertising agencies; and providing other advertising materials to The Salt Suite® franchises and Affiliate-Owned Units. We will keep all sums you pay to the Brand Development Fund in a separate account and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we may incur in the administration or direction of the Fund and advertising programs for The Salt Suite® franchises and Affiliate-Owned Units.

We will prepare an annual unaudited statement of the Brand Development Fund that will be made available to you upon written request. Although the Brand Development Fund is intended to be perpetual, we may terminate it but will not do so, however, until all monies have been spent for advertising or promotional purposes or returned to contributors on a basis determined by us in our sole discretion. We advertise The Salt Suite® franchises and



Affiliate-Owned Units and the services they offer in various media, including television, internet, radio, magazine and newspaper advertising campaigns, and direct mail. We may use outside advertising agencies. Advertising may be conducted on a national, regional, and local basis.

We are under no obligation to ensure that expenditures of the Brand Development Fees are or will be proportionate or equivalent to contributions of Brand Development Fees by Salt Suites operating in any geographic area or that any Salt Suite will benefit directly or in proportion to the amount of Brand Development Fees it has paid. (Section 11.C. of the Franchise Agreement)

Although the Brand Development Fund may not be used to directly solicit the sales of franchises, as a result of such advertising and promotions, persons may become interested in owning franchises. The development of marketing campaigns and websites may also detail available franchises within the System, and this is not considered to constitute direct marketing efforts.

Except as described above, we are not obligated to spend any amount on advertising in the area where your Franchised Business is located.

In our last fiscal year ending December 31, 2021, we raised \$14,557 in Brand Development Fund fees and spent 100% on production.

#### Supplemental Marketing Programs

You acknowledge that (a) supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management and other supplement marketing programs) are an integral part of the System; and (b) you will be required to participate in (and comply with) such supplemental marketing programs established by us from time to time. You acknowledge that you may be responsible for the payment of certain costs associated with these supplemental marketing programs. We reserve the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through a supplement and/or modification to the Manual other written directive. (Franchise Agreement, Section 6.W.).

#### Local Marketing Cooperative

We may designate any geographic area as a region for establishing a local advertising cooperative (“Local Advertising Cooperative”), though we typically designate areas based on Designated Market Areas as determined by the A.C. Nielsen Company. The members of the Local Advertising Cooperative for any area will consist of all Franchised Businesses, as well as outlets operated by us or our affiliates. We will determine in advance how each Local Advertising Cooperative will be organized and governed and when it must start operation. Each Local Advertising Cooperative will be organized for the sole purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in local advertising. If a Local Advertising Cooperative has been established for a geographic area where your Franchised Business is located when the Franchise Agreement is signed, or if any Local Advertising Cooperative is established during the term of the Franchise Agreement, you must become a member of the Local Advertising Cooperative and abide by the rules of the Local Advertising Cooperative.

If 60% of the franchisees in a Designated Market Area agree to form a Local Advertising Cooperative, and we concur in the formation of the Cooperative, we will establish a Local Advertising Cooperative for your area. You and franchisor owned outlets in the Cooperative must contribute to the Local Advertising Cooperative the amounts required by its members, and all outlets must contribute on the same basis (which may be a uniform percent of revenue, a fixed amount, etc.). The amount of contribution will be determined by the members of the Local Advertising Cooperative, subject to our approval, but no more than 3% of Gross Revenues or \$1,000 per month,

whichever is greater. Each member will have one vote for each Franchised Business operated by the member within the geographic area subject to the Local Advertising Cooperative.

50% of any contributions you make towards the Cooperative will be credited against your Local Marketing Requirement.

Advertising Cooperatives must operate from written governing documents and they are available for your review upon reasonable written request. Local Advertising Cooperatives must prepare unaudited quarterly and year-end financial statements and email them to members to review.

We reserve the right to form, change, dissolve or merge any Local Advertising Cooperative. (Section 11.E. of the Franchise Agreement)

### Internet Advertising

In addition to our general rights over all advertising, promotion and marketing, we have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium, including all websites and "social media" marketing related to The Salt Suite® brand. You may not conduct such marketing, or establish any website or social media presence independently, except as we may specify and only with our written consent. We retain the right to approve any linking to or other use of our website. You must comply with any Internet and social media policy that we may prescribe. (Section 11.B. of the Franchise Agreement.)

### Advertising Advisory Council

We do not currently have a franchisee advertising council. At our discretion, we may, in the future, form an Advertising Advisory Council (the “**Council**”) once there are a sufficient number of franchisees in the System. The Council members will be The Salt Suite® franchisees. The Council shall serve in an advisory capacity only, advising us on operations, marketing and other subjects. We have the authority to dissolve, change and reform the Council in our discretion.

### **Computer and Cash Register Systems:**

You must comply with our computer hardware, software, and POS specifications. At present, we require you to have an internet connection, email, and the following hardware and software:

#### Hardware

A desktop or laptop computer with internet and email access. These items can be purchased for approximately \$700 - \$1,900.

#### Software

You will also need to subscribe to such software as we specify, which such fees are covered in the Suite Management Software Fee, which is presently \$445 per month:

<b>Software Name</b>	<b>Nature</b>
MindBody	Appointment Manager, Point of Sale System and CRM
Brandbot	Prospect and Customer Drip Campaign Manager
Google Suite	Email
Franconnect	Resource and Training Platform

MindBody Processing	Credit Card Processor
Quickbooks Online	Bookkeeping

Technology Fee. You also agree to pay to us a Technology Fee of \$125 per month.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You must maintain your computer systems in good working order and must replace, update or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is approximately \$1,000.

**Independent Access to Information.** We have and you are required to provide independent access to the information that will be generated or stored in your computer systems, which includes, but not limited to, customer, transaction, and operational information. You must at all times give us unrestricted and independent electronic access to your computer systems and information, as well as your security camera systems. There are no contractual limitations on our right to access the information stored on your computer system. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. If, as part of a review of your business, we request a copy of any business records, you must send us at your expense these records within five business days of receiving our request. (Franchise Agreement, Sections 10.E. - G.)

**Training Program**

The initial training is mandatory for you (or your Operating Principal) and/or your designated manager and must be successfully completed to our satisfaction before opening the Franchised Business. The initial training program will be conducted in three separate parts. Approximately 4 days of online training to learn about the conditions and our software. Four (4) days of classroom and in Suite on-the-job training. In addition, in-store training will be held at the location of your Franchised Business prior to the time that your Franchised Business is ready to open for business by one of the members of our corporate staff, who will travel to your location and spend approximately four (4) days there to provide pre-opening support and to assist in the opening of your Franchised Business. There is no fee for you and two additional employees to attend the initial training. Additional persons may attend the initial training, with our consent, for a fee of \$1,500 per person. In all cases, you are responsible for the travel and living expenses of any persons who attend initial training or any other training.

We conduct the initial training for your attendees after you sign the Franchise Agreement and while your Franchised Business is being developed. We conduct an initial training program on an as-needed basis, but we plan to be flexible in scheduling the training.

## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Ordering Equipment; Equipment Manual, and Arranging Layout	1		Note 1
Building The Salt Suite® Brand and Marketing; Pre-opening Strategies; and Social Media	4		
Understanding Salt Therapy Treatment and Its Value to Customers	4		
Office Management	2		
Inventory; Ordering and Vendor Relationships	1		
Customer Service (Customer Experience Presentation)	2		
Human Resource Matters and Management of Employees	1		
Sales Associate Training		5	
Management of the Franchised Business	3		
On the Job Training and Shadowing -Learning about the 10 conditions (16 hours) -Scheduling Software (4 hours) -Customer Nurturing Software (2 hours) -POS System (2 hours) -How to greet and take customers to salt room (2 hours) -How to sell a package to a customer after salt room session (2 hours) -Products training )4 hours) -Preparation of salt room, daily and weekly cleaning activities (8 hours)		24	
<b>NEW STORE OPENING</b>			
Pre-Opening Support: When the store is ready to open, a member of our corporate office will assist with the opening of the store		16	Your Franchised Business
Operational Support		16	Your Franchised Business
<b>TOTALS</b>	<b>23</b>	<b>61</b>	

Note 1- We conduct initial training at rented classroom space or a Salt Suite outlet in Boca Raton, Florida or another location that we designate.

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. Additional training may also be provided as needed. The instructional materials used in the initial training program will consist primarily of our Manual, marketing and promotional materials, videos and other handouts.

Our training is conducted by Ryan and Tiffany Dodson. We describe the nature of their experience in Item 2.

We set forth the length of the Instructors' experience in the industry and with the franchisor below:

<u>Instructor</u>	<u>Years of Experience in the Field</u>	<u>Years of Experience with the Franchisor*</u>
Ryan Dodson	2	2
Tiffany Dodson	2	2

\*Includes years of experience with our predecessor and any of its affiliates.

We will, in our discretion, make available other ongoing continuing education and training programs, seminars or meetings (on an optional or mandatory basis) that we deem advisable. We may also host one or more conventions per calendar year, as well as conference telephone calls, which may include education and training. You and your designated management personnel must attend and successfully complete all ongoing continuing education and training programs and must attend all meetings, seminars, conventions and conference telephone calls as we require. We may charge a fee up to \$500 per day per attendee for additional training. You are responsible for all other expenses, including travel, lodging and meals, incurred by you and your managers. (Sections 4.A.5. and 6.G. of the Franchise Agreement).

## **ITEM 12      TERRITORY**

Location for Franchise Premises. You will operate your Franchised Business at the Franchise Location that we have approved as designated in Section 2 of **Schedule 1** to the Franchise Agreement. We base approval on our site selection criteria in our Manual. You must operate the Franchised Business only from the site we approve.

Relocation of the Franchised Business. We will not normally approve the relocation of the Franchised Business unless there is a material change in economic or other factors affecting your outlet. We will not normally allow you to open additional outlets within your Protected Area. If you lose possession of the Location through no fault of your own, or if we give our approval, you may apply to us for our approval to relocate your business to another site in the designated area, provided such a site is available. We will approve or disapprove the relocation of your outlet, typically within 14 business days of your submission of the required site selection documents required by us.

Options, Rights of First Refusal. We do not grant options, rights of first refusal or similar rights to acquire additional franchises.

Protected Area/Exclusive Territory. There will be a "Protected Area" around your Franchised Business as defined by **Schedule 1**, Section 3. The area or population included in each Protected Area will vary. The Protected Area is generally a radius around your outlet that includes a population of approximately 100,000 people. We reserve the right to vary the size of the Protected Area based on the demographics and development of each market. We may not alter your Protected Area without your consent, even if the population in your Protected Area increases. Your Protected Area will be an exclusive territory in which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks within the Protected Area of your Franchised Business.

Not Exclusive for Marketing. Because marketing efforts are difficult to limit to a specific area (for example, radio and internet do not follow geographic boundaries), your territory is not exclusive for marketing.

No Required Sales Volume. You are not required to achieve any particular sales volume, market penetration, or any other contingency to maintain your rights in the Protected Area.

Advertising Limits. Your advertising must be primarily focused in your territory unless we agree otherwise in writing. All marketing and advertising, including through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing must be approved by us, in writing, for each occurrence, in advance.

Acceptance of Customers. You may accept customers in your outlet who come for services without regard to where they reside.

Non-Exclusive Designated Search Area. Unless specified otherwise, we will provide you with a non-exclusive “Designated Search Area” as defined in Section 1 of **Schedule 1** of your Franchise Agreement within which you must locate your Franchised Business.

Exclusive Designated Search Area. If your Designated Search Area contains exclusive rights, while we will not license anyone the right to open or operate a Franchised Business that is physically located within that Exclusive Designated Search Area, this does not mean you can open or operate a Franchised Business anywhere within that Exclusive Designated Search Area. If a franchisee secures a location near your Exclusive Designated Search Area, and their associated protective radius (generally 1.5 miles) overlaps into your Exclusive Designated Search Area, you will not be able to locate an outlet within the protected radius that overlaps your Exclusive Designated Search Area. We will let you know of any existing outlets that have protective radius overlapping into your Exclusive Designated Search Area prior to execution of this agreement, but we make no warranties that a franchisee will not subsequently choose a location that creates a protective radius that overlaps into the Exclusive Designated Search Area.

Protected Area Temporary Protection. We will not define a Franchise Location or Protected Area until you have an executed lease. However, upon the submission of a fully executed Letter of Intent (“LOI”) to us for a proposed location for the Franchised Business that we have approved, we will create a temporary protected radius around said proposed location within which we will not locate any other Franchised Business. We will grant this protected radius for a period of up to 60 days to allow you to negotiate and finalize a lease for the proposed location. While you may have multiple fully executed LOI’s, we will only grant a protected radius around one of the proposed locations you designate. This designation shall be made to us in writing, accompanied by the associated signed LOI, and we have up to 5 business days to accept such designation.

Protected Area Defined. Once the lease for the site is approved by us, fully executed, and submitted to us, we will then define the Franchise Location and associated Protected Area in Section 2 and Section 3 of the **Schedule 1** to the Franchise Agreement, which will supersede the temporary protected radius noted above.

Lease Length. You must sign a lease for a minimum of 10 years. You may only sign a lease shorter than 10 years if approved by us in writing.

Our Rights in Protected Areas. We and our affiliates also reserve the right in your Protected Area to:

a. Sell approved products and services, using our principal trademarks or different trademarks, through all alternative channels of distribution as we deem appropriate, including, but not limited to, the internet, the right to run a website advertise services, and sell products and services on that website under our Marks, without paying compensation to you for soliciting or accepting orders inside your territory.

- b. Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area, provided that such other units do not operate under our Marks or similar Marks;
- c. Develop and establish other business systems (including systems that distribute products or services similar to those offered at Salt Suite businesses) using other names or marks, and grant licenses to use those systems;
- d. Engage and license others to engage in any other activities not expressly prohibited in the Franchise Agreement.

No Rights to Alternate Channels of Distribution. You understand that the Franchise Agreement grants you no rights: (i) to distribute such products through alternative channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing); or (ii) to share in any of the proceeds received by any party selling through alternative channels of distribution.

Acceptance & Reimbursement Policies. We reserve the right to establish policies and guidelines regarding the acceptance and reimbursement associated with gift certificates, gift cards, memberships, discounts, coupons, or promotions as set forth in our Manuals or otherwise in writing by us. For example, we reserve the right to establish policies relating to allocation of funds when a person buys a gift certificate from one outlet but it is redeemed in another outlet.

### ITEM 13 TRADEMARKS

The franchise agreement licenses to you the right to use the following principal trademarks (“Marks”) registered or applied for with the U.S. Patent and Trademark Office (“USPTO”):

Mark	Serial/Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
THE SALT SUITE	5034197	Principal	September 6, 2016
	6134595	Principal	August 25, 2020
CHANGING LIVES ONE BREATH AT A TIME	6085790	Principal	June 23, 2020

We have filed all required affidavits and renewals.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Franchised Business.

If there is any infringement of, or challenge to, your use of any name, mark or symbol, you must immediately notify us, and we will have the sole discretion to take any action as we deem appropriate, in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Proprietary Marks. We are not obligated to protect your rights in the Proprietary Marks, nor are we obligated to indemnify you for losses associated with any infringement of, or challenge to, our rights in the Proprietary Marks. We are not obligated to participate in your defense and/or indemnify you for damages or expenses if you are party to an administrative or judicial proceeding involving the Proprietary Marks if the proceeding is resolved unfavorably to you.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with a change. We and our affiliates have invested substantial time, energy and money in the promotion and protection of our Marks. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Marks are often difficult to establish and defend, and that changes in the cultural and economic environment within which our System operates may make changes in the Marks desirable or necessary. Accordingly, we reserve the right to change our Marks and the specifications for each when we believe that such changes will benefit the System. You agree that you will promptly conform, at your own expense, to any such changes.

You may not contest, directly or indirectly, our ownership, title, right or interest in any of our names or marks, trade secrets, methods, procedures, and advertising techniques which are part of the System, or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any patents that are material to the franchise. We do claim copyright protection and proprietary rights to the confidential information contained in our Manual. We claim common law copyrights on our operational materials and on other proprietary materials specifically created by us in connection with the System, including the proprietary advertisements, all of our materials presented to your prospective customers, printed materials, and forms used in connection with the operation of a Franchised Business. The Manual and other proprietary materials have not been registered with any copyright office, but we reserve the right to register these copyrights in the future.

There currently are no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us that could materially affect a franchisee's use of the copyrighted materials in any state.

“Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Franchise Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise system, Customer Data, all other materials relating to our



Franchise system that are not a matter of public record, and all information generated during the performance of the Franchise Agreement.

**Confidentiality.** You will not directly or indirectly disclose, publish, disseminate or use our Confidential Information except as authorized herein. You may use our Confidential Information to perform your obligations under this Agreement, but in doing so will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information.

**Return of Information.** Upon termination or expiration of this Agreement, you will return to us all of our Confidential Information embodied in tangible form, and will destroy, unless otherwise agreed, all other sources that contain or reflect any such Confidential Information. Notwithstanding the foregoing, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

**Customer Data.** We retain all right, title, and interest in and to the Customer Data during and after the term of this Agreement, provided that you use the Customer Data during the Term of this Agreement as permitted by this Agreement or our Manual, and in accordance with law. "Customer Data" means any and all information about Customers that may be collected in connection with their use of your franchise services, including, but not limited to, name, telephone number, address and email address.

**Intellectual Property Ownership.** We own the Franchise system and all intellectual property associated with it. To the extent you have or later obtain any intellectual property, other property rights, or interests in the Franchise system by operation of law or otherwise, you hereby disclaim such rights or interests and will promptly assign and transfer such entire interest exclusively to us. You will not undertake to obtain, copyright, trademark, service mark, trade secret, patent rights or other intellectual property right with respect to the Franchise system.

**Suggestions.** You agree that we may incorporate into our business operations any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else and we shall have sole rights and title to such suggestions.

**Performance Data.** You agree that we may share performance data from your Franchised Business between our employees, franchisees and their employees. You agree to keep such performance data confidential.

You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate. We will not indemnify you for losses brought by a third party concerning your use of this information. If you develop any new concept, process or improvement in the operation or promotion of your Franchised Business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we deem appropriate.

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

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

During the term of the Franchise Agreement, you (if you are a natural person) or your Operating Principal (if you are a business entity (a "**Business Entity**")) must devote full time and best efforts to the development and operation of the Franchised Business. Your Operating Principal must have and maintain at least Ten (10%) ownership of the

Franchised Business and have full authority to bind you regarding all operational decisions about the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill its responsibilities under the Franchise Agreement.

The Franchised Business must be under the direct, on-site supervision of you (or your Operating Principal) or a manager who has been selected by you and approved by us (the "**Designated Manager**"). You (or your Operating Principal) and your approved Designated Manager must successfully complete our initial training program. The Designated Manager cannot have an interest or business relationship with any of our business competitors. Unless the Designated Manager is your Operating Principal, the Designated Manager need not have an ownership interest in your Business Entity.

You must require the Designated Manager and all employees to sign a confidentiality agreement and a non-compete agreement. All of the required covenants must be in substantially the form of Nondisclosure and Noncompetition Agreement attached as **Schedule 6** to the Franchise Agreement.

If you are a Business Entity, each of your owners must sign the Franchise Agreement and each of your owners, must individually, jointly and severally, guaranty your obligations under the Franchise Agreement and be personally bound by each term of the Franchise Agreement.

Unless your spouse is an owner of the Franchised Business or an owner of the Business Entity that owns the Franchised Business, he or she will not be required to sign the Franchise Agreement or a personal guaranty.

#### **ITEM 16      RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may offer for sale through your franchised business only a salt therapy facility and related products as specified by us and such products and services that we have approved in writing. We may designate products or services as optional or mandatory. You must maintain an inventory supply sufficient to meet the inventory standards of our Manual. You may not sell any goods or services that we have not authorized or approved.

You may offer your services to any customers, consistent with your territorial rights.

You are required to sell all goods or services that we authorize, unless prohibited by your applicable local law, or approved by us. We may change the types of authorized goods and services sold by franchisees. There are no limits on our right to make changes to the authorized goods and services sold by franchisees, however, we may not fundamentally alter the nature of the franchise offered. We may, at our sole discretion, revoke approval of a previously approved goods or services, at which case you must immediately stop selling the revoked services or products.

For the duration of your franchise agreement, you may not offer competitive services in the states and territories of the United States unless you receive our prior written consent.

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**ITEM 17 RENEWAL, TERMINATION, TRANSFER & 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.**

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.A.	Term is equal to 10 years.
b. Renewal or extension of the term	Section 2.B.	If you are in good standing and satisfy certain conditions, you may renew for additional 10 year terms.
c. Requirements for franchisee to renew or extend	Section 2.B.	You must give a six month notice, allow an inspection, be in good standing, be current in payments, execute our then-current form of Franchise Agreement, which may be materially different than the form attached to this Disclosure Document, pay a renewal fee, sign a Release, have rights to the premises, renovate, and have necessary permits.
d. Termination by franchisee	Section 13.B.	You may terminate the franchise by selling it or upon other grounds as provided by applicable law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 14.A. and 14.B.	We can terminate only if you default.
g. “Cause” defined – curable defaults	Section 14.B.	You have 30 days to cure violations of the franchise agreement or Manual, except as listed in row h below, and for owing monies more than 30 days past due.
h. “Cause” defined – non-curable defaults	Section 14.A.	Do not pass initial training, fail to obtain our approval of a site or open on time, become insolvent, commit a material violation of law, abandon the Franchised Business, submit a materially false Franchise Application, fraud, uncured default of other agreement, fail to pay suppliers an amount exceeding \$3,000 for more than 60 days; fail to permit us to inspect or audit your franchise; or commit three or more breaches within 12 months.

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
i. Franchisee's obligations on termination/ non-renewal	Section 15	Cease operations and stop using our marks; deliver to us business records; pay debts due to us and customer refunds; cancel or assign telephone numbers to us; assist in lease transfer and our purchase of your assets, at our option; return Manual and Confidential Information to us; cancel fictitious names; adhere to other post term duties; execute any necessary documents.
j. Assignment of contract by franchisor	Section 13.A.	We may assign to a successor who assumes our obligations under the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 13.B.1.	Includes transfer of any interest in the Franchise Agreement, Franchised Business (including the assets) or Franchisee.
l. Franchisor approval of transfer by franchisee	Section 13.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Sections 13.B. and 13.C.	You may transfer a non-controlling interest in you to a qualified transferee, with our prior written consent. For transfer of the Franchise Agreement or a controlling interest in you, we may require, among other things, that you (a) pay all amounts due us or our affiliates; (b) not otherwise be in default, (c) sign a general release; and (d) pay a transfer fee. The proposed transferee must meet our criteria, attend training, renovate the Franchised Business and sign our then-current form of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.D.	We can match any offer for sale of your business or any ownership interest in you.
o. Franchisor's option to purchase franchisee's business	15.g.	We have a right to purchase your furniture, equipment, signage, fixtures, and supplies post-termination.
p. Death or disability of franchisee	Section 13.E.	The interest must be assigned to an approved transferee within 6 months and is subject to the same conditions as any other transfer.

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	Section 16.A.1	No competition allowed in the United States.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.A.2., 16.B	For a 2 year period, you may not compete at your former location or within 30 miles of your Protected Area or of another outlet or solicit past customers.
s. Modification of the Agreement	Sections 17	You must comply with the Manual as amended. Franchise Agreement may not be modified unless mutually agreed to in writing.
t. Integration/merger clause	Section 23	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 25.B. and 25.I.	You must mediate claims against us before filing suit. Claims by Illinois and Maryland franchisees are subject to arbitration.
v. Choice of forum	Section 25.B.	Litigation must be in North Carolina (subject to applicable state law).
w. Choice of law	Section 25.A.	North Carolina law applies (subject to applicable state law).

## **ITEM 18 PUBLIC FIGURES**

We currently do not use any public figures to promote our franchise.

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

The Federal Trade Commission’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 the potential performance of a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial

performance of company-owned or franchised outlets. 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 income, you should report it to the franchisor's management by contacting Ryan Dodson, 844 West Fourth Street, #203, Winston Salem, North Carolina 27101, (336) 624-9524-, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System Wide Outlet Summary  
For Years 2019 to 2021**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2019	4	5	+1
	2020	5	5	0
	2021	5	7	+2
Company or Affiliate-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	5	6	+1
	2020	6	6	0
	2021	6	8	+2

**Table No. 2**

**Transfers of Outlets From Franchisees To New Owners (Other Than The Franchisor)  
For years 2019 to 2021**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Florida	2019	0
	2020	0
	2021	0
New Jersey	2019	0
	2020	0
	2021	1
Total	2019	0
	2020	0
	2021	1

**Table No. 3  
Status of Franchised Outlets  
For Years 2019 to 2021\***

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Florida	2019	4	1	0	0	1	0	4
	2020	4	0	0	0	0	1	3
	2021	3	2	0	0	0	0	5
New Jersey	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	1	2
Totals	2019	4	2	0	0	1	0	5
	2020	5	1	0	0	0	1	5
	2021	5	3	0	0	0	1	7

\*2018-2019 data refers to activity of our predecessor, The Salt Suite Franchising Company, LLC.

**Table No. 4  
Status of Company-Owned Outlets\*  
For Years 2019 to 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets sold to Franchisees	Outlets at End of the year
Florida	2019	1	0	1	0	1	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	1	0	1	0	1	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

\*Company-Owned Outlets refers to outlets owned by our predecessor's affiliate for the time period before November 11, 2019.

**Table No. 5  
Projected Openings as of December 31, 2021**

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	
Illinois	1	0	
New Jersey	0	1	
North Carolina	1	1	
Texas	0	2	
Wyoming	0	0	
<b>TOTALS</b>	2	5	

**Exhibit E-1** contains a list of the names of all current franchisees and the address and telephone number of each of their outlets.

**Exhibit E-2** contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have no current or former franchisees who have signed provisions during the last three (3) fiscal years restricting their ability to speak openly to you about their experience with the The Salt Suite® franchise system.

As of the date of this Disclosure Document, there are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Disclosure Document.

## **ITEM 21 FINANCIAL STATEMENTS**

**Exhibit F** contains our audited financial statements as of our fiscal years ending December 31, 2021, 2020, and 2019.

## **ITEM 22 CONTRACTS**

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

- EXHIBIT B Franchise Agreement
  - Schedule 1- Approved Location and Protected Area for Selection of Site
  - Schedule 2- Statement of Ownership Interests
  - Schedule 3- Lease Rider
  - Schedule 4- Electronic Funds Transfer (EFT) Authorization
  - Schedule 5- Telephone Number & Internet Assignment Agreement
  - Schedule 6- Nondisclosure and Noncompetition Agreement
  - Schedule 7- Franchisee Disclosure Questionnaire
  - Schedule 8- State Addenda to the Franchise Agreement
- EXHIBIT G General Release

## **ITEM 23 RECEIPTS**

**Exhibit I** contains the Receipts.

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**EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT**

**State Administrators and Agents for Service of Process**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
<b>California</b>	Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013  2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
<b>Connecticut</b>	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
<b>Hawaii</b>	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>Illinois</b>	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
<b>Indiana</b>	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
<b>Kentucky</b>	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Department of Attorney General	Department of Attorney General

	Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
<b>Minnesota</b>	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
<b>Nebraska</b>	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492 Phone
<b>North Dakota</b>	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
<b>Rhode Island</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
<b>South Dakota</b>	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
<b>Texas</b>	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	

<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
<b>Washington</b>	Washington State Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
<b>Wisconsin</b>	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

**EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**



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Schedule 1- Approved Location and Protected Area for Selection of Site

Schedule 2- Statement of Ownership Interests

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Schedule 6- Nondisclosure and Noncompetition Agreement

Schedule 7- Franchisee Disclosure Questionnaire

Schedule 8- State Addenda to the Franchise Agreement

**THE SALT SUITE FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into between **SALT SUITE FRANCHISING LLC** (“**Franchisor**,” “**we**,” “**us**,” or “**our**”) and the franchise identified on the signature page to this Franchise Agreement (“**Franchisee**,” “**you**,” or “**your**”).

**WITNESSETH:**

**WHEREAS**, we have developed a proprietary system through significant expenditures of time, skill, effort and money (the “**System**”) relating to the establishment, development and operation of a salt therapy treatment center under the name **THE SALT SUITE®** (the “**Franchised Business**” or “**The Salt Suite® franchise**”);

**WHEREAS**, we have developed the uniform standards, specifications, methods, policies and procedures for **The Salt Suite®** franchise operations, including, but not limited to, proprietary salt therapy treatments; training and operational assistance, as well as advertising and promotional programs, all of which may be changed, improved upon and further developed from time to time;

**WHEREAS**, we, through our dedicated operations and marketing methods have developed the reputation, public image and goodwill of our System;

**WHEREAS**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark **The Salt Suite®** and such other trade names, service marks and trademarks as are now, and may hereafter be designated, for use in connection with the System (all of which are referred to as the “**Proprietary Marks**”), which Proprietary Marks are owned by us;

**WHEREAS**, you desire to operate a Franchised Business under the System and the Proprietary Marks and to obtain a license from us for that purpose, as well as to receive the training and other assistance provided by us in connection therewith;

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth in this Agreement, mutually agree as follows:

**1. GRANT OF FRANCHISE**

**A. Grant**. We grant to you, upon the terms and conditions contained in this Agreement, the right and license to (a) independently manage and operate one **The Salt Suite®** franchise in strict conformity with our quality control standards and specifications, as they may be changed, improved and further developed from time to time; (b) use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System), and in accordance with the marketing strategies that we establish for the System, and (c) do all of the things described in (a) and (b) above only at the Approved Location (defined below) selected by you and agreed to by us. You accept this license and agree to perform all of your obligations in connection therewith as set forth in this Agreement.

**B. Location for Franchise Premises**. You will operate your Franchised Business at the Franchise Location that we have approved as designated in Section 2 of **Schedule 1** to the Franchise Agreement. We base approval on our site selection criteria in our Manual. You must operate the Franchised Business only from the site we approve.

**C. Relocation of the Franchised Business**. We will not normally approve the relocation of the Franchised Business unless there is a material change in economic or other factors affecting your outlet. We will

not normally allow you to open additional outlets within your Protected Area. If you lose possession of the Location through no fault of your own, or if we give our approval, you may apply to us for our approval to relocate your business to another site in the designated area, provided such a site is available. We will approve or disapprove the relocation of your outlet, typically within 14 business days of your submission of the required site selection documents required by us.

**D. Options, Rights of First Refusal.** We do not grant options, rights of first refusal or similar rights to acquire additional franchises.

**E. Protected Area/Exclusive Territory.** There will be a “Protected Area” around your Franchised Business as defined by **Schedule 1**, Section 3. We may not alter your Protected Area without your consent, even if the population in your Protected Area increases. Your Protected Area will be an exclusive territory in which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks within the Protected Area of your Franchised Business.

**F. Not Exclusive for Marketing.** Because marketing efforts are difficult to limit to a specific area (for example, radio and internet do not follow geographic boundaries), your territory is not exclusive for marketing.

**G. No Required Sales Volume.** You are not required to achieve any particular sales volume or meet any other contingency to maintain your rights in the Protected Area.

**H. Advertising Limits.** Your advertising must be primarily focused in your territory unless we agree otherwise in writing. All marketing and advertising, including through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing must be approved by us, in writing, for each occurrence, in advance.

**I. Acceptance of Customers.** You may accept customers in your outlet who come for services without regard to where they reside.

**J. Non-Exclusive Designated Search Area.** Unless specified otherwise, we will provide you with a non-exclusive “Designated Search Area” as defined in Section 1 of **Schedule 1** of your Franchise Agreement within which you must locate your Franchised Business.

**K. Exclusive Designated Search Area.** If your Designated Search Area contains exclusive rights, while we will not license anyone the right to open or operate a Franchised Business that is physically located within that Exclusive Designated Search Area, this does not mean you can open or operate a Franchised Business anywhere within that Exclusive Designated Search Area. If a franchisee secures a location near your Exclusive Designated Search Area, and their associated protective radius (generally 1.5 miles) overlaps into your Exclusive Designated Search Area, you will not be able to locate an outlet within the protected radius that overlaps your Exclusive Designated Search Area. We will let you know of any existing outlets that have protective radius overlapping into your Exclusive Designated Search Area prior to execution of this agreement, but we make no warranties that a franchisee will not subsequently choose a location that creates a protective radius that overlaps into the Exclusive Designated Search Area.

**L. Protected Area Temporary Protection.** We will not define a Franchise Location or Protected Area until you have an executed lease. However, upon the submission of a fully executed Letter of Intent (“LOI”) to us for a proposed location for the Franchised Business that we have approved, we will create a temporary protected radius around said proposed location within which we will not locate any other Franchised Business. We will grant this protected radius for a period of up to 60 days to allow you to negotiate and finalize a lease for the proposed location. While you may have multiple fully executed LOI’s, we will only grant a protected radius around

one of the proposed locations you designate. This designation shall be made to us in writing, accompanied by the associated signed LOI, and we have up to 5 business days to accept such designation.

**J. Protected Area Defined.** Once the lease for the site is approved by us, fully executed, and submitted to us, we will then define the Franchise Location and associated Protected Area in Section 2 and Section 3 of the **Schedule 1** to the Franchise Agreement, which will supersede the temporary protected radius noted above.

**K. Lease Length.** You must sign a lease for a minimum of 10 years. You may only sign a lease shorter than 10 years if approved by us in writing.

**L. Our Rights in Protected Areas.** We and our affiliates also reserve the right in your Protected Area to:

a. Sell approved products and services, using our principal trademarks or different trademarks, through all alternative channels of distribution as we deem appropriate, including, but not limited to, the internet, the right to run a website advertise services, and sell products and services on that website under our Marks, without paying compensation to you for soliciting or accepting orders inside your territory.

b. Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area, provided that such other units do not operate under our Marks or similar Marks;

c. Develop and establish other business systems (including systems that distribute products or services similar to those offered at Salt Suite businesses) using other names or marks, and grant licenses to use those systems;

d. Engage and license others to engage in any other activities not expressly prohibited in the Franchise Agreement.

**M. No Rights to Alternate Channels of Distribution.** You understand that the Franchise Agreement grants you no rights: (i) to distribute such products through alternative channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing); or (ii) to share in any of the proceeds received by any party selling through alternative channels of distribution.

**N. Acceptance & Reimbursement Policies.** We reserve the right to establish policies and guidelines regarding the acceptance and reimbursement associated with gift certificates, gift cards, memberships, discounts, coupons, or promotions as set forth in our Manuals or otherwise in writing by us. For example, we reserve the right to establish policies relating to allocation of funds when a person buys a gift certificate from one outlet but it is redeemed in another outlet.

## **2. TERM AND RENEWAL**

**A. Initial Term.** Except as otherwise provided in this Agreement, the term of this Agreement will be for ten (10) years commencing on the Effective Date of this Agreement; provided, however, that if you lease the business premises, and the lease agreement for your business premises is terminated prior to the expiration of the term of this Agreement, we may, at our option, terminate this Agreement.

**B. Renewal Term.** You may renew for additional ten (10) year terms if you comply with the following:

1. You must give us written notice of your election to renew this Agreement not less than six (6) months nor more than twelve (12) months prior to the end of the current term of this Agreement;

2. At least four (4) months prior to the expiration of the current term of this Agreement, we will have the right to inspect the Franchised Business and give notice of all required modifications to the nature and quality of the services and products offered at the Franchised Business, your advertising, marketing and promotional programs, your financial and inventory control systems, and the renovating and remodeling necessary to comply



with our then-current standards and specifications and with the requirements of the lease for the Franchised Business. If you elect to renew this Agreement, then you shall complete, to our satisfaction, all such required modifications, as well as adopt and implement any new methods, programs, modifications, techniques or operational systems required by our notice no later than one (1) month prior to expiration of the current term of this Agreement;

3. You must not be in default of any provision of this Agreement, any amendment of or successor to this Agreement, or any other agreement between you and us or our subsidiaries, affiliates and suppliers. You must have substantially complied with all of the terms and conditions of such agreements during the terms thereof;

4. You must have satisfied all monetary obligations owed to us and suppliers and shall have timely met those obligations throughout the term of this Agreement;

5. You must execute upon renewal our then-current form of franchise agreement. The new franchise agreement shall supersede in all respects this Agreement and may differ from the terms of this Agreement, including, without limitation, the requirement of a higher percentage royalty fee and/or advertising contributions, and the term will expire in accordance with the renewal term as outlined above;

6. You must pay us a renewal fee equal to 25% of the initial franchise fee in effect at the time of your purchase of this franchise;

7. You, your owners, directors and officers must execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our respective officers, directors, agents and employees;;

8. You must present evidence satisfactory to us that you have the right to remain in possession of the premises where the Franchised Business is located for the duration of the renewal term;

9. You must refurbish the Franchised Business (if necessary) to conform to our then-current design and decor, trade dress, color scheme and presentation of trademarks and service marks consistent with the design concepts then in effect for new The Salt Suite® centers licensed to operate under the System; and

10. You must maintain and be in good standing with all necessary and applicable licenses and permits.

In the event that any of the foregoing conditions to renewal have not been met at least one (1) month prior to the expiration of the current term of this Agreement, then we will have no obligation to renew this Agreement and will give you at least thirty (30) days prior written notice of our intent not to renew this Agreement, which notice shall set forth the reasons for such refusal to renew. Your right to renew this Agreement is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of expiration, in addition to your compliance with the obligations described above. We have the right to extend the term of this Agreement for such period of time as we deem necessary in order to provide you with thirty (30) days' notice of our refusal to renew this Agreement.

### **3. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **A. Your Investigation of this Franchise.**

1. You acknowledge having received our Franchise Disclosure Document within the time period required by applicable law before you executed this Agreement or paid any consideration to us or an affiliate.

You further acknowledge that you have read this Agreement (including all Schedules) and our Franchise Disclosure Document and that you understand the terms of this Agreement (including all Schedules) and accept them as being reasonably necessary for us to maintain the uniformity of The Salt Suite® franchises and to protect the goodwill of the Proprietary Marks and the integrity of the System.

2. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

**B. Your Organization.** If you are a limited liability, corporation, partnership, or other legal entity:

1. You are duly organized and validly existing under the law of the state of your formation;

2. You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

3. The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement, and have been duly authorized;

4. You will provide to us, at our request, copies of your Operating Agreement, articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request;

5. **Schedule 2** accurately and completely describes all of your owners and their ownership interests in you as of the Effective Date. You agree to sign and deliver to us a revised **Schedule 2** to reflect any permitted changes in the information **Schedule 2** now contains (no ownership changes may be made without our prior written approval);

6. Each of your owners during the term of this Agreement will sign the Signature Page of this Agreement and agree to be personally bound by all of its provisions; and

7. You must, subject to our approval, designate at least one (1) of your owners as your “**Operating Principal.**” The Operating Principal must maintain direct or indirect ownership interest of not less than Ten Percent (10%) of the Franchised Business and must have full authority to bind you with respect to all operational decisions with respect to your Franchised Business. If you are an individual, you will perform all obligations of the Operating Principal. The Operating Principal must devote best efforts to the development and operation of the Franchised Business, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments (except other The Salt Suite® franchises operated under valid agreements with us) or otherwise may conflict with your obligations under this Agreement. If, at any time, your Operating Principal cannot fulfill its responsibilities under this Agreement, you must appoint a qualified replacement from among your owners, subject to our approval, to serve as the replacement Operating Principal. The Operating Principal must at all times be on-site or on-call or available to oversee the operations of the Franchised Business and meet our initial and ongoing requirements for serving as an Operating Principal.

**C. Legal Compliance.** In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself

of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement.

#### **4. DUTIES OF FRANCHISOR**

**A. Pre-Opening Obligations.** Our duties prior to the opening of the Franchised Business are as follows:

1. If the location for your Franchised Business has not been approved at the time you sign the Franchise Agreement, we will designate a geographic area within which the Franchised Business is to be located.

2. We will provide you our general criteria for The Salt Suite® locations. You will have three (3) months following the Effective Date of this Agreement to locate and receive our written approval of a site for the Franchised Business in accordance with the provisions of Section 6.B. We will review and approve or disapprove a site that you propose for the Franchised Business within thirty (30) days after we receive from you a complete site report and any other materials that we may require from time to time for assessing potential sites for The Salt Suite®. If you have not heard from us within such thirty (30) day period, the proposed site is deemed disapproved. The factors that will affect our approval are demographic characteristics of the proposed site location, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other The Salt Suite® centers), the nature of other businesses in proximity to the proposed site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of the premises, appearance and other physical characteristics of the premises, financing, building permits, zoning, local ordinances, and anticipated timetable for the installation of equipment, furniture and signs. Our approval of the proposed site as being suitable for a Franchised Business is not to be deemed to be a representation or warranty as to the likelihood of your success.

We will review and approve or disapprove the lease or sublease (or any modification or amendment) for the proposed site of the Franchised Business. You must obtain our approval of any lease or sublease (or any modification or amendment) for the site before you sign it, or any renewal of it. A condition to our approval of the lease or sublease is the execution by you, the landlord and us of the Lease Rider (**Schedule 3** to this Agreement). Our review and approval of the lease or sublease is solely to ensure that the lease or sublease contains terms that we accept or require for our benefit and the franchise system; it is not a substitute for careful review by you and your advisors. Our approval of the lease or sublease does not constitute a warranty or assurance that the lease or sublease contains terms and conditions for your benefit. You must deliver a copy of the signed lease or sublease to us within ten (10) days after it is signed by you and the landlord. You must open the Franchised Business for business within twelve (12) months from the Effective Date of this Agreement, unless otherwise agreed to in writing by us, or we may terminate this Agreement.

3. We will furnish you with mandatory and suggested specifications for The Salt Suite® center, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, supplies, signs and furnishings. You are solely responsible for developing and constructing the site for the Franchised Business, which includes without limitation applying the salt to the walls and the floors of each salt therapy treatment room, for all expenses associated with such construction, and for compliance with the requirements of any applicable federal, state or local law or ordinance. We will have a member of our corporate staff visit your site during its development and construction.

4. We will provide you with written specifications for the operation and management of the Franchised Business, as well as our lists of approved suppliers.

5. The initial training is mandatory for you (or your Operating Principal) and/or your approved Designated Manager and must be successfully completed before opening the Franchised Business. The initial training program will be held at such location as we designate, and will consist of approximately one week of classroom training and two to three weeks of on-the-job training. You (or your Operating Principal) and/or your Designated Manager or other approved key personnel shall attend and successfully complete the initial training program in its entirety. We will be responsible for training and materials only. You and your employees shall be responsible for all meals, travel, lodging and other expenses incurred in attending the initial training program. Initial training is conducted by us and/or our designee. There is no fee for you (or your Operating Principal) and two members of your staff to attend the initial training program. Additional persons may attend initial training, with our consent, for a fee of \$1,500 per person.

At our sole discretion, we will make available other ongoing continuing education and training programs, meetings or seminars (on an optional or mandatory basis), as we deem appropriate. We may also host one (1) or more conventions per calendar year, as well as conference telephone calls, which may include education and training. All additional training programs, meetings, seminars, conventions and conference telephone calls provided by us shall be subject to the terms and conditions set forth in Section 6.G. of this Agreement. You and your designated employees must attend and successfully complete all mandatory ongoing continuing education and training programs, and must attend all meetings, seminars, conventions and conference telephone calls, as we may require, and you are responsible for all expenses, which may include travel, lodging, and meals, as well as for the payment of any additional training fees in connection with such additional training, as we may reasonably require.

6. At the time your Franchised Business is ready to open for business, a member of our corporate staff will travel to your location to provide you approximately five (5) days of additional training, which includes pre-opening and opening assistance to familiarize you and your staff with our techniques and methods of operation. You are not required to pay a fee in connection with such on-site assistance, but you are responsible to pay for all travel and living expenses that we incur in traveling to your Franchised Business in order to provide such opening assistance. If you request additional assistance with respect to the opening of your Franchised Business or its continued operations, and if we deem it necessary and agree to provide such additional assistance, you shall pay \$500 per day, in addition to our expenses, for providing such additional assistance.

7. We will loan you (or provide access to) a single set of our Operations Manuals (the “**Manual**” or “**Manuals**”), which shall include specifications for equipment, supplies, inventory, management and operation of the Franchised Business. The Manual may consist of one (1) or more separate manuals and other materials as designated by us and may be in written or electronic form. The Manual is confidential and shall remain our property at all times.

**B. Post-Opening Obligations.** Our obligations following the opening of the Franchised Business are as follows:

1. We will provide the general advisory assistance and field support deemed by us, in our discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business.

2. We will continue our efforts to establish and maintain high standards of quality, customer satisfaction and service.

3. We will provide updates, revisions and amendments to our Manual, which may be provided to you from time to time. We may modify the Manual from time to time, but these modifications shall not alter your fundamental status and rights under this Agreement.

4. We will, on a periodic basis as we deem advisable, conduct inspections of the Franchised Business and its operations, and evaluations of the methods and the staff employed therein.

5. We will, in our discretion, furnish guidance to you with respect to: (a) specifications, standards operating procedures, including provided suggested retail prices; (b) purchasing approved equipment, fixtures, signs, inventory and operating materials and supplies and (c) development and implementation of Local Marketing and promotional programs. Such guidance will, in our discretion, be furnished in the Manual, bulletins, written reports and recommendations, other written materials, refresher training programs and/or telephonic consultations or consultations at our office.

6. At your request, or if we in our sole discretion deem it necessary, we will provide you additional refresher or continuing training and operational assistance. You are required to pay any costs we incur in connection with providing such training. We also reserve the right to charge you our then-current supplemental training fee, which as of the date of this Disclosure Document is \$500 per person per day. We may, in our sole discretion as we deem necessary, require you or any employee of the Franchised Business to participate in, at your expense, such refresher training programs at locations we designate.

7. At your request, or if we in our sole discretion deem it necessary, we may periodically furnish you the services of a representative, whether in person or telephonically or via consultations held at our office, to provide additional operating assistance.

We have exclusive right and authority to post and maintain The Salt Suite® internet website, social media websites, google locations, and related websites, and your use, or participation in such websites, if any, will be exclusively under our supervision and authority.

C. **Delegation of Performance.** You agree that we have the right to delegate performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## 5. **FEES**

A. **Initial Fees.** You agree to pay to us the following Initial Fees:

### Franchise Fee

The initial franchise fee for a single Franchised Business is \$42,000, payable in full upon execution of the Franchise Agreement (the "**Initial Franchise Fee**"). We offer a 10% discount on the Initial Franchise Fee for an honorably discharged U.S. Veteran.

### Delayed Opening Fee

We reserve the right to approve and charge you a \$500 per month fee to extend the opening date of your franchise beyond the 365 days allowed by the franchise agreement

### Refundability of Initial Fees

The Initial Fees and nonrefundable when paid.

B. **Royalty Fees.** You will pay to us a continuing nonrefundable monthly royalty fee (the "Royalty Fee") equal to 8% of your monthly Gross Revenue, subject to a minimum \$500 per month Royalty Fee, which such minimum royalty will apply beginning the third month after opening.

**C. Initial Marketing Spend.** You must spend \$10,000 - \$16,000 to promote the opening of your Franchised Business during the first 60 days of operations, pursuant to our specifications. We may require you to submit expenditure report(s) to us, accurately reflecting your Initial Marketing Spend.

**D. Local Marketing Requirement.** For each month during the term of the Franchise Agreement, you agree to make expenditures related to local marketing, pursuant to our guidelines pursuant to the following formula:

<b>Membership Count of Your Outlet</b>	<b>Local Marketing Spend Requirement</b>
125 members or fewer	The greater of 4% of Gross Revenues or \$2,000 per month
Over 125 members	The greater of 4% of Gross Revenues or \$1,000 per month

**E. Brand Development Fee.** You agree to pay to us a Brand Development Fee in the amount of 2% of your Gross Revenue per month (the “**Brand Development Fee**”). We may increase the Brand Development Fee up to 5% of monthly Gross Revenue.

**F. Suite Management Software Fees.** You agree to reimburse us the cost of any proprietary software that we furnish to you and pay any designated vendors directly for any proprietary software you purchase or license from them. At present, this fee is \$445 per month but may change as third party costs change.

**G. Technology Fee.** You agree to pay to us a Technology Fee of \$125 per month.

**H. Annual Convention Fee.** You agree to pay to us an Annual Convention fee up to \$495 per person and attend our Annual Convention. If you do not attend, you agree to pay to us \$1,000 which we pay into the Brand Development Fund.

**I. Client Refunds.** If you do not resolve a client service complaint and we believe a reasonable basis exists for a refund to the client all or a portion of the client’s fees, we may pay the client directly and bill you, and this includes monies owed on gift certificates. You agree to pay the charges.

**J. Sales, Excise or Gross Receipts Tax.** If required by the federal government, state or locality in which your Franchised Business is located, the initial franchise fee, royalties, Brand Development Fee, products and possibly other services, products or fees may be subject to sales, excise, gross receipts or similar type tax, which you agree to pay for or reimburse to us.

**K. Failure to Comply Fee.** You agree that it is in the best interests of the System that all franchisees comply with the standards and specifications outlined in the Operations Manual. Accordingly, if you breach any provision of this Agreement (whether it be curable or non-curable), breach any of the terms, conditions, or policies outlined in the Operations Manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, suppliers, or vendors, in addition to all other rights or remedies we may have under this Agreement and applicable law, we shall have the right to charge to you a Failure to Comply Fee. In addition to your cost to come into compliance, you shall pay us a Failure to Comply Fee of \$500 for your first breach, \$1,000 for your second breach, and \$2,500 for your third breach and any other breach thereafter. Payment of any Failure to Comply Fee shall be due immediately upon your receipt of notice from us that we are charging you the respective Failure to Comply Fee. This fee helps to defray our administrative and corporate costs related to the breach and remedy. Your payment of a Failure to Comply Fee does not affect our right to terminate this Agreement if termination is permissible based on the terms of this Agreement.

**L. Payment Services Fee.** If you make a payment to us or our affiliate with a credit card for any fee owed we may charge up to 3.75% of the total charge as a payment service fee.

**M. Music and Media.** You must use the designated vendor we specify for your music and media systems, library, including a designated channel or clearinghouse for music and other media. You agree to pay your pro rata share of music licensing or other fees charged to provide music and media for use in your outlet.

**N. Management Fee.** In the event we choose to operate your Franchised Business, at our option, in order to avoid interruption of business operations, due to your death, mental incapacity or other disability, or we elect to purchase the business assets upon expiration or termination of the Franchise Agreement, or you operate the Franchised Business in a manner that presents a danger to the health or safety of any person, or for any other reason, you will be required to pay us a Management Fee in the amount of 10% of your monthly Gross Revenue, in addition to any expenses we incur. The Management Fee will be payable to us in addition to any other Royalty Fee or Brand Development Fee, or any other funds to which we are entitled.

**O. Late Fees and Interest.** If, at any time, we debit your account for payment of any fees or other amounts owed to us (the “**Monthly Fees**”), and there are not sufficient funds in your account to pay such amount, or your bank refuses to clear the withdrawal in our favor, the unpaid amount will be considered late. Any required report not timely received by us will also be considered late. We will assess a late fee of \$100 for any payment is delinquent or report or item is not timely received. In addition, all overdue amounts will bear interest, until paid, at the rate of 1.5% per month, or the highest rate permitted by applicable state law, whichever is less (the “**Default Rate**”). Interest shall be calculated on a daily basis.

**P. Payment Procedures.** All monthly payments and any late fees and interest charges required by this Agreement shall be paid through our direct debit program on the fifth calendar day each month, or such other payment method as prescribed by us, following the preceding month for which the applicable fee is being paid throughout the term of this Agreement. You agree to execute the Electronic Funds Transfer (EFT) Authorization attached as **Schedule 4** to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer (“**EFT**”) for payment of the Monthly Fees and other amounts due us under this Agreement, at the time such amounts become due and payable under this Agreement. Should any EFT not be honored by your bank for any reason, you agree that you will be responsible for that payment and any service charge. If any payments are not received when due, interest and late fees may be charged in accordance with Section 5.I. Upon written notice to you, we may designate another method of payment.

**Q. Definition of Gross Revenue.** “**Gross Revenue**” is defined as all sales generated through the Franchised Business including, but not limited to, fees for any services or products sold by you, whether for cash or credit (and regardless of collectability), proceeds received by you in connection with any business interruption insurance, and income of every kind or nature related to the Franchised Business including barter and trade; provided, however, that “**Gross Revenue**” shall not include the price of services or products credited to or returned by clients and any sales tax or other taxes collected from clients by you for transmittal to the appropriate taxing authority, nor shall it include discounts attributable to coupon purchases.

**R. Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you owe us against any amounts we might owe you.

**S. Payment Offsets.** We may set off from any amounts that we may owe you any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Monthly Fees, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services, or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your

account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you. You do not have the right to offset payments owed to us for amounts purportedly due to you from us or our affiliates.

## **6. YOUR DUTIES**

**A. Compliance with System.** You agree to comply with your duties in here, the Operations Manual, and such other guidelines and specifications as we may issue.

**B. Site Selection.** You will have three (3) months following the Effective Date of this Agreement to locate and receive our written approval of a site for the Franchised Business in accordance with the provisions of Section 6.B. You must open the Franchised Business within twelve (12) months from the Effective Date of this Agreement, unless we grant you an extension, which we may choose to grant in our sole discretion. You acknowledge that the selection, procurement and development of a site for the Franchised Business is your responsibility. You may choose to engage a licensed commercial real estate broker in connection with the selection and acquisition of a site for the Franchised Business (in addition to any other professionals you may choose to consult or engage), and you are solely responsible for the amount of any commissions due to said real estate brokerage firm(s) and not otherwise paid by the landlord of the premises.

You must obtain our approval of the lease or sublease (or any modification or amendment) for the site prior to you executing said lease or sublease. We will not review the form of lease or sublease for the site unless you deliver to us a copy of the lease or sublease and our standard Lease Rider (which shall have been signed by the landlord). Our review of the lease or sublease shall be limited, and you may not rely on our acknowledgment that the lease or sublease satisfies our requirements to signify that we have approved the terms and provisions of the lease or sublease in all respects. It is up to you and the professionals (e.g. attorneys, consultants, etc.) you hire to make that judgment. You agree to obtain all necessary consents, approvals and signatures from the landlord or lessor for the site. You will not subsequently modify, extend or otherwise alter the terms and conditions of the lease or sublease without our prior written approval. You must deliver a copy of the signed lease or sublease to us within ten (10) days after it is signed by both you and the landlord. You agree to abide by the terms of said lease or sublease.

**C. Construction and Buildout.** You are solely responsible for developing and constructing the site for your Franchised Business, for all expenses associated with it, and for compliance with the requirements of any applicable federal, state or local law or ordinance. You must obtain all building, utility, sign, health and business permits and licenses and any other permits and licenses required for the build-out and operation of The Salt Suite® center and provide evidence to us upon our request that all such permits have been obtained. We may furnish you with mandatory and suggested specifications and layouts for The Salt Suite®, including requirements for dimensions, design, color scheme, image, interior and exterior layout, décor, fixtures, equipment, signs and furnishings. Alternatively, at our election and at your expense, you may engage an interior designer selected by us to assist you with the dimensions, design, color scheme, image, interior and exterior layout, décor, fixtures, equipment, signs and furnishings. You shall, at your expense, have an architect prepare all required construction plans and specifications to suit the shape and dimensions of the site and to ensure that such plans and specifications comply with applicable ordinances, building codes, permit requirements, lease requirements and restrictions, and the mandatory specifications and layout provided by us.

You acknowledge that design quality is important to us and that we have the right to review and accept all plans and specifications and to confirm that construction is completed in conformance with our standards and specifications for The Salt Suite® centers. You will use in the development and operation of your Franchised Business only those (and each of those) brands, types and/or models of equipment, including the salt generators, and supplies, including the type of salt, furniture, fixtures and signs specified by us and using only suppliers designated or approved by us, which may include and/or be limited to us and/or our affiliates. You will purchase



and install all equipment, signs, furniture, fixtures including any computer equipment, audio and video integrated camera system, television and audio equipment, salt generators, and other equipment as we reasonably require.

**D. Opening Date.** You must complete construction and begin operations of the Franchised Business within one (1) year from the date that you sign the Franchise Agreement. You may not open the Franchised Business to the public until you have received our prior written approval. You acknowledge that time is of the essence. Before the opening date, you must complete all exterior and interior preparations for the Franchised Business, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications we have approved, and you must comply with all other pre-opening obligations. In addition, you must obtain all required governmental licenses and permits necessary to operate The Salt Suite® center. If you fail to comply with any of these obligations, we have the right to prohibit you from opening your Franchised Business.

**E. Initial Training.** In accordance with the terms and conditions set forth in Section 4.A. above, you (or your Operating Principal) and your Designated Manager or other key personnel must attend and complete to our reasonable satisfaction our initial training program prior to the opening of the Franchised Business.

**F. Supervision Requirements.** The Franchised Business shall at all times be under the direct, on-premises supervision of you (or your Operating Principal), or the supervision of a manager approved by us who: (a) has attended and successfully completed our training program(s); and (b) will devote his or her full time and energy during business hours to the supervision and management of the Franchised Business (the "**Designated Manager**"). You (or your Operating Principal) must at all times remain active in overseeing the operations of your Franchised Business. Unless we approve otherwise, your Operating Principal must have and retain at least ten percent (10%) ownership in the Franchised Business. You (or your Operating Principal) or your approved Designated Manager are required to be directly involved in the day-to-day operations of the Franchised Business. Notwithstanding anything to the contrary contained herein, you (or your Operating Principal) must participate in the Franchised Business as follows:

1. You must submit an initial business plan for the Franchised Business prior to commencing operations and on an annual business plan for each year thereafter. You also must submit annual financial statements, which shall include an income statement and balance sheet, prepared in accordance with generally accepted accounting principles, within 30 days of fiscal year end, and tax returns for an entity franchisee within 10 days of filing the federal return;
2. You must be directly responsible for all accounting, reporting and bookkeeping;
3. You (and your approved Designated Manager if you will not be the on-site supervisor) must attend initial training and ongoing training courses that may be required by us;
4. You must attend any meeting of franchisees that is called by us;
5. You must be directly involved with the site selection, construction, remodeling and all financial components of the Franchised Business;
6. You and/or your approved Designated Manager (who is your employee) must be directly involved in all personnel decisions; and
7. You must comply with and be subject to all reasonable supervision of your Franchised Business by us in accordance with our operating policies and procedures, including, but not limited to, inspections, reports, and guidance.

**G. Ongoing Training.** You will cause your Operating Principal and/or Designated Manager to attend and complete, to our reasonable satisfaction, such special programs or periodic additional training as we may require in writing from time to time. We reserve the right to charge you a fee in connection with such ongoing, or refresher, training, which as of the date of this Disclosure Document is \$500 per person per day. You and/or your manager shall be responsible for any and all other expenses incurred in training, including, without limitation, the costs of meals, entertainment, lodging, travel, laundry and wages.

**H. Operation of the Franchised Business.** You must: (a) use the Franchised Business solely for the operation of the Franchised Business that is licensed by this Agreement in strict accordance with the Manual; (b) keep the Franchised Business open and in normal operation for such minimum hours and days as we may from time to time prescribe; and (c) refrain at all times from using or permitting the use of the premises of the Franchised Business for any other purpose or activity other than as contemplated by this Agreement without first obtaining our written consent.

**I. Maintenance.** You must continuously maintain the Franchised Business in the highest degree of sanitation, repair and condition as we may reasonably require, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but not without our prior written consent) as may be required for that purpose, including without limitation, such periodic renovations, redecorating, replacement of inventory and replacement of obsolete signs, fixtures or materials as we may reasonably direct, or as otherwise required under the lease for the Franchised Business. The expense of such maintenance shall be borne by you and shall be in addition to any expenditures you are required to make under Section 6.L. (Design Modifications) and Section 6.N. (System Modifications).

**J. Safety Standards.** You must meet and maintain the highest safety standards and ratings applicable to the operation and management of the Franchised Business and its personnel as we may reasonably require.

**K. Working Capital.** You must meet and maintain sufficient levels of working capital for use in connection with the management and operation of the Franchised Business as we may reasonably require.

**L. Design Modifications.** You must conform to our requirements with regard to alterations, remodeling, upgrading or other improvements to the site of your Franchised Business. You will be required to make these alterations and upgrades from time to time during the term of your franchise and any renewal terms in accordance with our standards for new Franchised Businesses. However, you agree to abide by our minimum requirement that at our request, which in no event will be made more than once every five (5) years, except as otherwise provided in this Agreement, you must refurbish the Franchised Business, at your expense, to conform to the then-current The Salt Suite® design and decor, trade dress, color scheme and presentation of trademarks and service marks consistent with the design concepts then in effect for new The Salt Suite® franchises licensed to operate under the System and in accordance with the Manual, including, without limitation, such structural changes, remodeling, redecoration and other modifications to existing improvements as we deem necessary.

**M. Compliance with Uniform Standards.** You must operate the Franchised Business in strict conformity with such uniform methods, standards and specifications as we may from time to time prescribe for The Salt Suite® franchises to ensure that the highest degree of quality service is uniformly maintained. You must conduct your business in a manner that reflects favorably at all times on the System and the Proprietary Marks. You further agree that any advertising, promotion, and marketing you conduct will be completely clear and factual and not misleading. You shall at no time engage in deceptive, misleading or unethical practices, or conduct any other act which may have a negative impact on our reputation and goodwill or that of any other franchisee operating under the System. Pursuant to this ongoing responsibility, you agree:

1. To sell or offer for sale products and services required by us, utilizing the method and manner that we prescribe in writing, in the Manual or otherwise;

2. To maintain in sufficient supply, as we may prescribe in the Manual or otherwise in writing, and use at all times only such products and supplies as conform to our standards and specifications as contained in the Manual, as revised and updated from time to time and to refrain from deviating therefrom without our prior written consent;

3. To sell or offer for sale only such services and products as meet our uniform standards of quality and quantity which have been expressly approved for sale in writing by us in accordance with our methods and techniques; to sell or offer for sale all approved items; to refrain from any deviation from our standards and specifications for serving or selling such services or products; and to discontinue selling and offering for sale any such services or products as we may, in our sole discretion, disapprove in writing at any time;

4. To lease or purchase and install, at your expense, all equipment, fixtures, furnishings, and signage as we may reasonably specify from time to time in the Manual or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Franchised Business without our prior written consent any equipment, fixtures, furnishings, signs, cards, promotional literature, or other items not previously specifically approved as meeting our standards and conforming to our specifications;

5. To purchase and maintain any and all signs and signage for use at the Franchised Business, whether for interior or exterior use, in conformity with our quality control standards and specifications;

6. To maintain at all times a staff of competent, conscientious and trained employees sufficient to operate your Franchised Business in compliance with our System and standards and any applicable governmental, licensing and labor laws. You are solely responsible for training all of your employees and ensuring they are fully trained to perform their duties. You are solely responsible for hiring, firing, compensating, paying applicable payroll taxes and day-to-day supervision and control over your employees; and

7. To maintain all licenses and permits in good standing.

**N. Modification of the System.** We have the right to change or modify the System from time to time, including, without limitation, the adoption and use of new or modified Proprietary Marks or copyrighted materials, and new or computer hardware, software, equipment, inventory, supplies or techniques. You will promptly comply with any such changes in, or additions to, the System and will make such expenditures as such changes, additions or modification in the System may require. Any required expenditure for changes or upgrades to the System will be in addition to expenditures otherwise required pursuant to this Section 6.

**O. Variance.** We have the right, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of a particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which we deem to be of importance to the successful operation of any particular The Salt Suite® center. We will not be required to disclose or grant to you a like or similar variance hereunder.

**P. Designated and Approved Products and Suppliers.**

1. You acknowledge that the reputation and goodwill of The Salt Suite® System is based in large part on offering high quality services to our customers. Accordingly, you shall provide or offer for sale for use or consumption at the Franchised Business only those items and services that we from time to time approve (and which are not thereafter disapproved) and that comply with our specifications and quality standards. If required by us, any such services or items shall be purchased only from "**Approved Suppliers**" that we designate or approve (which might include and/or be limited to us and/or our affiliates). You shall not offer for sale, sell or provide through the Franchised Business or from the site any services or products that we have not approved.

2. We will provide you, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of these items and may from time to time issue revisions thereto. If you desire to utilize any services or products that we have not approved (for those services and products that require supplier approval), you must first send us sufficient information, specifications and/or samples for us to determine whether the product or service complies with our standards and specifications, or whether the supplier meets our Approved Supplier criteria.

3. You will bear all reasonable expenses incurred by us (which are estimated to range from \$500 to \$2,000) in connection with determining whether we will approve an item, service or supplier. We will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether you may purchase or lease such services or items or from such supplier. Approval of a supplier may be conditioned on requirements related to the frequency of delivery, standards of service, consistency, reliability and general reputation. Nothing in this Section will be construed to require us to approve any particular supplier, or to require us to make available to prospective suppliers, standards and specifications that we, in our discretion, deem confidential.

4. Notwithstanding anything contrary in this Agreement, we have the right to review from time to time our approval of any items, services or suppliers. We may revoke our approval of any item, service or supplier at any time, in our sole discretion, by notifying you and/or the supplier. You shall, at your own expense, promptly cease using, selling or providing any items or services disapproved by us and shall promptly cease purchasing from suppliers disapproved by us.

5. We have the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as we determine, including, but not limited to, franchisee qualifications, test marketing and regional or local differences. We have the right, in our sole discretion, from time to time to give our consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 6.O. and will not create any rights in you to provide the same services or products.

6. We or our affiliates have the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. You will have no entitlement to or interest in such benefits, unless otherwise agreed to by us in writing.

**Q. Market Research.** We may conduct market research and testing to determine consumer trends. You agree to participate in such market research programs as may be conducted by us, in our sole discretion, by test marketing new service or product items in the Franchised Business. You agree to provide us with timely reports and other relevant information regarding market research.

**R. Inspection of Premises.** You must permit us or our agents or representatives to enter upon the premises of the Franchised Business at any time with or without prior notice to you, for purposes of conducting inspections, taking photographs and interviewing employees and customers. You will cooperate fully with us or our agents or representatives in such inspections by rendering such assistance as they or we may reasonably request. Upon notice from us or our agents or representatives, and without limiting our other rights under this Agreement, you shall take such steps as may be necessary to immediately and diligently correct any deficiencies detected during such inspections, including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies or other items that do not conform to our then-current specifications, standards or requirements. In the event you fail or refuse to correct such deficiencies, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at your sole expense which you agree to pay upon demand.

**S. Proprietary Methods.** You acknowledge and agree that we have developed certain services, products, operational systems and management techniques and may continue to develop additional proprietary methods and techniques and products for use in the operation of the Franchised Business which are all highly confidential and which are our trade secrets. Because of the importance of quality control, uniformity of services and products and the significance of such proprietary products in the System, it is to the mutual benefit of the parties that we closely control the dissemination of this proprietary information. Accordingly, you agree that in the event such information and techniques become a part of the System, you will comply with and strictly follow these techniques in the operation of your Franchised Business and shall purchase from us or from an approved or designated source any supplies or materials necessary to protect and implement such techniques.

We are continually creating and developing special procedures, standards and methods for operating and maintaining The Salt Suite® centers, which are incorporated in our Manual. You shall ensure that your Franchised Business is developed and operated solely in accordance with our requirements and specifications as set forth in the Manual, as may from time to time be made known to you.

**T. Development of the Market.** You must at all times use your best efforts to promote and increase the sales and consumer recognition of the products and services offered at the Franchised Business pursuant to the System and the Manual and to devote your best efforts in controlling the Franchised Business, its managers, assistants and employees.

**U. Display of Proprietary Marks and Logos.** You must display our Proprietary Marks and logos at the Franchised Business, on uniforms and otherwise in the manner prescribed by us. The color, design and location of said displays shall be specified by us and may be changed from time to time in our sole discretion. Specifically, you must conspicuously display to clients the sign or notice designated by us which will serve to notify and inform third parties that we are engaged in the business of franchising and which will provide sufficient information to enable third parties to contact us to inquire about prospective franchises. You must not display any signs or posters at the premises or elsewhere without our prior written consent.

**V. Computer Systems.** You must purchase and use, at your sole cost, such computer hardware and software systems as we specify.

**W. Supplemental Marketing Programs.** You acknowledge that (a) supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management and other supplement marketing programs) are an integral part of the System; and (b) you will be required to participate in (and comply with) such supplemental marketing programs established by us from time to time. You acknowledge that you may be responsible for the payment of certain costs associated with these supplemental marketing programs. We reserve the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through a supplement and/or modification to the Manual other written directive.

**X. Entity Name Requirements** You may not use the words “Salt” or “Suite” or any confusingly similar words, as any part of the name of a corporation, LLC or other entity. However, “Salt Suite” followed by your entity number, or such other designation as we shall specify, shall be your “doing business as” name for an entity which owns this franchise, sometimes also called your “assumed name,” “trading as” name, or “fictitious name.”

## **7. PROPRIETARY MARKS**

**A. Grant of License.** We grant you the right and license to use the Proprietary Marks in connection with the operation of your Franchised Business and the provision of authorized services and products to your customers. We represent, with respect to the Proprietary Marks, that: (a) we have, to the best of our knowledge, all right, title and interest in and to the Proprietary Marks; (b) we shall take all steps, which we deem reasonably

necessary, to preserve and protect the ownership and validity of such Proprietary Marks; and (c) we will use and license you and other franchisees to use the Proprietary Marks only in accordance with the System and the operating standards and quality control specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

**B. Conditions for Use.** With respect to your use of the Proprietary Marks pursuant to the license granted under this Agreement, you agree that:

1. You must use only the Proprietary Marks designated by us and shall use them only in the manner required or authorized and permitted by us.

2. You must use the Proprietary Marks only in connection with the right and license to operate the Franchised Business granted under this Agreement.

3. During the term of this Agreement and any renewal of this Agreement, you must identify yourself as a licensee and not the owner of the Proprietary Marks and shall make any necessary filings under state law to reflect such status. In addition, you must identify yourself as a licensee of the Proprietary Marks on all invoices, order forms, receipts, business stationery and contracts, as well as at the Franchised Business on a sign that is conspicuously displayed to clients.

4. Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the Manuals, and any unauthorized use thereof shall constitute an infringement of our rights and grounds for termination of this Agreement.

5. You may not use the Proprietary Marks to incur or secure any obligation or indebtedness.

6. You may not use the Proprietary Marks as part of your corporate or other legal name.

7. You must comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and must execute any documents our counsel or we deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

8. In the event that you become aware of any infringement of the Proprietary Marks or if your use of the Proprietary Marks is challenged by a third party, then you are obligated to immediately notify us, and we will have sole discretion to take such action as we deem appropriate. You will cooperate and assist as required by us in any enforcement activities or litigation as we deem necessary to fully protect all our interests in the Proprietary Marks, including any state and federal trademark and service mark registrations for the Proprietary Marks, or to protect the System. If we determine that no action to protect the Proprietary Marks is necessary, then you may take any action you deem necessary to protect your own interest, at your own expense.

9. We reserve the right to change, revise, or substitute different Proprietary Marks and trade names for use in identifying the System and the products and services used or sold at the Franchised Business, if the Proprietary Marks or trade name no longer can be used, or if we, in our sole discretion, determine that substitution of different trademarks or trade names will be beneficial to the System. In such circumstances, the use of the substituted trademarks will be governed by the terms of this Agreement. You will modify or discontinue the use of any such name or mark, within a reasonable time after receiving notice, and use such additional or substitute name or mark, and shall be responsible for the tangible costs (such as replacing signs and materials) of complying with this obligation. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Mark or for any expenditure you make to change names or marks or to promote a modified or substitute name or mark.

**C. Acknowledgements.** You expressly understand and acknowledge that:

1. We are the owners of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.
2. The Proprietary Marks are valid and serve to identify the System and those who are licensed to operate The Salt Suite® franchise in accordance with the System.
3. Your use of the Proprietary Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Proprietary Marks, except the nonexclusive license granted in this Agreement.
4. Any and all goodwill arising from your use of the Proprietary Marks and/or the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks.
5. The license and rights to use the Proprietary Marks granted by this Agreement to you are nonexclusive, and we may: (a) ourselves use, and grant franchises and licenses to others to use, the Proprietary Marks and the System; (b) establish, develop and franchise other systems, different from the System licensed to you in this Agreement, without offering or providing you any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Proprietary Marks or the System, so long as your rights thereto are in no way materially harmed thereby.
6. We reserve the right to substitute different trade names, trademarks and service marks for use in identifying the System, the Franchised Business and other The Salt Suite® franchises operating thereunder, all of which shall become Proprietary Marks.
7. We shall have no liability to you for any senior users that may claim rights to the Proprietary Marks.
8. You shall not register or attempt to register the Proprietary Marks in your name or that of any other person, firm, entity or corporation.
9. You shall not establish a website on the Internet using any domain name or uniform resource locator containing any of the Proprietary mark or the word The Salt Suite® or any variation thereof without our prior written consent. We retain the sole right to advertise on the Internet and to create and maintain a website using the “The Salt Suite®” domain name. We are the sole owner of all right, title and interest in and to such domain names as we may designate in the Manual or otherwise in writing.

**8. OPERATIONS MANUAL**

**A. Compliance.** In order to protect our reputation and goodwill and to maintain uniform standards of operation in connection with the Proprietary Marks, you shall conduct your business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed in the Operations Manual (“Manual”) and any supplemental bulletins or notices which shall be deemed a part thereof. We shall provide access to you to a Manual while this Agreement is in effect.

**B. Use.** You agree to immediately adopt and use the Manual. You acknowledge that we are the owner or licensee of all proprietary rights in and to the System and the Manual.

C. **Confidentiality.** You acknowledge and agree that the Manual is proprietary, include trade secrets belonging to us, and are disclosed to you or authorized for your use in the operation of the Franchised Business, solely on the condition that you agree, and you therefore do agree, to treat the Manual as proprietary and confidential. You shall use all reasonable efforts to maintain such information as confidential.

D. **Access.** Access to the Manual must be accorded maximum security consistent with your need to make frequent reference thereto. You shall strictly limit access to the Manual to employees who have a demonstrable and valid need to know the information contained therein in order to perform their duties.

E. **Duplication.** You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce in any manner any part of the Manual, amendments or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.

F. **Updates or Revisions.** We have the right to amend the Manual from time to time to adjust for competitive, legal, or technological changes or attempt to improve in the marketplace. You agree to abide by such amendments.

## 9. **CONFIDENTIAL INFORMATION**

A. **Definition.** “Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Franchise Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise system, Customer Data, all other materials relating to our Franchise system that are not a matter of public record, and all information generated during the performance of the Franchise Agreement.

B. **Confidentiality.** You will not directly or indirectly disclose, publish, disseminate or use our Confidential Information except as authorized herein. You may use our Confidential Information to perform your obligations under this Agreement, but in doing so will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information.

C. **Return of Information.** Upon termination or expiration of this Agreement, you will return to us all of our Confidential Information embodied in tangible form, and will destroy, unless otherwise agreed, all other sources that contain or reflect any such Confidential Information. Notwithstanding the foregoing, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

D. **Customer Data.** We retain all right, title, and interest in and to the Customer Data during and after the term of this Agreement, provided that you use the Customer Data during the Term of this Agreement as permitted by this Agreement or our Manual, and in accordance with law. “Customer Data” means any and all information about Customers that may be collected in connection with their use of your franchise services, including, but not limited to, name, telephone number, address and email address.

E. **Intellectual Property Ownership.** We own the Franchise system and all intellectual property associated with it. To the extent you have or later obtain any intellectual property, other property rights, or interests in the Franchise system by operation of law or otherwise, you hereby disclaim such rights or interests and will promptly assign and transfer such entire interest exclusively to us. You will not undertake to obtain, copyright, trademark, service mark, trade secret, patent rights or other intellectual property right with respect to the Franchise system.



**F. Suggestions.** You agree that we may incorporate into our business operations any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else and we shall have sole rights and title to such suggestions.

**G. Performance Data.** You agree that we may share performance data from your Franchised Business between our employees, franchisees and their employees. You agree to keep such performance data confidential.

## **10. ACCOUNTING, INSPECTIONS AND RECORDS**

**A. Maintenance of Books and Records.** You shall maintain during the term of this Agreement and shall preserve for not less than seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with the System and in the form and manner prescribed by us in the Manual or otherwise in writing from time to time.

**B. Monthly Reports.** During the term of this Agreement, we shall have the right to access your POS System and retrieve monthly statements of your Gross Revenue during the preceding month, together with such other data or information as we may require. If your POS System is not functioning due to your failure to pay the monthly charges for the POS System, and we are unable to retrieve such reports, a Late Fee will be assessed for untimely submission in accordance with Section 5 above.

**C. Financial and Related Reporting.** During the term of this Agreement, you shall, at your expense, submit to us, on such forms that we prescribe from time to time:

1. Within 30 days of the completion of your fiscal year, an annual financial statement, which shall include an income statement and balance sheet prepared in accordance with generally accepted accounting principles; and
2. Within 10 days of filing of your tax returns, copies of all federal and state tax returns.

**D. Other Submissions.** You shall also submit to us such other forms, and other reports, including such information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Manual or otherwise in writing, at any time during the term of this Agreement. If not timely received by us, a late fee will be assessed pursuant to Section 5 above.

**E. Audit/Inspection.** We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. This includes the right to send in secret shoppers. And this also includes the right to inspect and copy all tax returns and bank statements that may show revenues from the Franchised Business. We also have the right to require that you implement a plan to resolve issues that we discern from any review we conduct.

If an inspection should reveal that any payments to us have been understated in any report to us, then you shall immediately pay to us, upon demand, the amount understated plus and interest calculated at the Default Rate on a daily basis. If any inspection discloses an understatement in any report of 2% or more, you shall, in addition to the payment of interest thereon, you shall also pay to us our daily audit charge, presently \$500 per day.

**F. Time Frame to Furnish Documents.** If, as part of a review of your business operations, we request a copy of any business records related to the Franchised Business, you must send us at your expense these records within five (5) business days of receiving our request.

**G. Independent Access to Information.** You agree that we have and that you will provide independent access to the information that will be generated or stored in your computer systems, which includes, but not limited to, customer, transaction, and operational information. You must at all times give us unrestricted and independent electronic access to your computer systems and information, as well as your security camera systems.

## **11. ADVERTISING**

Recognizing the value of advertising, marketing and promotion and the importance of the standardization of those programs to the furtherance and protection of the Proprietary Marks, goodwill and public image of the System, the parties agree as follows:

**A. Submission and Approval of Advertising, Promotional and Marketing Materials.** You agree and warrant that any advertising or marketing you conduct will be completely factual. All advertising, promotional and marketing materials to be used by you in any medium shall be presented in a dignified manner and shall conform to such standards and requirements as we may specify from time to time in the Manual or otherwise. You shall submit to us for our prior written approval, samples of all advertising, promotional and marketing materials in whatever form that you desire to use at least fifteen (15) days before their intended use. We shall make reasonable efforts to notify you of our approval or disapproval of the materials, or to make revisions to such materials, within fifteen (15) days from the time of receipt. If you do not receive our written approval within this time period, we will be deemed to have disapproved the materials. You shall comply with all revisions to such advertising, promotional and marketing materials which we may require prior to approving such materials. You shall not use any advertising, marketing or promotional plans or materials, which have not been approved in writing by us, and you shall cease to use any plans or materials promptly upon notice by us. Your failure to obtain our prior written approval for all proposed advertising, marketing and promotion shall be deemed a material event of default under this Agreement. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising to conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material. In the event we withdraw our approval of previously approved marketing, advertising or promotional materials, you must immediately discontinue use of any such materials upon receiving notice from us that we have withdrawn our approval of the materials, and you must return any existing copies of the materials to us, at your expense, within fifteen (15) days of such written notice.

**B. Internet Advertising/Sales.** We have the exclusive right and authority to post and maintain The Salt Suite® internet website and related websites. You may not establish, use, maintain, nor create an internet website, web posting, web page, social media page, or host page or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business without our prior written approval, which we may withhold for any reason or no reason. The requirements for our prior approval will apply to all activities on the Internet or other communications network to be conducted by you. You may maintain one or more e-mail addresses and may conduct individual e-mail communications only on a computer system that is not connected to our POS System. However, you agree to obtain our prior approval as provided above if you propose to send any such e-mail that contains advertising about the Franchised Business.

**C. Brand Development Program.** We be operational. We will use the Brand Development Fund in part to design and create promotional, marketing and advertising resources, including, but not limited to, in-store point of purchase materials, flyers, radio and television commercials and other materials for your use, as we deem appropriate in our sole discretion. All costs associated with your duplication or distribution of these materials, or with media placement, must be borne by you. We will use the Brand Development Fund in connection with advertising with different media outlets, including print, radio, television and/or online on a national and/or regional level for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate, in our sole discretion. If we choose to establish a Brand Development Fund, we (or our designee) will maintain and administer the Brand Development Fund in the following manner:

1. We (or our designee) will oversee all advertising, promotion and marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the geographic, market and media placement and allocation thereof. We do not warrant that any particular franchisee will benefit directly or pro rata from expenditures by the Brand Development Fund. The Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing, preparing and producing promotional, marketing and advertising resources, including, but not limited to, the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of marketing and promotion activities, including advertising and marketing agencies; the cost of public relations activities, including advertising and public relations agencies; the cost of developing and maintaining an Internet website; the cost of providing advertising, promotional and/or other marketing materials to franchisees; and personnel and other departmental costs for advertising, promotion and marketing that we internally administer or prepare. Because the benefits of advertising and promotion are difficult to measure with precision, we reserve the unqualified right to decide, in our sole discretion, how and when and where Brand Development Fund monies be spent, so long as the money is used in a manner that is directly or indirectly related to the general promotion of the Proprietary Marks.

2. The Brand Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Brand Development Fund and its marketing programs. All interest earned on monies contributed to the Brand Development Fund will be used to pay advertising costs before other assets of the Brand Development Fund are expended.

3. It is anticipated that the Brand Development Fund contributions will be expended for programs during the fiscal year in which such contributions to it are made. If excess amounts remain at the end of such fiscal year, all expenditures in the following fiscal year(s) will be made first out of such excess amounts, including any interest or other earnings on the Brand Development Fund, and next out of current contributions. We may, in our sole discretion, spend in any fiscal year an amount greater or less than the amount in the Brand Development Fund in that year, and we may lend money to cover any deficits.

4. An unaudited accounting of the Brand Development Fund will be prepared annually and will be made available to you upon request.

5. We assume no fiduciary duty in administering the Brand Development Fund.

6. We have no obligation to ensure that expenditures from the Brand Development Fund are or will be proportionate or equivalent to contributions of Brand Development Fees by The Salt Suite® centers operating in any geographic area or that any The Salt Suite® center will benefit directly or in proportion to the amount of Brand Development Fees it has paid.

**D. Local Marketing.** You agree to actively and aggressively promote your services within your Protected Area. You are required to expend the Local Marketing spend requirements pursuant to our guidelines. As used in this Agreement, the term “local marketing” will consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of “marketing” you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying. “Local marketing” does not include costs or expenses incurred by or on your behalf in connection with any of the following: salaries and expenses of any of your employees, independent contractors, and/or agents, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons; charitable, political, sponsorship or other contributions or donations; the value of discounts provided to consumers; and specialty items (e.g., banners, t-shirts, and premiums), unless such items are a

part of a market-wide advertising and sales promotion program but only to the extent that the cost of such items is not recovered by the promotion. You agree, upon our request, to prepare for our review and approval an annual plan for your local marketing expenditure. You agree to implement the plan that we have approved and also agree that any changes to the plan will be subject to our prior written approval. If you expend less than the agreed-upon amount of Local Marketing, then we will have the right to require you to contribute the unexpended balance to the Brand Development Fund. Your failure to meet the requirements of this paragraph will constitute a breach of this Agreement, unless you, in good faith, promptly adopt and follow our reasonable suggestions for improving your performance.

**E. Local Marketing Cooperatives.** We may designate any geographic area as a region for establishing a Local Marketing cooperative (“Local Marketing Cooperative”), though we typically designate areas based on Designated Market Areas as determined by the A.C. Nielsen Company. The members of the Local Marketing Cooperative for any area will consist of all Franchised Businesses, as well as outlets operated by us or our affiliates. We will determine in advance how each Local Marketing Cooperative will be organized and governed and when it must start operation. Each Local Marketing Cooperative will be organized for the sole purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Local Marketing. If a Local Marketing Cooperative has been established for a geographic area where your Franchised Business is located when the Franchise Agreement is signed, or if any Local Marketing Cooperative is established during the term of the Franchise Agreement, you must become a member of the Local Marketing Cooperative and abide by the rules of the Local Marketing Cooperative.

If 60% of the franchisees in a Designated Market Area agree to form a Local Marketing Cooperative, and we concur in the formation of the Cooperative, we will establish a Local Marketing Cooperative for your area. You and franchisor owned outlets in the Cooperative must contribute to the Local Marketing Cooperative the amounts required by its members, and all outlets must contribute on the same basis (which may be a uniform percent of revenue, a fixed amount, etc.). The amount of contribution will be determined by the members of the Local Marketing Cooperative, subject to our approval, but no more than 3% of Gross Revenues or \$1,000 per month. Each member will have one vote for each Franchised Business operated by the member within the geographic area subject to the Local Marketing Cooperative.

50% of any contributions you make towards the Cooperative will be credited against your Local Marketing Requirement.

Advertising Cooperatives must operate from written governing documents and they are available for your review upon reasonable written request. Local Marketing Cooperatives must prepare unaudited quarterly and year-end financial statements and email them to members to review.

We reserve the right to form, change, dissolve or merge any Local Marketing Cooperative.

## **12. INSURANCE**

**A. Procurement.** You shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement, at your sole expense, listing us - Salt Suite Franchising LLC – as well as our officers and directors, as an additional insured: (a) an insurance policy or policies protecting you and us, and each of our officers, directors, partners and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising out of or occurring upon or in connection with the Franchised Business or the construction of or leasehold improvements made to the Franchised Business, or by reason of the operation or occupancy of the Franchised Business; (b) as well as such other insurance applicable to such other special risks, if any, as we may reasonably require for our own and your protection; and (c) you shall be obligated to procure such insurance and to submit copies of such policies to us

fifteen (15) days prior to the opening to the public of the Franchised Business. Each insurance policy required under the Franchise Agreement must be issued by an issuer we approve, must have a current Best's rating of at least "A", and must be licensed to do business in the state(s) in which the franchised restaurant or business is located.

**B. Minimum Coverage.** Such policy or policies shall be written by an insurance company satisfactory to us in accordance with the standards and specifications set forth in the Manuals or otherwise in writing, and shall include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by us in the Manual or otherwise in writing) the following:

1. Comprehensive general liability insurance, including contractual liability, broad form property damage, premises liability, personal injury, advertising injury, product liability, automobile liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage in the amount of \$1,000,000 per occurrence, with \$2,000,000 aggregate coverage, or such higher amount as required by the lease, and naming us as an additional named insured in each such policy or policies;

2. Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

3. Fire, vandalism and extended coverage insurance with primary and excess limits of not less than the full replacement value of the Franchised Business and its furniture, fixtures and equipment;

4. Business interruption and extra expense insurance for a minimum of twelve (12) months to cover net profits and continuing expenses, including Royalty Fees;

5. Employment practices liability insurance;

6. Professional Liability Insurance with a minimum policy limit of \$500,000 per occurrence and \$1,500,000 aggregate or an amount we reasonable specify;

7. All other insurance required by the state or locality in which the Franchised Business is located in such amounts as required by statute; and

8. Any other insurance coverage as we may reasonably require.

**C. Construction Coverage.** In connection with any construction, leasehold improvements, renovation, refurbishment or remodeling of the premises of the Franchised Business, you shall cause the general contractor to maintain with a reputable insurer comprehensive general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability and independent contractors coverage) in at least the amount of \$1,000,000 with us named as an additional named insured, and worker's compensation and employer's liability insurance as required by state law. A certificate of insurance must also be provided evidencing the additional insured coverage provided under CG 2037. A copy of the Certificate of Insurance for worker's compensation coverage shall be provided to us.

**D. Certificates.** At least fifteen (15) days prior to the grand opening of the Franchised Business and on each policy renewal date thereafter, you shall submit to us, original or duplicate copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to us.

**E. Failure to Procure.** Should you for any reason fail to procure or maintain or provide adequate evidence of any insurance required by this Agreement, as revised from time to time for all franchisees by the Manual or otherwise in writing, we shall have the right and authority (without, however, any obligation) to immediately

procure such insurance and to charge the same to us, which charges, together with a reasonable fee for our expenses in so acting, including, but not limited to, attorneys' fees, shall be payable by you immediately upon notice.

**F. Third Parties.** You shall ensure that all third parties with which you conduct business, are properly insured.

### **13. TRANSFER OF INTEREST; OPERATION BY FRANCHISOR**

**A. Transfer by Us.** We shall have the right to assign this Agreement, and all of our rights and privileges under this Agreement, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (a) the assignee shall, at the time of such assignment, be capable of performing our obligations under this Agreement; and (b) the assignee shall expressly assume and agree to perform such obligations.

Specifically, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks and the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other entities, or be acquired by another company; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and, with regard to any or all of the foregoing sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Salt Suite Franchising LLC" as the Franchisor under this Agreement.

Nothing contained in this Agreement shall require us to remain in this same industry or to offer the same products and services, whether or not bearing our Proprietary Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.

#### **B. Transfer by You and Your Owners.**

1. Neither you nor any of your owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Franchised Business, or in you without our prior written consent. You must notify us in writing at least sixty (60) days prior to the date of the intended assignment. Any purported assignment or transfer, by operation of law or otherwise, not having our prior written consent shall be null and void.

2. If you (and your owners) are in full compliance with this Agreement, then, subject to the other provisions of this Section 13, we will not unreasonably withhold our consent to a transfer that meets all of the requirements of this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners are of good character and meet our then applicable standards for The Salt Suite® franchise owners (including no ownership interests in, or performance of services for, a competitive business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which, in the aggregate, transfer this Agreement or a controlling ownership interest in you or one of your owners, then we may, in our sole discretion, require any or all of the following as conditions of our approval:

a. All of your accrued monetary obligations and all other outstanding obligations to us, our subsidiaries, affiliates and suppliers shall be up to date, fully paid and satisfied;

b. You shall not be in default of any provision of this Agreement, any amendment of this Agreement or successor to this Agreement, any other franchise agreement or other agreement between you and us, or our subsidiaries, affiliates or suppliers;

c. You and each of your members, shareholders, officers, directors, and partners shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, members, agents, and employees;

d. The transferee shall demonstrate to our satisfaction that the transferee meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, our testing criteria or otherwise); has at least the same managerial and financial criteria required of new franchisees; and shall have sufficient equity capital to operate the Franchised Business;

e. The transferee shall enter into, at our option, a new then current franchise agreement with us or an assignment of this franchise agreement;

f. The transferee shall upgrade, at the transferee's expense, the Franchised Business to conform to the then current specifications being used in new The Salt Suite® centers, and shall complete the upgrading and other requirements within the time specified by us. If the Franchised Business is subject to a mandatory remodel within twelve (12) months of the anticipated transfer, the location must be remodeled at the time of transfer, or upon approval by us, at our option, the transferor must escrow with us an amount we deem sufficient to fully accomplish the remodel, and the transferee must agree to complete the remodel within twelve (12) months of the transfer;

g. You (and your owners) shall remain liable for all direct and indirect obligations to us in connection with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for your and their obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and shall execute any and all instruments reasonably requested by us to further evidence such liability;

h. At the transferee's expense, the transferee and its manager and employees shall complete any training programs then in effect for current franchisees upon such terms and conditions as we may reasonably require unless we have previously trained such employees;

i. The transferee shall have signed an acknowledgement of receipt of all required legal documents, such as the Franchise Disclosure Document and the then current Franchise Agreement and ancillary agreements;

j. The transferor shall pay to us a Transfer Fee equal to 50% of the then current Initial Franchise Fee; and

k. The transferor must provide us with a copy of the agreements of purchase and sale between the transferor and the transferee. The terms and price of the proposed transaction between the transferor and a transferee shall be fair and reasonable in our sole discretion and based upon our good faith judgment. You acknowledge that this right of approval shall not create any special liability or duty on our part to the transferor or the proposed transferee.

3. You may not grant a security interest in the Franchised Business or in any of its assets unless the secured party agrees that in the event of any default by you under any documents related to the security

interest, we shall have the right and option to be substituted as obligor to the secured party and to cure your default. Notwithstanding the foregoing, we shall not be construed as a guarantor or surety for you.

**C. Transfer for Convenience of Ownership.** If the proposed transfer is to an entity formed solely for the convenience of ownership, our consent to such transfer may, in our sole discretion, be conditioned on the following requirements:

1. You and all other owners (if you are more than one individual) will be required to personally, jointly and severally, guarantee your full performance under this Agreement;
2. The transferee entity must expressly assume all of your obligations under this Agreement;
3. Copies of the articles of incorporation, bylaws, Operating Agreement, or other governing documents of the entity shall be furnished to us.

Transfers of ownership interests in the entity will be subject to Section 13.B. above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

**D. Our Right of First Refusal.** If you have received and desire to accept a signed, bona fide offer to purchase or otherwise transfer the Franchise Agreement, any interest in it, or substantially all the assets of the Franchised Business, you shall grant us the option (the "Right of First Refusal") to purchase the Franchised Business as provided here:

1. Within fourteen (14) days of receipt of the offer, you shall offer the Right of First Refusal to us by notice in writing, including a copy of the signed offer to purchase which you received ("Notice"). We shall have the right to purchase the Franchised Business or interest in the Franchised Business at and for the price and upon the terms set out in the Notice, except that we may substitute cash for any non-cash form of payment proposed and we shall have 60 days after the exercise of our Right of First Refusal to close the said purchase. Should we wish to exercise our Right of First Refusal, we will notify you in writing within 15 days from its receipt of the Notice. Upon the giving of such notice by us, there shall immediately arise between us and you, or its owners, a binding contract of purchase and sale at the price and upon the terms contained in the Notice.

2. If we do not exercise our Rights of First Refusal, you may transfer the Franchised Business or ownership interest therein according to the terms set forth in the Notice, provided that you satisfy the conditions in Section 14.5 above and complete the sale within 90 days from the day on which we received the Notice. If you do not conclude the proposed sale transaction within the 90-day period, the Right of First Refusal granted to us shall continue in full force and effect.

**E. Transfer Upon Death or Mental Incapacity.** Upon the death, mental incapacity or disability of you (if you are a natural person) or that of any owner who is a natural person, we shall consent to the transfer of said interest in you, the Franchised Business or this Agreement to the spouse, heirs or relative by blood or by marriage, of you or said owner, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, such person or persons meet our educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business; have at least the same managerial and financial criteria required by new franchisees and have sufficient equity capital to operate the Franchised Business. If said transfer is not approved by us, the executor, administrator or personal representative of such person shall transfer his or her interest to a third party approved by us within six (6) months after such death, mental incapacity or disability. Such transfer shall be subject to our right of first refusal and to the same conditions as any other transfer.



**F. Operation of the Franchised Business by Us.** In order to prevent any interruption of the business of the Franchised Business and any injury to the goodwill and reputation thereof which would cause harm to the Franchised Business and thereby depreciate the value thereof, you authorize us, and we shall have the right, but not the obligation, to operate said Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (a) any of your owners is absent or incapacitated by reason of illness or death and that you are not, therefore, in our sole judgment, able to do the business licensed under this Agreement; or (b) any allegation or claim is made against the Franchised Business, you or any of your principals, directors, shareholders, members, partners or employees, involving or relating to misrepresentations or any fraudulent or deceptive practice. In the event that we operate the Franchised Business, we at our option shall not be obligated to operate it for a period of more than ninety (90) days. All revenues from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business, including royalty fees, Brand Development Fees and contributions, and the applicable Management Fee, which is equal to Ten Percent (10%) of your Gross Revenue each month, as well as expenses for our representative, shall be charged to said account. If, as provided in this Section, we elect to temporarily operate the Franchised Business on your behalf, you agree to indemnify and hold us harmless from any and all claims arising from the acts and omissions of our representatives and us.

#### **14. DEFAULT AND TERMINATION**

**A. Default With No Opportunity To Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

1. If you do not pass our initial training in accordance with our passing standards;
2. If you fail to obtain our approval of a site or open on time;
3. If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
4. If you commit a material violation of any law, ordinance, rule, or regulation of a governmental agency or department reasonably associated with the operation of the Franchised Business or if you are convicted of, or plead guilty or no contest to a felony;
5. If you abandon the Franchised Business or discontinue the active operation of the Franchised Business for three or more business days, except when active operation is not reasonably possible, such as because of a natural disaster;
6. If you include a materially false representation or omission of fact in your Confidential Franchise Application to us;
7. If you or your principals commit any fraud or misrepresentation in the operation of the Franchised Business;
8. If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure;
9. You fail to pay suppliers an amount exceeding \$3,000 for more than 60 days;
10. You fail to permit us to inspect or audit your franchise; or

11. If you commit three or more breaches of this Agreement, the Operations Manual, or any other agreement with us, in any 12-month period regardless of whether such breaches were cured after notice.

**B. Default With Thirty (30) Day Opportunity To Cure.** We may terminate this Agreement, after sending you notice and an opportunity to cure within thirty (30) days, if:

1. You violate any other term or condition of this Agreement, the Operations Manual, or any other agreement with us; or;
2. Any amount owing to us from you is more than 30 days past due;

## **15. OBLIGATIONS UPON TERMINATION**

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall terminate, and you shall observe and perform the following:

- a. Cease to operate the franchised business and discontinue using any of our marks or any marks which are likely to be confused with our Marks;
- b. Deliver to us the original and all copies, both paper and electronic, of the business records of your Franchised Business (retaining only such copies as you need for legal or tax purposes);
- c. Pay to us all amounts owing to us and pay any customer refunds owed;
- d. At our request, cancel or assign to us all telephone numbers under your ownership used in the Franchise Business;
- e. Reimburse customers for any fees paid for services not yet rendered;
- f. At our option, and upon our request, use your best efforts to assist in our taking over the lease of the location of your Franchised Business, whether it be through a new lease or assignment;
- g. At our option, offer to us the right to purchase your furniture, equipment, signage, fixtures, and supplies within 30 days of the date of termination for the adjusted book value, which is the undepreciated

book value of the assets on your most recently filed federal tax return prior to the date of the termination or expiration;

h. Deliver to us any paper and electronic copies of the Operations Manual and any Confidential Information;

i. Cancel all fictitious name or other listings which you have filed for use of any of the Marks;

j. Adhere to the provisions of the post-term covenants not to compete and not to solicit;

k. Abide by any other covenant in this Agreement that requires performance by you after you are no longer a franchisee; and

l. Execute, from time to time, any necessary papers, documents, and assurances to effectuate the intent of this Section.

## **16. NON-COMPETE AND OTHER COVENANTS**

### **A. Non-Compete.**

1. **In-Term.** You will not, during the Term of this Agreement, in the United States or its Territories, directly or indirectly, offer salt therapy products or services.

2. **Post-Term.** You will not, directly or indirectly, for a 2-year period after the termination, expiration, or non-renewal of this Agreement, including a sale of the franchise or your interest in it, offer salt therapy products or services in the Protected Area or within 30 miles of the boundaries of the Protected Area, or within 30 miles of any other Salt Suite outlet of ours or a franchisee of ours in operation at the time.

**B. No Solicitation.** You will not, for a period of two years after expiration or termination of this Agreement, in the Protected Area or within thirty (30) miles of the boundaries of the Protected Area, directly or indirectly solicit the patronage of any client served by your prior Franchised Business during the last 24 months that you were a franchisee, or such shorter time as you were a franchisee, for the purpose of offering such person or entity, for a fee or charge, salt therapy products or services.

**C. Waiver of Bond.** You agree that if we bring suit to enforce any part of this Section 16 of the Franchise Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

**D. Severability.** If any covenant or provision of Section 16 is determined to be void or unenforceable, in whole or in part, it shall be deemed severed and removed from this Agreement and shall not affect or impair the validity of any other covenant or provision. Further, these obligations are considered independent of any other provision in this Agreement and the existence of any claim or cause of action by either party to this Agreement against the other, whether based upon this agreement or otherwise, shall not constitute a defense to the enforcement of these obligations.

**E. Maintenance of Goodwill and Non-Disparagement.** You agree not to disparage us or our current and former employees, agents, members, or directors. During the term of this Agreement, you agree not to do any act harmful, prejudicial, or injurious to us.

## **17. CHANGES AND MODIFICATIONS**

This Agreement may be modified only by a written agreement signed by you and us. We reserve and shall have the sole right to make changes in the Manual, the System and the Proprietary Marks at any time and without prior notice to you. You shall promptly alter any signs, products, business materials, business methods, or related items, at your sole cost and expense, upon receipt of written notice of such change or modification in order to conform to our revised specifications. In the event that any improvement or addition to the Manual, the System or the Proprietary Marks is developed by you, then you agree such improvement or addition is owned by us, or, upon our written agreement, you will grant to us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sublicense such improvement or addition.

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and/or presently unforeseen technological innovations, the System must not remain static, in order that it best serve the interests of us, our franchisees and the System. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those programs, services and products which the Franchised Business is authorized to offer; and changing, improving or modifying the Proprietary Marks. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations.

## **18. INDEPENDENT CONTRACTOR**

You and we are independent contractors to each other. Neither you nor we is an agent, fiduciary, partner, employee, or a participant in a joint venture, and neither you nor we has the authority to hold out as such to third parties. You do not have any authority to bind or obligate us. We are not and will not be liable for any act, omission, debt, or other obligation of yours.

## **19. INDEMNIFICATION**

### **A. Indemnity.**

1. You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Franchised Business and for all claims or demands for damage directly or indirectly related. You agree to defend, indemnify, and hold harmless us and our employees, officers, directors, and members with respect to any such claim, loss, or damage, including our costs and attorney fees.

2. Medical Claims. You specifically agree not to make any medical claims about Salt Therapy or salt products, suggest that any products or therapies were evaluated by the Food and Drug Administration, or suggest that any products or therapies are intended to diagnose, treat, cure or prevent any disease. You specifically understand and agree that the indemnity stated above will apply to any claim, loss, or damage, including our costs and attorney fees, if you make any such assertion.

## **20. MODIFICATION**

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. We may, however, modify the provisions of the Manual, without your consent, as discussed in Section 8.G.

**21. NOTICES**

You shall give any required notice or request in writing by mail or courier, postage fully prepaid, delivered personally, or by facsimile, to our CEO, at our corporate office, presently 844 West Fourth Street, #203, Winston Salem, North Carolina 27101. We may also give any such notice to you in the same manner at the address indicated below your signature on this Agreement, such other more current address as we may have for you, or by e-mail.

**22. RELEASE OF PRIOR CLAIMS**

By executing this Agreement, the undersigned entity, if any, and individuals, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever releases and discharges us, our past and present employees, agents, members, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any claim you may have arising from representations in our Franchise Disclosure Document, or its exhibits or amendments.

**23. ENTIRE AGREEMENT**

This Agreement, including the schedules, is the entire agreement between the parties. This Agreement supersedes all other prior oral and written agreements and understandings between you and us with respect to the subject matter of this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document we furnished to you.

**24. NON-WAIVER OF BREACH**

The failure of either party to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

**25. GOVERNINIG LAW**

**A. Choice of Law.** This Agreement is effective upon its acceptance in North Carolina by our authorized officer. Except as to claims governed by federal law, North Carolina law governs all claims that in any way relates to or arises out of this Agreement or any of the dealings of the parties (“Claims”). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

**B. Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Winston Salem, North Carolina. However, if you are an Illinois, Maryland, or Washington State resident or your franchise territory is located in Illinois, Maryland, or Washington State, you agree to bring any Claims, if at all, solely in arbitration before the American Arbitration Association in the city or county where our corporate headquarters are located.

**C. Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

**D. Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

**E. Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

**F. Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

**G. Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

**H. Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 25.G. above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

**I. Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we can not mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally.

**J. Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

**K. Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

**L. Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Governing Law provisions contained herein.

**M. Survival.** All of the covenants contained in this Agreement that may require performance after the termination or expirations of this Agreement will survive any termination or expiration of this Agreement.

**N. Severability.** If any covenant or provision in this Agreement is determined to be void or unenforceable, in whole or in part, it shall be deemed severed and removed from this Agreement and shall not affect or impair the validity of any other covenant or provision of this Agreement.

**26. NO WAIVER**

The failure by any party to give notice of default or to pursue any remedy for a breach of this Agreement shall not affect its right to give notice of any other default or pursue any remedy upon subsequent breaches.

**27. GUARANTY**

The Franchisee named at the top of the following page agrees to abide by the terms of this Agreement. The signature of an individual or individuals as sole proprietors, joint tenants, or tenants in common constitutes their personal agreement to such terms. The signature of an individual or individuals on behalf of an entity constitutes the entity’s agreement to such terms.

In addition, the signatures of all individuals below, in any capacity, also constitute their personal joint and several agreement to perform all the obligations in and relating to this Agreement, including, but not limited to, the post-term non-compete and other post-termination duties, the obligation to make specified payments, and pay any other debts due to us. All Signators below waive any right to presentment, demand, notice of non-performance, or the right to require us to proceed against the other Signators.

*[SIGNATURE PAGE FOLLOWS]*

Franchisee: \_\_\_\_\_ Entity Number: \_\_\_\_\_

Type: \_\_\_\_\_ (Sole Proprietor, LLC, Corp., Joint Tenants with Right of Survivorship (“JTROS”), Tenants in Common, Partnership).\*

**SIGNATORS:**

By: \_\_\_\_\_ By: \_\_\_\_\_  
(Signature) (Signature)

\_\_\_\_\_  
(Printed Name) (Printed Name)

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ownership Percent: \_\_\_\_\_ % (see note below) Ownership Percent: \_\_\_\_\_ % (see note below)

By: \_\_\_\_\_ By: \_\_\_\_\_  
(Signature) (Signature)

\_\_\_\_\_  
(Printed Name) (Printed Name)

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ownership Percent: \_\_\_\_\_ % (see note below) Ownership Percent: \_\_\_\_\_ % (see note below)

**Salt Suite Franchise LLC**

By: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
Ryan Dodson, CEO

**\*Joint Tenants with Right of Survivorship is typically for married couples and must be owned equally by each tenant, 50-50 for two owners, and if one spouse passes away, the other automatically receives the decedent’s share. Tenants in common is normally for non-spouses and if one passes away, his or her share passes by will or state law to his or her heirs.**



**SCHEDULE 1 TO THE FRANCHISE AGREEMENT**

**APPROVED LOCATION AND  
PROTECTED AREA FOR SELECTION OF SITE**

SECTION 1: DESIGNATED SEARCH AREA\*: The designated area in which you must locate your studio is described below and will consist of the following area(s):

Zip Codes of:

SECTION 2: FRANCHISE LOCATION: Your studio shall be located at the following address (filled in once you have an executed lease, approved by us, pursuant to Section 3 of the franchise agreement):

SECTION 3: PROTECTED AREA: Your protected area shall be:

\_\_\_ mile radius around the location in section 2 above (to be filled in at time of approved lease signing).

SALT SUITE FRANCHISING, LLC:

FRANCHISEE:

By: \_\_\_\_\_  
Ryan Dodson, CEO

By: \_\_\_\_\_

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS**

Effective Date: This Statement of Ownership Interests is current and complete as of \_\_\_\_\_, 20\_\_

1. **Form of Owner.** My official name is \_\_\_\_\_. I am a (check one):

- Limited Liability Company
- Corporation
- General Partnership

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, directors, managers, partners, etc.) and their positions, as of the Effective Date shown above:

Name of Person	Position(s) Held

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners:

Owner's Name and Address	Nature of Interest	% of Ownership Interest in Franchisee

4. **Operating Principal.** My Operating Principal is: \_\_\_\_\_ I understand that I may not change the Operating Principal without Franchisor's prior written approval.

5. **Governing Documents.** I am also furnishing to the Franchisor the articles of incorporation or organization, Operating or shareholder agreements, etc.

**FRANCHISEE:**

By: \_\_\_\_\_  
Name, Title

**SCHEDULE 3 TO THE FRANCHISE AGREEMENT**

**LEASE RIDER**

**RIDER TO LEASE AGREEMENT**

<b>Landlord</b>	
Landlord Name:	
Landlord Address:	
Landlord Phone Number:	

<b>Franchisor</b>	
Franchisor Name:	Salt Suite Franchising LLC
Franchisor Address:	844 West Fourth Street, #203, Winston Salem, NC 27101
Franchisor Phone Number:	

<b>Tenant</b>	
Tenant Name:	
Address of Leased Premises:	
Date of Lease:	

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Salt Therapy business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease, subject to Landlord’s approval in its reasonable discretion. To exercise this option, Franchisor must notify Landlord within 10 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Landlord and Tenant consent to allow Franchisor to assume any existing term of the Lease (the “Assumption”), provided that any and all defaults have been cured and all payments due under the Lease are current, and to enter into a written agreement providing for such Assumption. In the event of an Assumption, Landlord will deliver possession of the Leased Premises to Franchisor free and clear of any rights of the Tenant or any third party. Landlord further consents to give Franchisor the right, following the Assumption, to assign its interest in the Lease or to sublet the Leased Premises to another franchisee of Franchisor with reasonable consent from the Landlord.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the

lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of Franchisor's brand, subject to Landlord's approval in its reasonable discretion.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises within 10 days of such expiration or termination, to take any such actions as may be consistent with its rights under this Lease Agreement Rider or to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISOR:

Salt Suite Franchising LLC

By: \_\_\_\_\_  
Name: Ryan Dodson  
Title: CEO  
Date: \_\_\_\_\_

**SCHEDULE 4 TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION**

Please complete the following with your banking information and attach a voided check:

Company Name: \_\_\_\_\_

Name of Financial Institution: \_\_\_\_\_

Address of Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

I hereby authorize Salt Suite Franchising LLC and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my franchise agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either Salt Suite Franchising LLC or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: \_\_\_\_\_

Printed Name of Person Signing: \_\_\_\_\_

Title (if any): \_\_\_\_\_

Application Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Applicant's Address: \_\_\_\_\_

\_\_\_\_\_

## **SCHEDULE 5 TO THE FRANCHISE AGREEMENT**

### **TELEPHONE NUMBER & INTERNET ASSIGNMENT AGREEMENT**

**THIS TELEPHONE NUMBER & INTERNET ASSIGNMENT AGREEMENT** is made between Salt Suite Franchising (“Franchisor,” “we,” “us,” or “our”) and the franchisee named below (“Franchisee,” “you” or “your”).

The parties are entering into one or more Franchise Agreements. For value received, Franchisee hereby irrevocably assigns to Franchisor all listings associated with the Salt Suite franchise, including all telephone numbers, telephone listings, email addresses, domain names, social media accounts, Internet listings, websites, and comparable electronic identities used in connection with the Marks or the operation of the Franchise Business covered by the Agreement, whether now-existing or adopted by Franchisee in the future, (collectively “Listings”).

As a condition to signing the Franchise Agreement(s), we have required that you assign all of your Listings relating to the Salt Suite Franchise(s) to us upon the expiration or termination of any of the Franchise Agreements.

Franchisee agrees to update us as soon as possible of any listings adopted by Franchisee. Franchisee agrees to pay all amounts pertaining to the use of the Listings incurred by it when due. Upon expiration or termination of the Agreement for any reason, Franchisee’s right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee agrees to pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and to immediately at Franchisor’s request, (i) take any other action as may be necessary to transfer the Listings and numbers to Franchisor or Franchisor’s designated agent, (ii) install and maintain, at Franchisee’s sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website or advertising, whether published or online.

Franchisee agrees that Franchisor may require that all telephone numbers and telephone and internet equipment and service must be owned or provided by Franchisor or a supplier approved by Franchisor and that Franchisor has the right to require Franchisee to “port” or transfer to Franchisor or an approved call routing and tracking vendor all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks.

Franchisee appoints Franchisor as Franchisee’s attorney-in-fact, to act in Franchisee’s place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor’s designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such numbers, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located (currently North Carolina). All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

**FRANCHISEE:**

By: \_\_\_\_\_

By: \_\_\_\_\_

**FRANCHISOR:**

Salt Suite Franchising LLC

By: \_\_\_\_\_

Ryan Dodson, CEO

Date: \_\_\_\_\_

## SCHEDULE 6 TO THE FRANCHISE AGREEMENT

### NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This NONDISCLOSURE AND NONCOMPETITION AGREEMENT (the “**Agreement**”) is made and entered into on \_\_\_\_\_, 200\_\_\_\_, by and between \_\_\_\_\_, residing at \_\_\_\_\_, who presently is a manager, assistant manager or employee of The Salt Suite® center, or a director, manager or officer of The Salt Suite® Franchisee (the “**Employee**”) and \_\_\_\_\_, a \_\_\_\_\_, and its successors and assigns (the “**Employer**”).

#### RECITALS:

- A. Employer is a company engaged in the business of owning and operating The Salt Suite® franchise under a license granted by Salt Suite Franchising LLC (the “**Franchisor**”).
- B. Employer is desirous of protecting its rights and interests in and to The Salt Suite® franchise that Franchisor has granted to Employer, including operating systems, sales and marketing programs and ideas, and all information and documents relating thereto.
- C. Employee is being retained by Employer to provide services as the \_\_\_\_\_ for Employer.
- D. Employer will provide substantial opportunities to the Employee in the conduct of Employee’s position including, but not limited to, present and future earnings, access to potential and existing customers, and Employer’s and Franchisor’s confidential and proprietary information. Employee further acknowledges that Employer would not employ or continue to employ Employee without Employee’s agreeing to be bound by the restrictions contained in this Agreement.

#### AGREEMENTS:

NOW, THEREFORE, in consideration of the premises, which Employee agrees is good and valuable consideration, the receipt of which hereby is acknowledged, Employee represents and warrants to Employer and covenants and agrees with Employer as follows:

1. Recitals. The statements made in the Recitals above are true and accurate and are incorporated herein.
2. Specialized Knowledge and Training. Employee acknowledges and agrees that:
  - (a) The knowledge and experience that Employee will acquire while associated with and/or employed by Employer is of a special, unique, and extraordinary character and that Employee’s position with Employer places Employee in a position of a confidence and trust with the clients, sales agents, contacts, account executives, investors, accounts, associates and employees of Employer and allow Employee access to Confidential Information (as that term is defined in *Section 6* below), which access Employee would not have but for Employee’s relationship with Employer; and
  - (b) Employer will make substantial investments of time and capital in the development of Employee’s goodwill, education and expertise, from which Employee will receive a substantial and direct economic benefit.
3. Operating System and Trademarks. Employee acknowledges and agrees that:



(a) Franchisor is the creator and owner of the trade secrets, products, concept, style, confidential information, format and operating system (collectively, the “**Operating System**”) and the logotypes, service marks and trademarks now or hereafter involved in the operation of The Salt Suite<sup>®</sup> center using the style, trademark, service mark, and trade name **The Salt Suite<sup>®</sup>** (collectively, the “**Proprietary Marks**”), and the goodwill associated therewith, and has granted to Employer the right and license to operate a licensed The Salt Suite<sup>®</sup> center using the Operating System and the Proprietary Marks subject to the continuing control by Franchisor of the dissemination and use of the Operating System and the Proprietary Marks;

(b) Employee has obtained or will obtain knowledge of the Operating System in connection with its association with or employment by either Franchisor and/or Employer, which knowledge obtained or to be obtained by Employee was unknown to it prior to said employment and/or the execution of this Agreement, and which knowledge is a prerequisite for Employee’s employment; and

(c) Because the protection of the Operating System and the Proprietary Marks is vital to the continued success of Franchisor and franchisees of Franchisor, Franchisor is unwilling to permit Employer to disclose to Employee the Operating System except upon the terms set forth in this Agreement, including the requirements of confidentiality, nondisclosure and noncompetition as set forth in this Agreement.

4. Ownership of Operating System and Trademarks. Employee acknowledges and agrees that Franchisor is the sole and exclusive owner of all right, title and interest in and to the Operating System and the Proprietary Marks, and that the Operating System and the Proprietary Marks shall be used by Employee only in accordance with the terms hereof. Employee shall acquire no right, title or interest in or to the Operating System and/or the Proprietary Marks. Employee shall not, directly or indirectly, at any time during or after the term of Employee’s employment by or association with Employer’s The Salt Suite<sup>®</sup> center, do or cause to be done any act or thing disputing, attacking, or in any way impairing or intending to impair Franchisor’s right, title, or interest in or to the Operating System or the Proprietary Marks. Employee shall immediately notify Employer of all infringements of the Operating System or the Proprietary Marks by others that come to Employee’s attention and of all challenges to or limitations on Franchisor’s use of the Operating System or any of the Proprietary Marks.

5. Nondisclosure of Confidential Information. The parties hereto acknowledge that during the period in which the Employee is employed by or associated with Employer (the “**Employment Period**”), the Employee shall use, receive, conceive or develop Confidential Information (as that term is defined in *Section 6* below). Employee covenants and agrees that during the Employment Period and at all times thereafter, Employee shall not, except with the prior written consent of Employer or Franchisor, which consent shall be granted or denied at the Employer’s or Franchisor’s sole and absolute discretion, or except if acting solely for the benefit of Employer in connection with Employer’s business and in accordance with the Employer’s business practices and policies, at any time disclose, divulge, report, transfer or use, for any purposes whatsoever, any of such Confidential Information which has been used, received, conceived or developed by Employee. Employee also recognizes that such Confidential Information represents a valuable asset of the Employer and Franchisor and is required to ensure the effective and successful conduct of their respective businesses.

6. Confidential Information. For purposes of this Agreement, the term “**Confidential Information**” shall mean all of the following materials and information that Employee uses, receives, conceives or develops or has used, received, conceived or developed, in whole or in part, in connection with Employee’s employment by or association with Employer:

- (a) The Operating System and Proprietary Marks;
- (b) The contents of any manuals or other written materials of Franchisor, Employer, or any of Franchisor's subsidiaries or affiliates;
- (c) The names and information relating to customers and prospective customers of Employer, or other persons, firms, corporations or other entities with whom the Employee has contact with on behalf of Employer or to whom any other employee of Employer has provided goods or services at any time;
- (d) The terms of various agreements between Employer and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements and the like;
- (e) Any data or database, or other information compiled by Employer, including, but not limited to, client lists, customer information, information concerning Employer, or any business in which Employer is engaged or contemplates becoming engaged, any company that Employer engages in business, any client, prospective client or other person, firm or corporation to whom or which Employer has provided services or goods or to whom or which any employee of Employer has provided services or goods on behalf of Employer, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;
- (f) All policies, procedures, strategies and techniques regarding the services performed by Franchisor, training, marketing and sales of Franchisor, specifically including but not limited to the Operating System and Proprietary Marks, either oral or written, and assorted lists containing information pertaining to clients and prospective clients; and
- (g) Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by Employee in connection with Employee's employment by Employer.

7. Use and Return of Confidential Information.

- (a) The Employee agrees that under no circumstance and at no time shall any of the Confidential Information be taken from Employer's premises and that under no circumstances and at no time shall any of the Confidential Information be duplicated, in whole or in part, without the express written permission of Employer, which permission may be granted or denied in its sole and absolute discretion.
- (b) The Employee agrees that, upon termination of employment with Employer, Employee shall return to Employer all such Confidential Information, which is in Employee's possession regardless of the form in which any such materials are kept.
- (c) The Employee covenants and agrees that all right, title and interest in any Confidential Information shall be and shall remain the exclusive property of Employer and/or Franchisor. Employee agrees to promptly disclose to Employer all Confidential Information developed in whole or in part by Employee within the scope of this Agreement and to assign to Employer and/or Franchisor any right, title or interest Employee may have in such Confidential Information. Employee agrees to turn over to the Employer all physical manifestations of the Confidential Information in Employee's possession or under Employee's control at the request of Employer.

8. In-Term Non-Solicitation and Non-Competition. In order to protect the goodwill of the Operating System and Trademarks, during the term of Employee's employment by or association with Employer, Employee shall not, directly or indirectly:

(a) Directly or indirectly divert, or attempt to divert, any business opportunity or customer of Employer, Franchisor or any licensed The Salt Suite® center to any competitor, or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Operating System and the Proprietary Marks;

(b) Employ or seek to employ any person who is at that time employed by Employer, Franchisor, or any The Salt Suite® franchisee, or otherwise directly or indirectly induce such person to leave the employ of said party;

(c) Develop, own, manage, operate, be employed by or have any interest in any business or facility (other than a licensed The Salt Suite® center), which is the same as or substantially similar to a licensed The Salt Suite® center, or is in any way competitive with a licensed The Salt Suite® center, wherever located.

9. Post-Term Non-Solicitation and Non-Competition. In order to protect the goodwill of the Operating System and Proprietary Marks, for a period of two (2) years following the termination of Employer's employment by or association with Employer, for any reason, Employee shall not, directly or indirectly:

(a) Directly or indirectly divert, or attempt to divert, any business opportunity or customer of Employer, Franchisor or any The Salt Suite® center to any competitor, or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with the Operating System and the Proprietary Marks;

(b) Offer services through any business (other than a licensed The Salt Suite® center) which is the same as or substantially similar to the Salt Suite® center, or which is competitive with The Salt Suite® center, and which is located within a radius of thirty (30) miles of the Employer's The Salt Suite® center or any other The Salt Suite® center (whether company-owned, affiliate-owned or franchised).

At no time during or after the term of Employee's employment by or association with Employer shall Employee use or duplicate the Operating System or the Trademarks, except pursuant to a valid license from Franchisor. Employee expressly agrees that the restrictive covenants contained in *Sections* 8 and 9: (a) are reasonable as to time and geographical area; (b) do not place an unreasonable burden on Employee; and (c) are supported by adequate consideration to Employee.

10. At-Will Employment. The mere entering into this Agreement by Employee shall not operate so as to require Employer to continue to employ Employee, and Employee hereby represents and warrants to Employer that Employee has not received any promises or guarantees, implied or express, of such continued employment by or association with Employer. Employee agrees that this Agreement shall be applicable to Employee regardless of whether the termination of its employment by or association with Employer occurs at the instance of Employee or Employer and, if at the instance of Employer, regardless of whether the termination was for cause. Employee further agrees that Employee's breach of this Agreement shall be grounds for the termination of Employee's employment.

11. Enforcement and Remedies. Employee agrees that a breach or default of the terms of this Agreement will cause irreparable harm to Employer and/or Franchisor and, therefore, in the event of any

such breach or default, Employer and/or Franchisor shall be entitled to injunctive relief, specific performance, or other equitable relief. Employer and/or Franchisor shall be entitled to a restraining order or injunction without bond and without specific proof of irreparable harm and without specific proof of an inadequate remedy at law. Any specific right or remedy set forth in this Agreement shall not be exclusive, but shall be cumulative to other remedies available to Employer and/or Franchisor under this Agreement or at law or in equity, including injunctive relief, specific performance and recovery of money damages. The failure of Employer and/or Franchisor to enforce any of the provisions of this Agreement shall not constitute a waiver thereof or otherwise operate to limit any of Employer's and/or Franchisor's rights hereunder. The existence of any claim, defense or cause of action that Employee may have against Employer and/or Franchisor, regardless of cause or origin, shall not constitute a defense against the enforcement of this Agreement by Employer and/or Franchisor against Employee.

12. Toll Period. In the event Employee shall violate any provision of this Agreement as to which there is a specific time period during which Employee is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, such violation shall toll the running of such time period from the date of such violation until such violation shall cease, up to a maximum of one (1) additional year.

13. Successors and Assigns. This Agreement shall be binding upon Employee and his or her heirs, personal representatives, successors and assigns, and shall inure to the benefit of Employer and Franchisor (Franchisor being an intended third-party beneficiary hereof, with independent rights to enforce this Agreement) and their respective heirs, personal representatives, successors and assigns. Employee expressly agrees that this Agreement shall be assignable by Employer to a successor to the business of Employer and Employee hereby expressly consents to such assignment. Franchisor's rights under this Agreement are fully assignable and transferable and shall inure to the benefit of Franchisor's affiliates, successors, and assigns.

14. Miscellaneous:

(a) Time is of the essence of this Agreement and of every term, covenant and condition hereof.

(b) The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.

(c) If Employer or Franchisor retains an attorney or institutes a suit against Employee in any way connected with this Agreement or its enforcement, or to utilize remedies for its breach, they (if prevailing) shall be entitled to recover from Employee reasonable attorneys' fees (not to exceed actual attorneys' fees incurred) and all costs in connection with said enforcement or suit, whether or not suit is filed or, if filed, is prosecuted to judgment.

(d) This Agreement shall be governed by, construed and enforced under the laws of the State of \_\_\_\_\_ whose courts shall have jurisdiction over any legal proceedings arising out of this Agreement, and \_\_\_\_\_ City/County shall be the place of venue for any such action or proceedings. *[Insert State and County where Employer's Franchised Business is located]*

(e) The invalidity or unenforceability of any covenant, term or condition of this Agreement, or any portion of any covenant, term or condition of this Agreement, shall not affect any other covenant, term or condition or portion thereof and this Agreement shall remain in effect as if such invalid or unenforceable covenant, term or condition (or portion thereof) were not contained herein; provided that the invalidity of any such provision does not materially and adversely affect the expected benefits accruing to any party hereunder.

(f) This Agreement contains the entire agreement between the parties and supersedes all prior and contemporaneous understandings, representations, warranties, and agreements. This Agreement shall not be amended or modified, except in writing signed by all parties hereto.

**15. WAIVER OF JURY TRIAL. EMPLOYEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES THE RIGHT EMPLOYEE MAY HAVE TO A TRIAL BY JURY OF, UNDER, OR IN CONNECTION WITH EMPLOYEE'S EMPLOYMENT WITH EMPLOYER, THIS AGREEMENT, OR ANY AGREEMENT OR DOCUMENT EXECUTED IN CONJUNCTION HERewith OR ANY COURSE OF CONDUCT, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO.**

16. Acknowledgment. Employee acknowledges that Employee understands the terms and conditions set forth in this Agreement and has had adequate time to consider whether to agree to them and to consult a lawyer, if Employee wished to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

**EMPLOYER:**

**EMPLOYEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_  
[Print Name and Title]

\_\_\_\_\_  
[Print Name and Title]

## SCHEDULE 7 TO THE FRANCHISE AGREEMENT

### FRANCHISEE DISCLOSURE QUESTIONNAIRE

You and we are preparing to enter into a Franchise Agreement. This Questionnaire is to determine whether any statements or promises were made to you that we did not authorize or are untrue, inaccurate or misleading, to ensure you have been properly represented, and that you understand the limitations on claims you may make relating to your franchise. **You cannot sign or date this Acknowledgement the same day as the Receipt for the Franchise Disclosure Document. You must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses.

- Yes\_\_ No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes\_\_ No\_\_ 2. Do you understand all the information contained in the Franchise Agreement?
- Yes\_\_ No\_\_ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_ No\_\_ 4. Do you understand all the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 6. Do you understand the risks of developing and operating this franchise?
- Yes\_\_ No\_\_ 7. Do you understand that your investment involves substantial business risks and that there is no guarantee that your business will be profitable?
- Yes\_\_ No\_\_ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, the economy, labor and supply costs and other relevant factors?
- Yes\_\_ No\_\_ 9. Do you acknowledge that the success of your franchise in large part relies upon your ability as an independent business person and your active participation in the day to day operation of the business?
- Yes\_\_ No\_\_ 10. Do you agree that no employee or other person speaking on our behalf has made any statement, promise, or agreement, that is contrary to or different from what is stated in the Franchise Disclosure Document and Franchise Agreement?

Yes\_\_ No\_\_ 11. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue you will generate, that is not contained in Item 19 of the Franchise Disclosure Document or that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document, and that you have not made a decision to purchase your franchise based on any such representations?

Yes\_\_ No\_\_ 12. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning this franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to disclaim their reliance on representations made by the franchisor or its agents or to otherwise assent to a waiver of any liability are not intended to nor shall they act as a waiver of any liability incurred under Washington's Franchise Investment Protection Act, Chapter 19.100 RCW.

By signing below, you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
Name of Applicant (please print)

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

**Explanation of any negative responses (Refer to Question Number):**

**SCHEDULE 8 TO THE FRANCHISE AGREEMENT**

**STATE ADDENDA TO THE FRANCHISE AGREEMENT**



**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

FRANCHISEE:

FRANCHISOR:

Salt Suite Franchising, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Ryan Dodson, CEO

By: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
2. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
3. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FRANCHISEE:

FRANCHISOR:

Salt Suite Franchising, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Ryan Dodson, CEO

By: \_\_\_\_\_

Date: \_\_\_\_\_

**MINNESOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

FRANCHISEE:

FRANCHISOR:

Salt Suite Franchising, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Ryan Dodson, CEO

By: \_\_\_\_\_

Date: \_\_\_\_\_

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.
2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.
5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

FRANCHISEE:

By: \_\_\_\_\_

By: \_\_\_\_\_

FRANCHISOR:

Salt Suite Franchising, LLC

By: \_\_\_\_\_

Ryan Dodson, CEO

Date: \_\_\_\_\_

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 6.K of the Franchise Agreement, titled "Working Capital," is hereby deleted.

Section 25 of the Franchise Agreement, titled "Limitations of Actions," is hereby deleted.

The franchise agreement is amended to also provide: "Initial franchisee fees will be deferred until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business."

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

FRANCHISOR:  
Salt Suite Franchising, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan Dodson, CEO

By: \_\_\_\_\_

Date: \_\_\_\_\_

**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:

By: \_\_\_\_\_

By: \_\_\_\_\_

FRANCHISOR:

Salt Suite Franchising, LLC

By: \_\_\_\_\_  
Ryan Dodson, CEO

Date: \_\_\_\_\_

**EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

**CALIFORNIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

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

The franchise agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516).

BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [www.TheSaltSuite.com](http://www.TheSaltSuite.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

The highest interest rate allowed by law in California is ten percent (10%) annually.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

**ILLINOIS ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

**MARYLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. Item 5 of the Disclosure Document is amended to also provide: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

**MINNESOTA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**NEW YORK ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following information is added to the cover page of the Franchise Disclosure Document:

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.



**VIRGINIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. **New Concepts and Process Control.** You must relinquish all necessary information about any process or improvement you develop without compensation. You further agree that any of these concepts, processes, or improvements will become our property and we may use or disclose them as we deem appropriate.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington.

Guidant Financial pays to us \$1,000 per referral to them for providing a 401(k) rollover.

#### Fee Deferral

Item 5 of the Disclosure Document is amended to also provide: “Initial franchisee fees will be deferred until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.”

**WISCONSIN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**EXHIBIT E-1 TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT FRANCHISEES**

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all The Salt Suite® franchisees as of December 31, 2021 who are operational:

<b>NAME AND ADDRESS OF FRANCHISEE</b>	<b>TELEPHONE NUMBER</b>
A & K Salt, LLC Amanda Bowie, Owner 6063 SW 18 Street, Suite 112 Boca Raton, Florida 33433	561-288-0481
Salt 4 Life, LLC Jamie Stafford and Tony Rodriguez, Owners 1425B SE 17 <sup>th</sup> Street Fort Lauderdale, Florida 33316	954-520-7258
Salt for Health, Inc. Robyn Adams 5500 State Road 7, #110 Lake Worth, FL 33467	561-440-4256
Salt Vault LLC Jamie Gonzalez, Owner 5510 PGA Blvd., Suite 105 Palm Beach Gardens, Florida 33418	561-316-3105
MJayN Enterprises Inc Michael Nolan 7855 113 <sup>th</sup> Street North Ste G Seminole FL 33772	508-740-3814
Michele Aiuto 1800 Highway 35 Oakhurst, NJ 07755	347-248-1799
Salty Pawz LLC 910 Haddonfield-Berlin Road Voorhees Township, NJ 08043	856-502-7258

(b) **Franchises Executed But Not Yet Operational.** The following are the names, addresses and telephone numbers of all The Salt Suite® franchisees as of December 31, 2021 who are not yet operational but have signed The Salt Suite® Franchise Agreement:

Salty Self-Care, Inc. Alison Millerick 1385 Saint Vincent's Drive Lemont, IL 60439	847-997-9544
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Leslie & Ken Katz Grit N' Grace Enterprise Inc 2870 Shale Drive Davidson, NC 28036	754-224-8260
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**EXHIBIT E-2 TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FORMER FRANCHISEES  
(For the fiscal year ended 12/31/2021)**

The following are the names, last known home addresses and home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under The Salt Suite® Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within ten (10) weeks of the effective date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

MGD Salt Life LLC Matt Della Salla 27 Annapolis Drive Marlton, NJ 08053	609-929-8937
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**EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

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**Salt Suite Franchising, LLC**

Audited Financial Statements

For the Year Ended December 31, 2021

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**Davies, Goldstein  
& Associates CPA's PLLC**  
**Certified Public Accountants**

## **INDEPENDENT AUDITORS' REPORT**

To the Management of Salt Suite Franchising, LLC  
Winston-Salem, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Salt Suite Franchising, LLC which comprise the balance sheet as of December 31, 2021 and the related statements of income, changes in members' equity and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Suite Franchising, LLC as of December 31, 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.

### **Other Matter**

The financial statements of Salt Suite Franchising, LLC as and for the year ended December 31, 2020, were audited by other auditors whose report, dated April 20, 2021, expressed an unmodified opinion on those statements.

*Davies, Goldstein & Associates, CPA's PLLC*

Matthews, North Carolina  
January 26, 2022

**Salt Suite Franchising, LLC**  
**Balance Sheets**  
**December 31, 2021 and 2020**

<u>Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 65,089	\$ 185,514
Royalties and Fees Receivable	16,199	9,667
Total Current Assets	<u>81,288</u>	<u>195,181</u>
Goodwill, net	320,000	360,000
Due from Affiliate, net	325,098	230,658
Total Assets	<u><u>\$ 726,386</u></u>	<u><u>\$ 785,839</u></u>
 <b><u>Liabilities and Members' Equity</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 30,739	\$ 11,516
Franchise Deposits	76,400	71,500
Current Portion of Notes Payable	102,348	101,826
Total Current Liabilities	<u>209,487</u>	<u>184,842</u>
 <b>Long-Term Liabilities</b>		
Notes Payable, net of current portion	<u>184,552</u>	<u>185,074</u>
Total Long-Term Liabilities	184,552	185,074
 <b>Members' Equity</b>		
	332,347	415,923
Total Liabilities and Members' Equity	<u><u>\$ 726,386</u></u>	<u><u>\$ 785,839</u></u>

**Salt Suite Franchising, LLC**  
**Income Statements and Statements of Changes in Members' Equity**  
**For the Years Ended December 31, 2021 and 2020**

<b>Revenue</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Royalties and Other Fees	\$ 127,578	\$ 31,234
Initial Franchise Fees	70,000	50,440
Product Sales, net	<u>2,922</u>	<u>2,952</u>
Total Revenue	<u>200,500</u>	<u>84,626</u>
<b>Operating Expenses</b>		
Advertising and Marketing	132,483	82,636
Technology	64,062	62,876
Amortization Expense	40,000	40,000
Travel	16,487	19,585
General and Administrative	16,301	1,967
Professional Services	<u>15,795</u>	<u>22,373</u>
Total Expenses	<u>285,128</u>	<u>229,437</u>
Operating Loss	<u>(84,628)</u>	<u>(144,811)</u>
Other Income (Expense), net	1,052	(202)
<b>Net Loss</b>	<u><u>\$ (83,576)</u></u>	<u><u>\$ (145,013)</u></u>
<b>Members' Equity, Beginning of Year</b>	\$ 415,923	\$ 324,567
Members' Contributions, net	-	236,369
Net Loss	<u>(83,576)</u>	<u>(145,013)</u>
<b>Members' Equity, End of Year</b>	<u><u>\$ 332,347</u></u>	<u><u>\$ 415,923</u></u>

**Salt Suite Franchising, LLC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

<b>Cash flows from operating activities:</b>	<u><b>2021</b></u>	<u><b>2020</b></u>
Net Loss	\$ (83,576)	\$ (145,013)
Amortization expense	40,000	40,000
Adjustments to reconcile net income to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase) in royalties and fees receivable	(6,532)	(3,333)
(Increase) in due from affiliate, net	(94,440)	(155,658)
Increase in accounts payable and accrued expenses	19,223	79,980
Increase in franchise deposits	4,900	-
Net cash used in operating activities	<u>(120,425)</u>	<u>(184,024)</u>
 <b>Cash flows from investing activities:</b>		
Proceeds from note payable	-	186,900
Payments on loan payable	-	(60,000)
Net cash provided by financing activities	<u>-</u>	<u>126,900</u>
 <b>Cash flows from financing activities:</b>		
Members' contributions	-	233,036
Net cash provided by financing activities	<u>-</u>	<u>233,036</u>
 <b>Net change in cash and cash equivalents</b>	<u>(120,425)</u>	<u>175,912</u>
 <b>Cash and Cash Equivalents, January 1st</b>	<u>185,514</u>	<u>9,602</u>
 <b>Cash and Cash Equivalents, December 31st</b>	<u><u>\$ 65,089</u></u>	<u><u>\$ 185,514</u></u>

**Salt Suite Franchising, LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

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**Note 1 - Organization and Business**

Salt Suite Franchising, LLC (the “Company”) was organized during 2019 in the state of North Carolina. The business activities of the Company include selling franchise rights to own and operate Salt Suite franchises which provide halotherapy services to customers. There are currently 6 franchises in operation.

**2. Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

The Company recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The terms of the current Franchise Disclosure Document require franchisees to pay the Company an initial franchise fee in exchange for the Company’s assistance in training, manuals, systems, a designated territory to operate in, and other start up supplies and support. Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. Further clarification was provided in ASU 2021-02 *Franchisors – Revenue from Contracts with Customers* which allows private companies a practical expedient in determining the amount and timing of revenue recognition for pre-opening activities. Using this method, all of the performance obligations are met at the time of store opening including delivery of startup supplies, manuals and equipment as well as training. Therefore, all of the initial franchise fee is recognized at the time of opening. There were 2 new franchises in 2021 and 2 which were under contract but had not yet opened. The initial fees for the 2 franchises which did not open are included in Franchise Deposits in the accompanying balance sheet.

Franchisees are required to pay a royalty fee on the gross revenue of the franchised business. The Company also charges a brand development fee and various technology related fees which are outlined in the Franchise Disclosure Document. In accordance with ASC 606, the royalty fee is recognized when the franchisee sales occur.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank deposit accounts. The carrying amount approximates fair value due to the nature of the instruments. At December 31, 2021 and 2020, the Company’s cash balances did not exceed Federal Deposit Insurance Corporation limits of \$250,000 per depositor per bank.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Salt Suite Franchising, LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

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**2. Summary of Significant Accounting Policies (continued)**

Royalties and Fees Receivable

Royalties and fees receivable are derived from royalties and fees owed by the franchisees not yet remitted. Sales are reported by the franchisee to the franchisor at month end. The Company recorded royalties receivable and the related revenue of approximately \$16,199 during 2021 (2020 - \$9,667), which were earned in December and collected in the following January. The Company reviewed all outstanding accounts and determined that an allowance for doubtful accounts was not necessary as of December 31, 2021 and 2020.

Goodwill

Goodwill is comprised of the excess purchase price over the identified assets of the acquired business. Management decided to adopt Financial Accounting Standards Board (FASB) Accounting Standards Update 2014-02 (ASU 2014-02) – Intangibles – Goodwill and Other (Topic 350). Under ASU 2014-02, the Company may elect to amortize goodwill on a straight-line basis over 10 years and elect to test goodwill for impairment either at the entity level or the reporting unit level. Goodwill should be tested for impairment when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount.

The Company has elected to amortize goodwill over 10 years and has recorded \$40,000 of amortization expense for the years ended December 31, 2021 and 2020 in the accompanying financial statements. The Company has elected to test goodwill for impairment as needed at the entity level and does not believe that any triggering events have occurred to indicate that the fair value of the entity is below its carrying amount as of December 31, 2021.

Restatement and Reclassifications

Certain balances in the 2020 financial statements were reclassified to conform to the current year presentation. In addition, prior year goodwill was restated to include the full amortization amount as described in the goodwill accounting policy. This restatement did not have any impact on the cash flow or operations of the business.

**3. Income Taxes**

The Company has elected to be treated as a limited liability corporation for income tax reporting purposes. In a limited liability company, the individual members report and pay income taxes on their personal tax returns. The Company does not generally pay income taxes. As a result, no provision for income taxes has been included in these financial statements.

The Company follows ASC 740-10 as it relates to uncertain tax positions for the year ended December 31, 2021 and has evaluated its tax positions taken for all open tax years for filings with the Internal Revenue Service and the state jurisdiction of North Carolina where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.



**Salt Suite Franchising, LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

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**4. Related Parties**

The Salt Suite franchise in Delray Beach, Florida is owned by the same owners as the franchisor. Included in the accompanying balance sheet is a receivable of \$325,098 due from the franchisee (2020 - \$230,658). The repayment terms are when cash flow allows. No payments are expected to be received in 2022.

**5. Note Payable**

The Company has a non-interest-bearing note payable to the former owner of the business with a remaining balance of \$100,000 which is expected to be repaid in 2022.

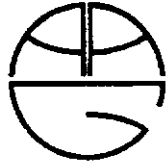
In July 2020, the Company obtained \$153,000 Economic Injury Disaster Loan through the Small Business Administration which is payable over 30 years and bears interest of 3.75%. In addition, the Company obtained \$33,900 from the state of North Carolina under a similar program in response to the COVID-19 pandemic. This loan is payable over 10 years and bears interest at 5.50%. Both programs deferred the start of repayment until later in 2022.

Minimum payments on notes payable are as follows:

2022	\$	102,348
2023		6,423
2024		6,729
2025		7,049
2026		7,386
Thereafter		<u>156,965</u>
	\$	<u>286,900</u>

**6. Subsequent Events**

In preparing these financial statements in accordance with Accounting Standards Codification No. 855 – Subsequent Events, the Company has evaluated events and transactions for potential recognition or disclosure January 26, 2022, the date the financial statements were available to be issued. The Company has no knowledge of significant subsequent events as of this date that would require adjustment to or disclosure in the financial statements.



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**A. ANDREW GIANIODIS**

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**CERTIFIED PUBLIC ACCOUNTANT**

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**SALT SUITE FRANCHISING LLC**

DECEMBER 31, 2019

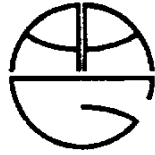
FINANCIAL STATEMENTS

# SALT SUITE FRANCHISING LLC

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**A. ANDREW GIANIODIS**  
**CERTIFIED PUBLIC ACCOUNTANT**

January 6, 2020

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Members of  
Salt Suite Franchising LLC:

### REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Salt Suite Franchising LLC (a limited liability company) as of December 31, 2019 and the related statements of operations, changes in owner's equity and cash flows for the period September 3 through December 31, 2019. These financial statements are the responsibility of the Company's management.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Suite Franchising LLC (a limited liability company) as of December 31, 2019 and the related statements of operations, changes in owner's equity and cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "A. Andrew Gianiodis, CPA". The signature is written in a cursive style with a large initial "A" and "G".

A. Andrew Gianiodis

Certified Public Accountant

# Salt Suite Franchising LLC

## Balance Sheet December 31, 2019

### ASSETS

Current Assets	
Cash	\$ 9,602
Accounts receivable	6,335
Total Current Assets	<u>15,937</u>
Other Assets	
Goodwill, net of amortization	396,667
Delray location	75,000
	<u>471,667</u>
TOTAL ASSETS	<u>\$ 487,604</u>

### LIABILITIES & EQUITY

Current Liabilities	
Accounts payable	\$ <u>3,037</u>
Note Payable	<u>160,000</u>
Total Liabilities	<u>163,037</u>
Members' Equity	<u>324,567</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 487,604</u>

*See accompanying notes*

# Salt Suite Franchising LLC

## Statement of Operations

Period September 3 through December 31, 2019

Revenues	
Royalties	\$ 2,572
Product sales	4,529
Other revenue	2,885
Total revenue	<u>9,986</u>
Cost of Sales	<u>3,153</u>
Gross margin	<u>6,833</u>
Expenses	
Advertising	299
Bank charges	30
Dues and subscriptions	1,555
Licenses	-
Office	-
Office expenses	117
Professional fees	3,117
Travel and meals	3,815
Vehicle	-
Total expenses	<u>8,933</u>
Operating Loss	(2,100)
Income taxes	-
Amortization	<u>(3,333)</u>
Net Loss	<u>\$ (5,433)</u>

*See accompanying notes*

# Salt Suite Franchising LLC

## Statement of Changes in Member's Equity Period September 3 through December 31, 2019

	Total Equity
Equity at September 3, 2019	\$ -
Capital Contribution	330,000
Net Loss	<u>(5,433)</u>
Equity December 31, 2019	<u><u>\$ 324,567</u></u>

*See accompanying notes*



Salt Suite Franchising LLC  
Statement of Cash Flows  
Period September 3 through December 31, 2019

Cash flows from operating activities:

Net Loss	\$ (5,433)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation & amortization	3,333
Changes in assets and liabilities	
Current assets	(6,335)
Current liabilities	3,037
Net cash provided by operating activities	(5,398)

Cash flows from investing activities:

Purchase of Franchisee	(75,000)
Proceeds from Note Payable	160,000
Net cash provided by investing activities	85,000

Cash flows from financing activities:

Capital infusion	330,000
Goodwill	(400,000)
Net cash provided by investing activities	(70,000)

Net change in cash	9,602
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Cash - beginning of period	-
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Cash - end of period	\$ 9,602
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Supplemental Disclosures

Interest Paid	-
Income Taxes Paid	-

*See accompanying notes*

SALT SUITE FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND NATURE OF BUSINESS**

The Company was incorporated under the laws of the State of North Carolina for the purpose of offering franchise opportunities to entrepreneurs who want to own their own The Salt Suite operation, as a franchise.

**BASIS OF PRESENTATION**

The financial statements are presented on the accrual basis of accounting.

**REVENUE RECOGNITION**

The Company recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606). The terms of the current Franchise Disclosure Document require franchisees to pay the Company an initial franchise fee in exchange for the Company's assistance in training, manuals, systems, a designated territory to operate in, and startup inventory of products used in repairing and refinishing surfaces. Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. Using this method, all of the performance obligations were met at the time of start-up including delivery of startup inventory, manuals and equipment as well as training. Therefore, all of the initial franchise fee was recognized. The related franchise fee income, including that allocated to startup inventory sales, is included in franchise fee income in the accompanying Income Statements.

During 2019, no new franchises were created.

In addition, franchisees are required to pay a royalty fee as a percentage of the monthly gross receipts (sales) of the franchised business. In accordance with ASC 606, the royalty fee is recognized when the franchisee sales occur. Sales are reported by the franchisee a month in arrears.

Substantially all merchandise sales are product sales to franchisees. Revenues related to merchandise sales are recognized when the franchisor has substantially performed and satisfied all material services or conditions related to the sale.

**COMPANY INCOME TAXES**

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

SALT SUITE FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 2      DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company estimates that the fair value of all financial instruments at December 31, 2019, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

**NOTE 3      PURCHASE OF ASSETS**

The Company purchased the assets of substantially all assets from the founding franchisor. The purchase also includes the acquisition of the current franchise agreements (eight franchisees).

On December 31, 2019, the Company purchased one franchisee (Salt in Delray) for \$75k.

**NOTE 4      COMMITMENTS AND CONTINGENCIES**

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

**NOTE 5      FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

**NOTE 6      SUBSEQUENT EVENTS**

There were no subsequent events noted through January 6, 2020, the date that the financial statements were available to be issued.

## EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

### RELEASE

THIS RELEASE is made and given by \_\_\_\_\_, (“Releasor”) with reference to the following facts:

1. Releasor and Salt Suite Franchising LLC (Releasee) are parties to one or more franchise agreements.
2. The following consideration is given:

\_\_\_\_\_ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”); or

\_\_\_\_\_ Releasor’s consent to Releasee’s transfer of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ Releasor’s consent to Releasee’s assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ [insert description]

3. Release- Franchisee and all of Franchisee’s guarantors, members, officers, directors, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively “Released Parties”) from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

**Releasor:**

**Salt Suite Franchising LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan Dodson, CEO

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT H TO THE DISCLOSURE DOCUMENT  
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:

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	January 27, 2022
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

### 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 Salt Suite Franchising LLC offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give 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.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Salt Suite Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit A**.

The Franchisor is Salt Suite Franchising LLC, located at 844 West Fourth Street, #203, Winston Salem, North Carolina 27101. Its telephone number is (336) 624-9524.

We authorize the respective state agencies identified on **Exhibit A** to receive service of process for us if we are registered in the particular state.

Issuance Date: March 8, 2022

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Ryan Dodson	844 West Fourth Street, #203 Winston Salem, NC 27101	(336) 624-9524
Tiffany Dodson	844 West Fourth Street, #203 Winston Salem, NC 27101	(336) 306-3578

I received a Disclosure Document dated March 8, 2022. The Disclosure Document included the following Exhibits:

- EXHIBIT A State Agencies and Administrators/Agents for Service of Process
- EXHIBIT B Franchise Agreement
- Schedule 1- Approved Location and Protected Area for Selection of Site
- Schedule 2- Statement of Ownership Interests
- Schedule 3- Lease Rider
- Schedule 4- Electronic Funds Transfer (EFT) Authorization

- Schedule 5- Telephone Number & Internet Assignment Agreement
- Schedule 6- Nondisclosure and Noncompetition Agreement
- Schedule 7- Franchisee Disclosure Questionnaire
- Schedule 8- State Addenda to the Franchise Agreement
- EXHIBIT C Table of Contents to Operations Manual
- EXHIBIT D State Addenda to the Disclosure Document
- EXHIBIT E-1 List of Current Franchisees
- EXHIBIT E-2 List of Former Franchisees
- EXHIBIT F Financial Statements
- EXHIBIT G General Release
- EXHIBIT H State Effective Dates
- EXHIBIT I Receipts

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Print Name: \_\_\_\_\_

**KEEP THIS COPY FOR YOUR RECORDS.**



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\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Print Name: \_\_\_\_\_

**RETURN THIS COPY TO US**