

FRANCHISE DISCLOSURE DOCUMENT

Gokhale Method Institute, Inc.
(A California Corporation)
3790 El Camino Real #1033
Palo Alto, CA 94306
(844) 777-0440
www.gokhalemethod.com



GOKHALE METHOD®

Gokhale Method Institute (“GMI”) operates a business and grants franchises for businesses offering classes and products that help restore the body’s primal architecture and movement patterns under the “Gokhale Method” trademark and related marks. The total investment necessary to begin operation is \$7,681 - \$23,662. This includes \$5,631 to \$7,932 that must be paid to us.

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

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: April 10, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

Your state may also 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 California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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.

GOKHALE METHOD®

DISCLOSURE DOCUMENT

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EXHIBITS:

- A. Gokhale Method Franchise Agreement
 - Exhibit A – Franchise Fee Schedule and Price List
 - Exhibit B – Approved Formats
 - Exhibit C – Personal Guarantee
 - Exhibit D – State Amendments
- B. Table of Contents of Teachers' Manual
- C. Financial Statements
- D. List of Franchisees
- E. List of Franchisees who have left the system
- F. List of State Agencies
- G. State Addenda to the Disclosure Document
- H. Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, unless the context otherwise requires, all references to "we," "us", or "our" refer to Gokhale Method Institute, Inc., and all references to "Franchisee," "you," or "your" refer to the person who is offered or granted the right to operate a Gokhale Method franchise under a Franchise Agreement. The franchise is referred to here as the "Franchised Business" or the "Franchise." We offer the Franchise only to natural persons, although you may form a legal entity to carry on the business aspects of the Franchised Business. The use of paragraph captions throughout this document is for convenience of reference only and is not intended to change the meaning of any text.

The Franchisor. We are a corporation formed under California law on November 3, 2011. Our principal business address is 3790 El Camino Real #1033, Palo Alto, CA 94306. Our agent or agents to receive service of process, is Esther Gokhale, GMI, 3790 El Camino Real #1033, Palo Alto, CA 94306. Our sole business is the offer and sale of franchises hereunder and the performance of our duties under the Franchise Agreements as franchisor. We previously taught the Gokhale Method and operated a business of the type being offered herein at our headquarters in Palo Alto, California. We have not conducted business or offered franchises in any other line of business. We have offered and sold Gokhale Method franchises since November 3, 2011.

Parent or Predecessor. Esther Gokhale, our founder and president, is our predecessor and has conducted classes in yoga and posture since at least 1980. She began teaching classes dedicated to posture for back pain in 1992 and was certified to teach Aplomb®, a branded form of posture instruction, in 1993. Beginning in approximately 1996, Ms. Gokhale began researching and developing the distinctive style, content and pedagogic approach that became the Gokhale Method. The name Gokhale Method was trademarked in 2010. In April, 2008, she published the book *8 Steps to a Pain Free Back*, and at that time began teaching group courses in posture to relieve back pain. Other than as disclosed above, Ms. Gokhale has not conducted business in any other line of business, and has not offered franchises in any other line of business. Ms. Gokhale entered into Affiliate Program Agreements, described immediately below, which may be considered the offering of franchises in this line of business.

Our parent corporation, which owns all interest in us, is Gokhale Method Enterprise, Inc. ("GME"). GME is located at 3790 El Camino Real #1033, Palo Alto, CA 94306. GME is wholly owned by Esther Gokhale. GME is engaged in the business of teaching the Gokhale Method to individuals and to employees of corporations and of operating a business of the type being offered herein. GME is responsible for developing and enhancing the Gokhale Method, and it also conducts research and product development and is the source of products bearing the Marks and that franchisees may purchase, or be required to purchase from us, in connection with the operation of their franchise. GME also provides certain administrative and marketing services to us in exchange for a fee. GME does not and has not offered franchises in any line of business.

Affiliate Program Agreements. During the period 2009 to February, 2011, Ms. Gokhale offered and sold arrangements to individuals to teach the Gokhale Method under "Affiliate Program Agreements." The Affiliate Program Agreements authorized individuals to offer Posture Classes using the Gokhale Method name and marks in exchange for a fee of \$3,000 for training and a fixed payment for each student taught. These arrangements might have been considered franchises under certain laws. We have taken assignment of Esther Gokhale's interest in all Affiliate Agreements, and in 2012 offered to all existing affiliates the option to convert to the franchise offered here or end their relationship with us. All affiliates have now either been converted to franchises or our relationship with them has ended. No further affiliate agreements have been offered since 2011 and none are currently in effect.

Marks. Esther Gokhale owns the trademarks, trade names and intellectual property under which you will do business as a Gokhale Method franchisee; she licenses those marks and property to us under a license agreement.

Franchises Offered. We do business under the name Gokhale Method Institute, Inc. and sell franchises for the teaching of the Gokhale Method. A Gokhale Method Franchise authorizes the franchisee to teach the Gokhale Method according to a carefully prescribed curriculum to defined categories of customers, in classes of specified numbers of students, all of which we call "Approved Formats." A list of currently Approved Formats appears as Exhibit B to the Franchise Agreement, which is Exhibit A to this Disclosure Document. We may also authorize Franchisees to offer other wellness offerings from time to time, but we have not, as of this date of this Disclosure

Document, identified them, and to sell products or services that we authorize from time to time. We also reserve the right to offer to sell this franchise to yoga, wellness or similar instructors who may teach the Gokhale Method as a supplement to their offerings. Your rights to teach the Gokhale Method depend upon your completion to our satisfaction of not only your Initial Training but also such other and further training classes or refresher courses as we may authorize or direct from time to time. We may suspend your right to teach one or more courses or formats if you have not completed to our satisfaction all required training or refresher requirements, programs or courses.

The franchise is not transferable because of the highly individualized nature of the teaching that we do and that you will do. For that reason, it may not be possible to sell your business.

A copy of our current form of Franchise Agreement is attached as Exhibit "A" to this Disclosure Document.

The postural methods and related techniques that we teach and that franchisees teach, and the products that we and franchisees sell are intended primarily for restoring the body's primal architecture and movement patterns. The methods, techniques and products offered by a Franchised Business are not generally known to the public. Courses in techniques and methods aiming to address the same issues are available in various locations throughout the world. Esther Gokhale has extensively researched postural methods and programs for teaching posture over the last 30 years. She has taught the Gokhale Method throughout the United States and in various parts of the world; the Gokhale Method is the subject of her book, 8 Steps to a Pain-Free Back, which has been widely advertised and distributed in the last fifteen years; she has also shown the Gokhale Method through national television and DVDs of these programs are being sold. There have been no claims that the Gokhale Method infringes any other technique, program or method, and we have no reason to believe that such claims would or could be made. The market for our services is not seasonal.

Competition. It may be deemed that the postural methods and related techniques that we teach help with relieving back and other pains. The market for techniques and methods to alleviate back pain is a highly competitive and developed market. You might find yourself in competition with massage therapists, chiropractors, medical doctors, fitness centers, other persons offering postural methods to alleviate back pain, retailers of products purporting to alleviate back pain, yoga teachers and centers and other wellness practitioners. The market can be affected significantly by many factors, including changes in local, regional, or national economic conditions; changes in health care laws and regulations; changes in the number and location of competing businesses. Various factors can adversely affect the business, including inflation, increases in labor and energy costs, the availability and cost of suitable venues, fluctuating interest and insurance rates, state and local regulations and licensing requirements.

Industry Specific Laws and Regulations. The business of teaching postural methods and techniques may be regulated at the local, state, or federal level. There may be specific local health codes, zoning regulations or other laws governing the manner and location in which you may offer classes in the Gokhale Method. At the federal level, the use of credit cards to sell offerings may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act.

In addition to any laws, rules, regulations, or ordinances relating specifically to teaching the Gokhale Method, you should consider that certain aspects of any business are regulated by federal, state, and local laws, rules and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act. Some jurisdictions may have laws which provide for specific licensing, bonding, insurance, building code, hours, health provisions, instructor licensing, criminal background checks and similar requirements which may be applicable to the Franchised Business.

These are only examples of some, but not all, of the laws and regulations with which you may need to comply in the state or local area in which you will operate your Gokhale Method Franchised Business. You should fully investigate all laws and regulations applicable to operating the Franchised Business before you decide to purchase a franchise.

ITEM 2
BUSINESS EXPERIENCE

Esther Gokhale

Esther Gokhale is our founder and Chief Executive Officer. She is the only officer of the franchisor. She has held this position since inception. For the prior five years, Ms. Gokhale taught the Gokhale Method at the Gokhale Method Enterprise located at 3790 El Camino Real #1033, Palo Alto, CA 94306.

There are no other officers, directors or executives required to be disclosed in this Item.

ITEM 3
LITIGATION

No disclosures are required to be made in this item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

The Initial Fee for a Gokhale Method Franchise is \$4,000. It is payable upon signing the franchise agreement and is not refundable. Currently, the Initial Fee is uniform as to all franchisees.

Before you begin operations, in addition to the initial franchise fee, you must purchase furnishings and equipment from us (as well as third party vendors) and pay a continuing education fee to us. We estimate that payments to us for these goods and services will range from \$1,631 to \$3,932.

During your first year of operations, we estimate that the total amount that you will pay us for required purchases, including continuing education fees, will be between \$2,081 and \$3,332.

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**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	\$10 – \$180 per person per course; see Ex. A to the Franchise Agreement	The earlier of when we collect the course fee from your customer, or within 5 business days after the close of the month when you collect from the customer, provided the student fee has become non-refundable.	See note 1.
Billing Fee	2.5 percent per transaction	Upon the student's registration via our website.	See note 1.
Annual Teacher's Meeting Fee	\$450 per year	Once a year, upon registration for the Annual Teacher's Meeting	See note 2.
Teacher Webinar Fee	\$240 per year	Upon completion of the Teacher Training Immersion Week and each annual anniversary thereafter	
Gokhale Active (Premium) Membership	\$140 per year	Once a year, at the time of acceptance to the program and each annual anniversary thereafter	See note 3.
Additional Educational or Course Fees	Approximately \$100 to \$500 per program	Upon our decision to require or offer additional continuing training or additional Approved Formats	See note 4.
Local Marketing materials	Varies – estimated to be less than \$1,000 per year	Optional for the franchisee	See note 5.
Audit Expenses	Actual expenses incurred by Us	Upon delivery to you of an audit letter specifying understatement of income or sales of 2 percent or more	See note 6.
Transfer Fee	Up to \$5,000	Upon transfer of any interest in the franchise or substantially all assets	See note 7.
Liquidated Damages	Actual damages incurred by Us	Upon our termination of the agreement for cause before the end of the term	See note 8.

Notes:

1. The royalty payable is set forth on Exhibit A to the Franchise Agreement. See Exhibit A to the Franchise Agreement for full details. The royalty rates set forth on Exhibit A to the Franchise Agreement are subject to change at Franchisor's discretion, upon 30 days' notice.

You must pay an additional billing fee of 2.5 percent for students who are processed through our billing facility.

2. In any given year, GMI may offer franchisees an alternative continuing education program to satisfy the Teachers' Annual Meeting requirement.
3. Membership in Gokhale Active (Premium) is required in order to maintain your qualification to teach the Gokhale Method. The current fee is \$140 per year, subject to change in our discretion. Gokhale Active (Premium) is also open to students who have taken Gokhale Foundations, and Franchisees receive a referral fee for graduates they refer to, and who join, Gokhale Active (Premium).
4. We expect to change or add to continuing training requirements over time, and reserve the right to charge for such education. Similarly, we reserve the right to add further Approved Formats and to require you to complete education in connection with those Formats prior to being qualified to teach them. We have not added specific additional Formats or requirements at this time, and therefore do not know the cost of such education, but we estimate that the cost of any particular program of continuing training would be between \$100 and \$500.
5. You may purchase promotional materials from us, such as brochures and literature, from time to time. We intend to sell such materials at a reasonable cost, and estimate the total investment in any year to be a few hundred dollars.
6. We have not audited any franchisees to date and do not know the cost that would be incurred by a franchisee who had under-reported revenue. Under the franchise agreement, if a franchisee underreports revenue in an amount in excess of 2 percent, the franchisee must pay the costs of the audit, which include the fees of the auditors, travel, meals and lodging for them and any other costs incurred with obtaining and performing the audit. Based upon our current knowledge of auditors' hourly rates, and depending upon the time required for the audit and whether travel to your place of business would be necessary, the audit cost could range from several hundred dollars to several thousand dollars.
7. We do not allow transfers of the franchise under the Franchise Agreement. If, however, state law gives you the right to transfer, you will be required to pay a fee of \$5,000 in addition to fulfilling other requirements.
8. If the franchise agreement is terminated before the end of the term, you may be liable for liquidated damages in an amount calculated pursuant to the following formula: (a) the average monthly Royalty fee and Brand Fund Contribution, if any, payable by you over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) eighteen (18) months or (ii) the number of months then remaining in the then-current term of the franchise agreement.
9. Except as otherwise expressly provided in an addendum to the Franchise Agreement, all fees are subject to change at our discretion.

None of the fees listed above is refundable

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDETURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee	\$4,000	Cash or check	Prior to commencement of Immersion Week	Franchisor. Note 1
Initial Training Expenses – Travel, food and lodging	\$740 - 3,500	Cash or credit card	Prior to or during Immersion Week	Vendors. Note 2
Real Estate and Space Rental	\$ 0 – 1,000	Varies by landlord	Varies by landlord	Landlord Note 3
Proprietary equipment, furnishings, and supplies	\$1,251-2,502	Cash or credit card	Prior to commencement of business	Franchisor Note 4
Non-proprietary furnishings and equipment	\$1,135 – \$7,030	Check or credit card	Prior to approval to teach	Third-party vendors. Note 4
Telephone and Internet Connections	\$0 - \$450	Varies by vendor	Varies by vendor	Vendor Note 5
Security Deposits, utility deposits, other prepaid expenses	\$0 - \$300	Varies by vendor	Varies by vendor	
Continuing Education	\$380 - \$830	Check or credit card	Prior to commencement of business	Franchisor See note 6.
Marketing Expenses	\$0 – \$600	Check or credit card	Varies	Franchisor or vendors. See note 7.
Additional Funds – three months	\$0 - \$3,000	Varies	Varies	See note 8.
Insurance	\$175 – \$450 / year	Varies by carrier	Prior to commencement of business	Vendors. Note 9
TOTAL:	\$7,681 – \$23,662			

Notes:

The expenses in this Item 7 are estimates of your initial investment. We cannot guarantee that you will not have additional expenses starting the business. We do not require you to purchase real estate or lease premises for any definite term. We relied upon the experience of Esther Gokhale in opening and operating a business similar to the Franchised Business in compiling these estimates.

Note 1: Franchisees pay \$4,000 as an initial fee. The franchise fee is not refundable.

Note 2: This item covers estimated travel, food and lodging for taking the Immersion Week of Initial Training. These amounts will vary depending on how far you have to travel, how you travel, and where you stay. The amount may or may not be refundable, depending on the vendor.

Note 3: Amounts for space vary. You may not need to rent any space prior to commencing your business, which is reflected in the low-end estimate of \$0. You may rent space for a day or weekend in order to give a weekend intensive course, or you may rent for weeks or months. Some venues may allow you to use space without charge. Amounts will vary depending upon the location, the condition of the premises and many other factors. You are encouraged to shop around. These amounts may be refundable under certain circumstances, depending on the landlord.

Note 4: The estimate for proprietary equipment includes the equipment you must purchase from us, such as Gokhale branded products. See Item 8 for further details. The estimate for non-proprietary equipment includes equipment that you can purchase from any source, including a laptop computer and software; iPhone with data plan or iPad, mats and pillows for 8 students; a projector and screen; height implements; and folding chairs.. The prices may vary depending upon the source and the condition of the equipment. Whether they are refundable or not depends on the vendor. See Item 8 for more details.

Note 5: You will need to have at least one telephone line and a high-speed Internet connection. The cost of these connections varies, depending upon your local provider, as does the refundability of these costs. You may not need to incur these costs until after opening for business, which is reflected in the low-end estimate of \$0.

Note 6: This estimate includes fees for the bimonthly Teacher Webinar (\$240) and the Gokhale Active (Premium) membership (\$140), which you will be required to purchase prior to opening. Additionally, the high-end estimate reflects your attendance at the Annual Meeting, which may or may not be offered prior to you opening for business depending on when you sign the Franchise Agreement and when the meeting is offered. You may, but are not required to, attend the Annual Meeting. These fees are not refundable.

Note 7: This estimate covers costs of flyers, brochures and a reasonable amount of additional advertising to launch your Franchised Business. You are not obligated to advertise or market your business prior to opening. These amounts are not refundable from the franchisor; to the extent that you purchase them from other vendors, they may be refundable.

Note 8: This amount includes working capital for the first 3 months of operating the Franchised Business. You may need these funds to pay operating expenses, such as rent, continuing education fees, utilities, marketing expenses, and fees due to us. The amounts in the chart do not include any allowance for debt service or for a salary for you.. This estimate is based upon the experience of Esther Gokhale in opening and operating a similar business, and we cannot assure you that you will not have additional expenses in starting your Franchised Business. You should not expect to generate sufficient revenue to live on during the initial three months.

Note 9: This is an estimate for a general liability policy in conformity with the requirements of the Franchise Agreement. This estimate assumes that you pay your entire premium in advance, instead of paying monthly.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that high and uniform standards of service and quality are maintained, you must operate your Gokhale Method Franchised Business in strict conformity with our methods, standards, specifications, protocols and customer service requirements, and you must purchase certain supplies, fixtures, and equipment from us. Except for the proprietary items that we supply, you may purchase supplies, fixtures and equipment from any source, so long as the items meet our specifications, which are listed below.

Approved Suppliers

Initial Equipment and Furnishings

Prior to opening your Franchised Business, you must purchase the following equipment and furnishings from us: a Gokhale Roller, a Gokhale Pain-Free™ Chair, 8 Stretchsit Cushions, 8 Gokhale Wedges, 8 Gokhale Head Cushions, and 8 copies of *8 Steps to a Pain-Free Back*. You must also obtain an application proprietary to GMI for an iPhone; there is no charge for this application. There are no other suppliers for these items, because they are proprietary to us and GME. Because these items are proprietary to us, we do not authorize other sources to supply these items nor do we permit you to purchase them elsewhere. We do not supply the specifications of these items to third parties.

Other than these items, you may purchase other required equipment and supplies from any source that can provide equipment and supplies that meet our specifications. We do not approve or limit the suppliers from which you can purchase this equipment and supplies.

No officer of GMI owns any interest in any supplier of equipment, furnishings or supplies other than Esther Gokhale's ownership of GME itself.

The items that you must purchase or obtain that must meet our specifications, but that you may obtain from any source are: an Apple MacBook with an Intel Core i5 processor or equivalent, MacOS 13 Ventura or later operating system, and at least 13 inch monitor; optionally an equivalent PC; an iPhone (iPhone XS or later, running iOS 18 or above) or iPad (running iOS 15 or above); a digital projector with sufficient brightness for your location; a projector screen with a diagonal measure of at least 60 inches; 1 exercise strap; 1 yoga mat; 2 pillows (not cervical pillows); 1 folding chairs; 2 height implements (e.g. buckwheat pillows or flannel sheets).

As a part of scheduling group Gokhale Foundations courses, you must own or make available for use the following: one chair per student; one Stretchsit Cushion per student; one Gokhale Wedge per student; one Gokhale Head Cushion per student; two pillows per student (you can use the institute's automated form to request students to bring their own); one yoga mat or equivalent lying surface per student (you can use the institute's automated form to request students to bring their own). GME is the only approved supplier of the items identified in this paragraph, except that you may purchase the chairs, pillows, and yoga mats from any supplier approved by us.

Exceptions to the above equipment requirements may be approved by GMI on a case-by-case basis.

Location Standards

Although you are not required to purchase or lease real estate, and we anticipate that you will rent space from a third party on an hourly, daily, weekly or monthly basis, we reserve the right to prescribe standards for the location where you will conduct classes. Presently, for private students, room dimensions should be at least 10 by 10 feet; for groups of four or less, 10 by 16 feet; and for 5 to 8 students, 14 by 20 feet. Space should be in compliance with local building codes; with federal, state and local laws, including the Americans with Disabilities Act; with local zoning and land use regulations for conducting Gokhale Method classes; and have access to rest rooms.

Insurance

You must maintain in force commercial general liability insurance protecting you, us, and the parties'

respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Franchised Business and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the Franchised Business. All insurance policies must: (1) be issued by carriers approved by us; (2) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe periodically; (3) name us and our Affiliates as additional insureds; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include such other provisions as we may require periodically. We do not require you to purchase insurance from any particular source.

Identified below are the types and minimum coverage amounts that currently we require for each franchised Gokhale Method business. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state.

COMMERCIAL GENERAL LIABILITY:

General Aggregate Limit: \$3,000,000 Personal Injury Limit: \$1,000,000

COMMERCIAL OR PERSONAL AUTOMOBILE LIABILITY:

Bodily Injury and Property Damage Combined Single Limit: \$1,000,000 Hired and Non-Owned Liability Limit: \$1,000,000

Please note, the landlord for the location where you conduct your classes may have its own insurance coverage requirements that apply additionally to our requirements for insurance coverage.

Approved Suppliers, Standards and Requirements

Other than the requirement to purchase from us the equipment specified above, we do not currently require you to purchase equipment or supplies from suppliers that we approve. We reserve the right to require you to purchase additional equipment or supplies from us in the future.

Our Revenue from Required Purchases

We will derive revenue from your purchase of required items. We estimate that the total amount that you will pay us for required purchases, including continuing education fees, will be between \$2,081 and \$3,332 during your first year of operation.

During our fiscal year ended December 31, 2024, our total revenue was \$93,584. Total sales of required items was \$31,180, or 33 percent of our total revenue. The total estimated proportion of all required purchases and leases in relation to all purchases and leases you will make in establishing the business is less than 25%. The total estimated proportion of all required purchases and leases in relation to all purchases and leases you will make in operating the business during your first year of operation is less than 25%.

We do not receive payments from any suppliers.

There are no purchasing or distribution cooperatives for the Franchised Business. We do not negotiate Franchisee purchase arrangements with suppliers.

We do not provide any particular benefits to franchisees who purchase from particular suppliers or otherwise do business with particular persons.

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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 these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document Item
a. Site selection and acquisition/lease	§§ 1.3, 3.1, 13, 6.2, 8.11	12, 11
b. Pre-opening purchase/leases	§§ 5, 6.3	6, 7, 8
c. Site development and other pre-opening requirements	§§ 1.2, 6.3	7,12
d. Initial and ongoing training	§§ 4.1, 4.2, 1.2, 7	6, 7, 11
e. Opening	Not Applicable	Not applicable
f. Fees	§§ 5.1 – 5.10, 3.2.1, 14.2, 16.7	5, 6
g. Compliance with standards and policies/operating manual	§§ 1.2, 8.1-8.14, 10.1-10.7	1, 8, 16, 17
h. Trademarks and proprietary information	§§ 9.1-9.3.3, 10.2-10.7	13, 14
i. Restrictions on products/services offered	§§ 8.1, 8.5	8, 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	§ 8.5	8
m. Maintenance, appearance, and remodeling requirements	§§ 1.3, 2.1, 6.2, 8.11	Not applicable
n. Insurance	§ 13	8
o. Advertising	§ 12	11
p. Indemnification	§ 19.3	Not applicable
q. Owner's participation/management/staffing	§ 8.3	15
r. Records and reports	§ 11	Not applicable
s. Inspections and audits	§ 11.3	Not applicable
t. Transfer	§ 14	17
u. Renewal	§ 3.2	1, 6, 17
v. Post-termination obligations	§ 16	17
w. Non-competition covenants	§ 17	17
x. Dispute resolution	§ 24	17
y. Minimum requirements	§ 8.14	Not applicable

ITEM 10 FINANCING

We do not offer financing. We do not guarantee any note, lease or other of your 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.

Our obligations prior to commencing operation of your Franchised Business include:

Providing training through the Teacher Training Immersion Week and support during the rest of the Initial Training (Section 7.1);

Upon completion of training and such other requirements as we may have, qualifying you to teach the Gokhale System in Approved Formats (Sections 1.1, 1.2, 2.1);

Granting you the right to operate a Franchised Business and to use the Marks, Confidential Information and Intellectual Property in accordance with the Franchise Agreement (Sections 1.1, 1.2, 2.1, 8.2, 10.2, 10.3);

Providing to you and allowing you to use our Teachers Manual and Policy Statements (Section 10.1). Our Policy Statements and Teachers Manual offer guidance in the operation of your Franchised Business. You must follow the terms of the Teachers Manual and Policy Statements, which we may update periodically.

Allowing you to operate in the general area in which you propose to teach. We do not, however, select your site or approve your area. We do not typically own your premises or lease the premises to you. (Section 2.1); and

Selling to you equipment you are required to purchase from us (Section 4.6) and providing you with the specifications for equipment and supplies you may purchase from others (Section 4.6).

Except as stated above, we have no obligation to assist you prior to opening your franchised business.

Our ongoing obligations to you during the operation of your Franchised Business include:

Providing continuing training, including Teacher Webinar, an Annual Meeting and/or an alternative continuing education option, and other continuing training as we may determine from time to time (Section 7.2);

Providing you with ongoing advice, as we deem necessary in our sole discretion, concerning operation of your Franchised Business and the Gokhale System (Section 4.7) and, in our discretion, inspecting your Franchised Business (Section 4.5);

Operating, in our sole discretion, a website on which your group courses may be posted (Section 4.9);

Operating, in our discretion, a database in which your student records will reside, and that will be used for general recordkeeping (Section 4.9);

Providing advertising materials, at our discretion and at your expense (Section 4.3);

Paying you a Teacher Referral Fee for new teachers you refer to us (Section 5.9); Paying you referral fees as defined in the affiliate program described in more detail in the Teacher Manual;

Maintaining, through our website, a billing facility through which your students may pay for courses (Section 4.9); and

Establishing prices which you will charge your students for classes, products, or other services (Section 4.10).

Except as set forth above, we have no obligations to you during the agreement.

Advertising and Promotion

We are not obligated to conduct any advertising, either on our own behalf or for you, in any medium, or on a local, regional or national basis. We currently maintain a website that describes the Gokhale Method and on which students can search and register for classes. We do not have an advertising fund that franchisees contribute to.

Local Marketing, Advertising and Promotion

In order to promote the Gokhale Method, you are required to conduct free workshops; over the course of a year, the number of people to whom you have presented free workshops should be double the number you have actually taught.

You may also promote your classes with brochures that we will supply at a reasonable fee; email blasts, which we will administer for a reasonable fee; and local print, radio or television advertising, which will be incurred at your expense. We will make available to you templates for advertising that you may customize by adding your name, address and other identifying information. You may not use your own advertising materials. You may not advertise on the internet except through our website and email blasts.

There are no local or regional advertising cooperatives, and we do not reserve the right to require you to form, change, dissolve or merge an advertising cooperative.

Computer Hardware and Software

You are required to obtain, by purchase or lease, the following computer equipment and software for your business:

an Apple MacBook with an Intel Core i5 processor or equivalent, MacOS 13 Ventura or later operating system, and at least 13 inch monitor; optionally an equivalent PC; an iPhone (iPhone XS or later, running iOS 18 or above) or iPad (running iOS 18 or above); a digital projector with sufficient brightness for your location; a projector screen with a diagonal measure of at least 60 inches; You will also need a high speed computer connection to the Internet and telephone service. We estimate the cost of these items to be between \$1,100 and \$4,600.

Neither we, nor our Affiliates, are required to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. Currently we do not have any specific requirements relating to mandatory hardware repair plans or software support service plans relating to your Computer System, but there are multiple providers available that can provide these types of services to you, at your option. We estimate that the cost to maintain, repair and update the computer system is between \$0 and \$1,000 a year, depending upon whether your system breaks down or not. There is no contractual limitation on the frequency and cost of maintenance, repairs and upgrade costs.

You must, at your own expense, upgrade or replace your Computer System whenever we require it, and we have no obligation to assist you in obtaining hardware, software or related services. There are no contractual limits on the frequency or cost of your obligation to obtain these types of upgrades. On your computer, you will store certain information in a form that we may require. At this time, and subject to updates we request from time to time, the information to be stored includes only customer names, addresses, contact information, how much the customers pay, the courses taken by the customers, and the customers' payment methods. We require you to share this information with us by inputting the information into our system in a manner set forth by us. In the future, we may, in our discretion, require you to store additional information and input it into our system. There are no contractual limits on our ability to access your computer information.

Teacher's Manual

The current table of contents of our Teacher's Manual, which is our Operations Manual, is annexed as Exhibit C to the Disclosure Document. It currently has twelve chapters and contains a total of 64 pages. The Teacher's Manual may be updated or modified from time to time at our discretion.

Training (Section 10)

Your rights to teach the Gokhale Method depend upon your completion to our satisfaction of not only your Initial Training but also such other and further training classes or refresher courses as we may authorize or direct from time to time. We may suspend your right to teach one or more courses or formats if you have not completed to our satisfaction all required training or refresher requirements, programs or courses.

Before opening your Franchised Business, you must successfully complete the Initial Training to our satisfaction, including memorization and recitation of scripts that we will provide. The Initial Training consists of one week of training in the Gokhale Method at our headquarters in Palo Alto, California or at other designated locations (the "Immersion Week"), followed by participation in at least twelve teacher webinars (live or pre-recorded), self-study of the Gokhale Foundations course script and materials, and teaching the full six-lesson Gokhale Foundations course in a one-on-one setting to two separate practice students. As part of teaching your practice students, you must prepare at least six videos in which you record yourself teaching each one of the six separate Gokhale Foundations lessons accompanied by self-critiques of each lesson. These recordings will be reviewed by your peers, and you will be required to view recordings submitted by other trainees and to evaluate them. Once reviewed, each lesson will be submitted for approval. If a lesson video is not approved, you will be required to submit another video of the same lesson. A video of each of the six lessons must be approved before you can become qualified to teach.

If you do not complete all of the Initial Training and have not qualified to teach within six months of attending the Immersion Week, we may terminate the Franchise Agreement upon 30 days' notice and your failure to cure.

The following summarizes the training:

Training is held during various intervals during the year depending on our need to train new franchisees. The instructional material may consist of our Teachers Manual or Policy Statements, scripts, images, checklists, demonstrations, practice and quizzes. Currently Esther Gokhale conducts the training; she has been teaching postural methods for health improvement since at least 1992. The cost of Initial Training is included in the \$4,000 franchise fee. You must pay food and lodging expenses in connection with attendance at Immersion Week. The Gokhale Active (Premium) fee of \$140 must be paid yearly from the time of acceptance to the program. Gokhale Active helps prepare accepted candidates for the Immersion Week. Upon completion of Teacher Training Immersion Week, you must pay \$240 a year for teacher webinars. Once a year you must pay \$450 for the annual teachers' meeting, for which you will also pay food and lodging. This is a required fee and attendance is mandatory. We do not at the present time have any further continuing education requirements, but we reserve the right to add them if we add new approved formats or new continuing education. All franchisees must attend training and complete it to the franchisor's satisfaction.

We estimate that from the time you sign the Franchise Agreement until the time you attend Immersion Week will be between one to three months, depending on when you are able to attend and when we offer Immersion Week courses. We estimate that the time from the date you complete your Immersion Week until you start teaching classes to be between three to six months, depending on how quickly you complete the self-paced training you must complete prior to opening. If you do not complete the Initial Training within six months of attending your Immersion Week, we may terminate your franchise agreement. The typical length of time between signing the Franchise Agreement and opening your business is between four and nine months.

Additional training and refresher courses are required, including attendance at the Annual Meeting (or an approved alternative continuing education program) and participating in teacher webinars.

Immersion Week Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Hands-on techniques related to Gokhale Foundations	20	Not applicable	Location of Immersion Week Course
Introduction to Gokhale Method philosophy	4	Not applicable	Location of Immersion Week Course
Demonstration of partial memorization of the Gokhale Foundations course teaching script	5	Not applicable	Location of Immersion Week Course
Teaching skills, voice projection	2	Not applicable	Location of Immersion Week Course
Gokhale Consultation training	5	Not applicable	Location of Immersion Week Course
Introductory Presentation training	2	Not applicable	Location of Immersion Week Course
Instruction in effective use of images	2	Not applicable	Location of Immersion Week Course
Observation and discussion of select cases for study	2	Not applicable	Location of Immersion Week Course
Review of anatomy relevant to posture	2	Not applicable	Location of Immersion Week Course
Advanced Gokhale Method techniques for self-use only	2	Not applicable	Location of Immersion Week Course
Training in various contexts (outdoors, home-type environment, etc.)	2	Not applicable	Location of Immersion Week Course
Complementary healing modalities	2	Not applicable	Location of Immersion Week Course
Rudimentary training in yoga/dance/fitness training	2	Not applicable	Location of Immersion Week Course
Introduction to running a posture business	2	Not applicable	Location of Immersion Week Course
Introduction to the backend of the website	2	Not applicable	Location of Immersion Week Course

Additional Training Required for Qualification to Teach

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
Videotape lessons with the memorized script and GMI images to demonstrate proficiency	Not applicable	48-60	Variable; your choice
Written assessment of videotapes	Not applicable	3-6	Your choice
Six peer reviews of other teachers' videotapes (one review every two months)	Not applicable	8-12	Your choice
Teach the complete Gokhale Foundations course in a one-on-one setting to two practice students	Not applicable	24-30	Your choice
Demonstrated mastery of the backend portion of the GMI website	Not applicable	2-6	Your choice
Anatomy module self-paced online course	Not applicable	10-12	Your choice
Online quiz	Not applicable	1-2	Your choice
Live participation in a minimum of 8 teacher webinars and self-study of the remaining recorded teacher webinars to total 12 per year	Not applicable	20	Your choice, provided you have internet access
Reading assignments (list of articles, research papers, and books will be provided to teachers in training)	Not applicable	100	Your choice
Gokhale Active (Premium) membership	Not applicable	35	Your choice
Participation in public and teacher online forums	Not applicable	10	Your choice
Teach the complete Gokhale Foundations course in a one-on-one setting four times. Teach the complete Gokhale Foundations course to a group of 1-4 students two times. This qualifies candidate for teaching Gokhale Foundations to groups of up to eight students.	Not applicable	42	Your teaching location

ITEM 12 TERRITORY

We do not grant a territory, exclusive or non-exclusive, in connection with the franchise, nor do we approve a location or business site. The nature of the franchise is such that you may be offering classes in different locations that you rent by the day or by the hour, at different times. We do not approve or disapprove those venues, but do require you to ensure that they meet our minimum standards, which are set forth in Item 8. We reserve the right to limit your teaching of the Gokhale Method to a particular country, such as the United States. We do not approve or disapprove the general area in which you propose to teach, . For all of these reasons, there may be other franchised teachers or classes offered by us in your geographic area, and we may ourselves choose to operate in the same area, with such resources as we deem appropriate. You may relocate your franchised business at any time.

We do not limit the geographic area in which you may solicit customers. You may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to solicit customers regardless of their location, so long as your marketing complies with our standards and requirements.

We generally will not own any locations at which you will teach your classes, and generally do not lease any locations to franchisees.

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

By virtue of signing the Franchise Agreement, you do not obtain any additional options, rights of first refusal, or similar rights to acquire additional agreements or franchises. We and our affiliates do not currently operate, or franchise the operation of, any other business selling any services or products similar to the services and products offered by Gokhale Method businesses under the Gokhale Method trademarks or different trademarks, and presently we do not have any plans to do so.

We retain all rights not expressly granted to you under the Franchise Agreement, including but not limited to the following, regardless of the impact on, or proximity to, your Franchised Business and without compensation to you: The right to teach, offer or sell services or products of any kind, or to franchise or to grant to others the right to teach, offer or sell services or products of any kind, under the name “Gokhale Method” or under any other name or mark, at any location or in any territory whatsoever, through any channel of trade (including Internet sales and mail order sales), to any persons, regardless of whether you have any past, existing or prospective relationship with them; The exclusive right to host one or more websites on the Internet that concern, offer or advertise the Gokhale Method or any other service or product that we offer under any name or mark; The right to advertise and promote our services and products through any media; The right to offer and sell any services and products under any trade names, trademarks, service marks or trade dress, including the Marks, through any channels of distribution whatsoever (including Internet sales; and mail-order sales); and The right to acquire, be acquired by, merge, affiliate with or engage in any transaction with any other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

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ITEM 13 TRADEMARKS

The principal trademarks you'll use under license from us through the Franchise Agreement are listed below. All of our trademarks are registered with the United States Patent and Trademark Office ("PTO"). Since we have a license from the owner of these marks, Esther Gokhale, and they are registered on the Principal Register of the Patent and Trademark Office for these marks, we have certain presumptive legal rights granted by a registration.

Our principal trademarks that are registered with the PTO are:

TRADEMARK	REGISTRATION NUMBER	DATE OF REGISTRATION	REGISTER
APLOMB	2026974	December 31, 1996, renewed January 4, 2007, renewed June 30, 2017	Principal
POSITIVE STANCE	3564666	January 20, 2009, renewed April 12, 2019	Principal
STRETCHSIT	3648668	June 30, 2009, renewed April 12, 2019	Principal
GOKHALE METHOD	3756543	March 9, 2010, renewed July 30, 2019	Principal
DOWNTIME TRAINING	3508557	September 30, 2008, renewed Dec 30, 2017	Principal
POSTURENOMICS	3894259	December 21, 2010, renewed Dec 21, 2016, renewed Dec 21, 2020	Principal
GOKHALE	7135412	August 15, 2023	Principal

We also claim common-law rights to the stylized design of a tree as well as to the words “Primal Posture™”, “Gokhale Pain Free Chair™”, “Pendo Press™”, “SpineTracker™”, and “PostureTracker™” (the “Unregistered Marks”) that we use in connection with our trade names. We do not have federal registrations for the Unregistered Marks. Therefore, these trademarks do not have the legal benefits and rights they would have as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the PTO or Trademark Trial and Appeal Board. There are no pending infringements, oppositions or cancellations concerning the Marks. There is no pending material litigation involving the Marks. We have filed all required affidavits and intend to continue to do so at the times required by law.

We have an unrestricted license to use the Marks and to sublicense the Marks to franchisees. We have no

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actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your franchise may be located. There are no effective agreements that limit our ability to use or license the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Marks under the Franchise Agreement and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and you are in compliance with the Franchise Agreement and all other agreements entered into with us. In our sole business judgment, we have a right to control, prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we decide to prosecute, defend or settle any matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain. The Franchise Agreement requires that we take reasonable steps necessary to maintain the right to use, and to license others to use, the Marks.

We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks, for use in identifying the Gokhale System and the businesses operating under the Marks. You must promptly comply with any required changes, revisions and/or substitutions, and will pay all the costs of modifying your signs, advertising materials, interior graphics and any other items which bear the Marks. We have no liability or obligation whatsoever with respect to any required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Esther Gokhale is the inventor and owner of two patents that are material to the franchise. The two patents cover products that franchisees may use in classes and sell to students or members of the public.

The first patent is titled “Ergonomic systems and devices.” It is a mechanical patent bearing number 7,540,564, issued June 2, 2009 for a period of 17 years. This patent covers a system or device for providing traction or support to portions of the user’s body to help stretch or decompress the user’s spine. The patent can be used in chairs, beds, cushions or other articles of furniture.

The second patent is titled “Cushion Device.” It is a design patent bearing number D604,084, issued November 17, 2009 for 17 years. This patent covers an ornamental design for a cushion device.

Although we haven't filed any applications for copyright registration, we claim copyright protection as well as trade secret protection for the teaching script, Teacher’s Manual, software, advertising materials, and other materials we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning the Gokhale System. You may resell products that are protected by patents owned or licensed to us, but have no rights to the underlying intellectual property.

We do not include in the Franchise Agreement any provision requiring us to protect the Patents or copyrights, or to defend, indemnify you or hold you harmless if a third party sues you for infringement for using our patented products. The Franchise Agreements do not provide you any rights if you decide to modify or discontinue the subject matter of the patents and copyrights.

There are no pending infringement, opposition or cancellation proceedings with respect to the patents or copyrights disclosed herein. There is no material litigation involving the patents or copyrights we know of, or any prior rights or infringing uses that could affect your right or ability to use the patents or copyrights in this state. There are no agreements that limit our rights to use or license the use of the patents or copyrights that are material to the franchise.

All of this is our proprietary intellectual property.

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

Under the Franchise Agreement, you must personally manage and operate the business and only you may teach classes in the Gokhale Method. You must at all times faithfully, honestly and diligently perform your obligations under the agreements, continuously exert your best efforts to promote and enhance the Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with the Franchise Agreement. You may engage in other businesses or activities, but may not commingle them with any Gokhale Method activities or methodologies. We do not require your spouse to sign personal guaranty, confidentiality, or non-competition agreements.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Franchised Business in accordance with our Teacher's Manual and The Gokhale System. Our Teacher's Manual and The Gokhale System contain mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe periodically for the operation of a Franchised Business and information relating to your other obligations under the Franchise Agreement and related agreements. The Teachers Manual may be modified by us from time to time to reflect changes in The Gokhale System.

Through your Gokhale Method Franchise you may only offer and sell those services and products that we have approved. You must offer all services and products that we designate as required for all franchisees. We have the right to add additional authorized services and products that you must offer through your franchise location. There are no limits on our right to do so.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3.1	The term is five (5) years.
b. Renewal or extension	Section 3.2	You may have the right to renew for consecutive terms of five (5) years subject to certain conditions (e.g., that you sign a new form of franchise agreement).
c. Requirements for franchisee to renew or extend	Section 3.2	You must give written notice of your decision to renew for a subsequent term no fewer than three months nor more than 12 months prior to the end of the then-current term. You may also have to execute a general release in our favor and sign a new form of franchise agreement which may have materially different terms than this Franchise Agreement.
d. Termination by franchisee	None	
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	Section 15	We may terminate for cause. Depending on the reason for termination, we may not provide you an opportunity to cure. See this item 17(g) and (h) for further description.
g. “Cause” defined – curable defaults	Section 15.3	You have 30 days to cure any default not enumerated in Section 15.1 and Section 15.2.
h. “Cause” defined – non-curable defaults	Section 15.1 and Section 15.2	We may terminate the Franchise Agreement without providing you an opportunity to cure for any of the deficiencies identified in Sections 15.1 or 15.2 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Section 16	Cease operations, cease use of confidential information and trademarks, assign your lease to us (at our option), pay all sums owed to us and our affiliates, pay liquidated damages to us, if applicable, return manuals and confidential information, sell us your equipment (at our option), and comply with covenants not to compete.
j. Assignment or transfer of contract by franchisor	Section 14.1	There is no restriction on our right to assign or transfer unless required by law.
k. Transfer by franchisee	Section 14.2	You have no right to transfer.

l. Franchisor approval of transfer by franchisee	Section 14.2	If applicable law requires that we allow you to transfer the franchise agreement, we have the right to impose requirements upon the transfer, including requiring a payment of a transfer fee of \$5,000 and our attorneys' fees, and setting forth necessary qualifications of the transferee.
m. Conditions for franchisor approval of transfer	Section 14.2	We have the right to impose conditions on the transfer to the extent we have to permit transfer under state law.
n. Franchisor's right of first refusal to acquire franchisee's business	None	
o. Franchisor's option to purchase franchisee's business	None	
p. Death or incompetence of franchisee	Section 14.2	The franchise agreement cannot be transferred upon death or incompetence.
q. Non-competition covenants during the term of the franchise	Section 17.1	You cannot: divert or attempt to divert any present or prospective customer; employ or seek to employ any person employed by us, our affiliates, or any of our franchisees; be involved in any Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	You cannot be involved for a period of two (2) years in any business that is competitive with ours within a 10-mile radius of your former location or of any location then existing where the Gokhale System is taught.
s. Modification of agreement	Section 22 and Section 8.10	No amendments to the franchise agreement may be made unless the agreement allows us to unilaterally change something or unless the change is mutually agreed to by the parties and executed in writing. Also, we may change the System from time to time.
t. Integration/merger clause	Section 22	Only the terms of the franchise agreement are binding (subject to state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in this FDD or its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 24	Except for certain claims, all disputes are subject to mediation, and if mediation does not resolve a dispute, it shall be resolved in arbitration in Palo Alto, California (subject to applicable state law).
v. Choice of forum	Section 24	Arbitration must be in Palo Alto, California and any claims not subject to arbitration shall be brought only in the state or federal courts for Palo Alto, California (subject to applicable state law).
w. Choice of law	Section 24	California law shall apply, except that the California Franchise Relations Act and the California Franchise Investment Law, nor any portions thereof, shall apply unless you satisfy the requirements for application of such law apart from the choice of law provision. AND EXCEPT THAT LAWS OF STATE IN WHICH YOUR FRANCHISE IS LOCATED SHALL

		GOVERN WITH RESPECT TO SECTION 17 AND ITS ENFORCEMENT
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**ITEM 18
PUBLIC FIGURES**

There are no public figures involved in the sale of this franchise.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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 Esther Gokhale, Chief Executive Officer, Gokhale Method Institute, 3790 El Camino Real #1033, Palo Alto, CA 94306, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE REPRESENTATIONS

Table No. 1
System wide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	23	22	-1
	2023	22	21	-1
	2024	21	18	-3
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets*	2022	23	22	-1
	2023	22	21	-1
	2024	21	18	-3

Note: The table above shows the number of United States franchisees.

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Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

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Item 20 Table No. 3
Status of Franchised Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	0	0	1	0	0	5
Colorado	2022	0	0	0	0	0	0	0

	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	1	2
	2024	2	0	0	0	0	0	2
Illinois	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	1	0	0	1
Massachusetts	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	2024	2	0	0	1	0	0	1
Montana	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
New York	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
Pennsylvania	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	2	1
	2024	1	0	0	0	0	0	1

Utah	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	2	0	0	0	0	0	2
	2023	2	1	0	1	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	23	0	0	0	0	1	22
	2023	22	7	0	3	0	5	21
	2024	21	0	0	3	0	0	18

Note: The table above shows the number of United States franchisees.

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2022	0	0	0	0	0	0

	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings As of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlets In the Next Fiscal Year
California	0	0	0
Delaware	1	1	0
Illinois	1	1	0
Vermont	1	1	0
Total	3	3	0

Attached as Exhibit D is the List of the names, business addresses and telephone numbers of all franchisee outlets in the United States.

Attached as Exhibit E is the list of names, city and state and business telephone numbers of every franchisee who had an outlet, ceased to do business under the franchise agreement within the last fiscal year or which has not communicated with the franchisor within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited financial statements for the last three fiscal year-ends. Our Fiscal Year Ends on December 31. Additionally, we have attached unaudited financial statements for January through February 2025.

ITEM 22 CONTRACTS

Attached as Exhibit A is the Franchise Agreement.

ITEM 23 RECEIPTS

The Receipts to be signed by all prospective franchisees are attached in duplicate at the very end of this Franchise Disclosure Document issued April 10, 2025 (identified as Exhibit "H"). You will sign and date one copy and give it to us at the time we present it to you. Your copy of the receipt is attached at the end of this Franchise Disclosure Document. This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

The name, principal business address and telephone numbers of each franchise seller offering the franchise are identified on the Receipts.

[THE DISCLOSURE DOCUMENT ENDS HERE]

EXHIBIT A

GOKHALE METHOD FRANCHISE AGREEMENT

Gokhale Method Institute
FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is made effective _____, 20____, (the "Effective Date") by and between Gokhale Method Institute, Inc., a corporation formed under California law, with its principal business address at 3790 El Camino Real #1033, Palo Alto, CA 94306 (referred to in this Agreement as "Franchisor," "we", "us" or "our"), and _____, a _____ with its principal business address at _____ (referred to in this Agreement as "Franchisee", "you," "your" or "owner").

Preamble: We have developed a method for restoring Primal Posture™ as evidenced by young children, our ancestors and people in non-industrial cultures (the "Gokhale Method®") as well as materials, procedures and protocols for teaching the Gokhale Method (the "Gokhale System") as well as materials, procedures and protocols for operating a business teaching it (the "Gokhale Way") under trademarks and trade names that we or our affiliate own or may own in the future (the "Marks"). You wish to teach the Gokhale System and to use the Gokhale Way to operate a business (the "Franchised Business") as well as to use the Marks and we are willing to grant you certain rights to do so, as set forth herein.

1. GRANT OF FRANCHISE

- 1.1. Grant of Franchise. We grant to you the right to teach the Gokhale System in the manner and to the categories of students we authorize ("Approved Formats") in accordance with the terms and conditions set forth in this Agreement. This Grant of Franchise is to teach the Gokhale System only to individual students, or to groups of students that were solicited individually ("Consumer Students"). No License is hereby granted to any other types of students, including, but not limited to, groups of students organized by companies or organizations ("Corporate Groups") or students with no prior affiliation aggregated together by a third party that is not you ("Wholesale Groups").
- 1.2. Conditions and Suspension. You recognize and agree that the right granted to you to teach the Gokhale System is limited by the terms of this Agreement, and that if you violate any term of this Agreement or the Policies under it, we have the right to terminate it pursuant to Article 15 of this Agreement. You recognize and agree that because of our concern for quality and uniformity throughout the System and because we will bring you improvements and innovations in teaching the Gokhale System, that we have the right to suspend your license to teach if you are not current on our requirements for teachers or are not otherwise in good standing. The requirements to maintain qualification and to be in good standing are or will be included in our Teacher's Manual and/or Policy Statements.
- 1.3. Approved Facility. You shall operate the Franchised Business only in a facility that meets our specifications as set forth in our Teachers' Manual or Policy Statements ("Approved Facility").

2. YOUR LOCATION and OUR RESERVED RIGHTS

- 2.1. Your Location. You may teach the Gokhale System at any Approved Facility within the country of _____ (each Approved Facility at which you teach is considered your "Location") You understand that we do not grant, and you do not have, any rights to any territory, location or area, or rights to any customers or students. While you have the right to recruit and teach students in accordance with this Agreement, you acknowledge that, apart from the rights we grant in this Agreement, that we have the exclusive rights to communicate with, market to and maintain relationships with customers or students that you teach. You will not contest our rights to do so, nor will you interfere with our relationships with students that you teach. In addition, we reserve all the rights set forth below. You have no exclusive right to operate or market in your area and other franchisees may operate and market in the same area as you.
- 2.2. Our Express and Implied Reservations of Rights. We retain all rights not expressly granted hereunder, including but not limited to the following, regardless of the impact on, or proximity to, your Franchised Business:

- 2.2.1. The right to teach, offer or sell services or products of any kind, or to franchise or to grant to others the right to teach, offer or sell services or products of any kind, under the name “Gokhale Method” or under any other name or mark, at any location or in any territory whatsoever, through any channel of trade (including Internet sales and mail order sales), to any persons, regardless of whether you have any past, existing or prospective relationship with them;
- 2.2.2. The exclusive right to host one or more websites on the Internet that concern, offer or advertise the Gokhale Method or any other service or product that we offer under any name or mark;
- 2.2.3. The right to advertise and promote our services and products through any media;
- 2.2.4. The right to offer and sell any services and products under any trade names, trademarks, service marks or trade dress, including the Marks, through any channels of distribution whatsoever (including Internet sales; and mail-order sales); and
- 2.2.5. The right to acquire, be acquired by, merge, affiliate with or engage in any transaction with any other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

3. TERM AND RENEWAL

- 3.1. Term. This Agreement shall be in effect beginning on the Effective Date, and the term of this Agreement shall be five (5) years (the "Term") from the date you complete your Immersion Week further described in Section 7.1 of this Agreement, unless this Agreement is sooner terminated pursuant to its terms; provided, however, that if the term is a renewal term, then the term shall be five (5) years from the date on which the renewal agreement is executed and if you have completed Immersion Week prior to signing this Agreement, then the term shall be five (5) years from the date of execution of this Agreement.
- 3.2. Renewal. Upon the expiration of the Term of this Agreement, you may, subject to the following conditions, renew this Agreement for consecutive terms of five (5) years. We may require, in our sole business judgment, that any or all of the following conditions be met prior to such renewal:
 - 3.2.1. You shall give us written notice of your election to renew no fewer than three (3) months nor more than twelve (12) months prior to the end of the Term;
 - 3.2.2. You shall meet such requirements as we may reasonably impose upon you, which may include requiring that you execute a general release in our favor and that you sign a new form of franchise agreement, which may supersede this agreement in all respects, and may have materially different terms than this Agreement.
 - 3.2.3. Survivability. Your obligations under Sections 9, 10, and 16 of this Agreement shall survive its termination.

4. OUR DUTIES

- 4.1. Training. We shall provide the training as set forth in Section 7 hereof.
- 4.2. Updates and Continuing Training. We may provide updates and continuing training by way of live presentations, remote video, teleconference or otherwise. Such continuing training shall be offered in our discretion, and may be as frequent as twice a month. In our discretion, we may conduct an annual meeting and refresher course (the “Annual Meeting”), in which case you are required to attend. We may offer an alternative continuing education program that could satisfy the Annual Meeting requirement. All continuing training shall be at your cost.
- 4.3. Advertising and Promotional Materials. We may make available to you advertising and promotional

materials at your expense as provided in Section 12.

- 4.4. Teacher's Manual and Policy Statements. We will provide you with access to our Teacher's Manual and provide you with any Policy Statements that we issue.
- 4.5. Inspections. We may conduct, as we deem advisable in our sole business judgment, inspections of your operation of your Franchised Business at any time during your regular business hours and with or without notice to you. We may also provide you with consultations to assist you in operating your Franchised Business.
- 4.6. Equipment and supplies. We shall provide to you a list of initial equipment and related products and supplies for the Franchised Business for purchase from us, our Parent or Affiliate or other suppliers (the "Initial Setup"). Purchasing the Initial Setup is a prerequisite for operating a Franchised Business.
- 4.7. Ongoing Advice. During the Term of this Agreement, we may advise you from time to time regarding the Gokhale Way, in our discretion. Such advice may be furnished in the Teachers' Manual or in Policy Statements, during telephone conversations, through Internet sessions, live conversations or otherwise. Such advice may concern any aspect of the Franchised Business, and you must follow it unless otherwise specified.
- 4.8. Optional Marketing Services. We may offer from time to time, at our sole discretion, marketing services and programs to assist Franchisees in marketing and promotion. The participation in these Services is voluntary, and should Franchisee chose to participate in them, Franchisee will pay the then current fees and expenses associated with them.
- 4.9. Website and Database. We may maintain a website on which your classes may be posted and your students may register and pay for classes; on which, in our discretion, we may maintain all student information; and on which we may provide you, students, and others with general information.
- 4.10. Prices. We will provide you with prices that you must follow in charging your students for classes, products or other services.

5. FEES

- 5.1. Initial Franchise Fee. You shall pay to us, on execution of this Agreement, a non refundable initial franchise fee (the "Initial Franchise Fee") in the amount of Four Thousand (\$4,000) Dollars. The entire Initial Franchise Fee is fully earned and non refundable upon payment. You do not have a right to a refund once it is paid.
- 5.2. Student Payments. All payments collected from your students for teaching the System, including but not limited to continuing training or programs which may be offered from time to time will be paid by the student directly to us through our payment system ("GMI-Pay Students") unless such fees are paid by the student to you in cash or by paper check or a credit card system in your facility ("Direct-Pay Students").
- 5.3. Royalty Fee - Direct Pay. For Direct-Pay Students you agree to pay us a non-refundable royalty ("Royalty") during the Term in accordance with our Royalty Schedule in effect as of the time of payment. The Royalty Schedule in effect as of the signing of this Agreement is included in the annexed Exhibit A and is subject to change from time to time in our reasonable discretion upon thirty (30) days' notice.
- 5.4. Royalty Fee - GMI Pay. For GMI-Pay Students we will collect our royalty, Billing Fee and any other amounts that you owe us from the amount tendered by the student to us. After such deductions, we will remit the balance to you in accordance with our payment schedule. The schedule of fees and royalties in effect as of the signing of this Agreement is included in the annexed Exhibit A and is subject to change from time to time in our reasonable discretion upon thirty (30) days' notice.

- 5.5. Billing Fees. For GMI-Pay Students you will pay us a Billing Fee in accordance with our Billing Fee Schedule in effect as of the time of payment. The Billing Fee Schedule in effect as of the signing of this Agreement is included in the annexed Exhibit A and is subject to change from time to time in our reasonable discretion upon thirty (30) days' notice.
- 5.6. Product Sales. You may purchase from us or our approved vendors Gokhale Method branded products for resale. Such purchases will be at the then current wholesale prices published in our Price List, which will also include their retail prices.
- 5.7. Continuing Education and Related Fees. You agree to pay to us our regular fees for continuing training programs and such other fees as we may require in the Teachers Manual or Policy Statements. These fees include, but are not limited to fees for the Annual Meeting, for teacher webinars, and for membership in Gokhale Active (Premium). The Billing Fee Schedule for these fees in effect as of the signing of this Agreement is included in the annexed Exhibit A and is subject to change from time to time in our reasonable discretion upon thirty (30) days' notice.
- 5.8. Advertising Expenditures and Contributions. You shall make expenditures and contributions for advertising and brand promotion as specified in Section 12 hereof.
- 5.9. Teacher Referral Fees. Should you refer to us a new teacher for the Gokhale Method, and that teacher is accepted by us as a teacher and becomes qualified by us to teach the System, we will pay you a Teacher Referral Fee in accordance with our Teacher Referral Fee Schedule in effect as of the time of payment. The Teacher Referral Fee Schedule in effect as of the signing of this Agreement is \$100 and is subject to change from time to time in our reasonable discretion upon thirty (30) days' notice. Accepting and qualifying such Teacher will be at Franchisor's sole discretion.
- 5.10. Payments. All payments due Franchisee for activities within a calendar month will be made by us within 10 days of the close of such month. We may deduct any charges, fees or other payments you owe us, including those for continuing education or for products or equipment purchased from us, or any other fees or charges, and remit the balance to you. All payments due Franchisor for activities within a calendar month will be made to us within 10 days of the close of such month. If any payment to us is overdue by thirty (30) days or more, you shall pay us immediately upon demand, in addition to the overdue amount, Interest on such amount from the date it was due until received by us. For purposes of this Agreement, Interest shall be at 18 percent per annum or the highest rate permitted by law, whichever is less.

6. OPENING OF FRANCHISED BUSINESS

- 6.1. Business Development. You shall develop and equip any location at which you teach at your own expense and in accordance with our standards, as set forth in the Teacher's Manual.
- 6.2. Local Regulations and Taxes. You shall be responsible, at your own expense, for complying with all local zoning, health and use regulations and classifications, and for obtaining all permits, certifications, and clearances required for the lawful operation of the Franchised Business, including, but not limited to, certificates of occupancy and business licenses, which may be required by federal, state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Location or required by the lessor. You shall promptly pay when due all taxes, levied or assessed, incurred in the conduct of the Franchised Business, including, but not limited to, taxes incurred in the purchase of products for the Franchised Business.
- 6.3. Commencement Criteria. You agree not to open nor operate the Franchised Business until (a) You have completed all required training as set forth in 7.1 to our satisfaction and have been approved to teach; (b) you have purchased all equipment and other items required for operation of the Franchised Business; (c) You have furnished us with copies of all insurance policies required by this Agreement; (d) you have provided us with any further information or evidence as we may reasonably request in order to confirm that you are ready to teach; and (e) We have approved you to open and operate your Franchised Business

7. TRAINING

- 7.1. Initial Training. You will complete the Initial Training, which consists of Teacher Training Immersion Week and substantial follow-up training and practice requirements which will prepare you to teach the Gokhale System to groups and individuals. Approval to teach requires that you attend and successfully complete to our satisfaction the Initial Training and shall have passed all evaluations, and be formally approved by us to teach. If you do not complete all training and have not qualified to teach within six months of attending the Teacher Training Immersion Week, we may terminate this Agreement upon 30 days' notice and your failure to cure
- 7.2. Continuing Training. You must attend such additional courses, seminars and other training programs as we may reasonably require from time to time, and which will be detailed in the then current Teachers' Manual, in order to maintain your approval to teach the Approved Formats for which you have been approved. Such continuing training may include, but is not limited to, attendance at the Annual Meeting, participation in such Teacher Webinars as may be scheduled by us, peer review of teacher trainees, and involvement in Gokhale Active. Failure to attend and participate in such continuing training programs may result in suspension of your right to teach the Gokhale System until you have completed our required continuing training and you have been re-approved. If your right to teach has been suspended, and you nonetheless offer to teach, we may terminate this Agreement immediately upon notice to you. As part of your continuing approval we may request that you submit at reasonable intervals, and you agree to submit to us within such reasonable time as we specify, audiotapes or videotapes of you teaching, and which will be detailed in the then current Teachers' Manual. We may submit such recordings to peer review by other Gokhale Method teachers, and you hereby grant us your consent for such submission.
- 7.3. Training Fee and Expenses. All training programs required by this Agreement shall be at such times and places as may be designated by us. We shall train you in the Teacher Training Immersion Week at no additional fee or other charge. You shall be responsible for any and all of your expenses incurred in connection with attending the Immersion Week, and all other such programs, including, without limitation, the costs of transportation, lodging and meals. You will be responsible for paying for all other training as per the then current fee schedule.

8. YOUR DUTIES

- 8.1. Operating Standards. You understand and acknowledge that every detail of the System and the Franchised Business is important for delivering a high quality service and product, and therefore it is important to you, us, and other Gokhale Method teachers in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchised businesses operating under the System, to protect and enhance our reputation and goodwill, to promote and protect the value of the Marks.

To those ends, you agree to comply with our operating standards as expressed in this Agreement, the Teacher's Manual, and in Policy Statements. You understand that we have the right to suspend your right to teach, or that we may terminate this Agreement, if you fail to maintain our Operating Standards. You agree that you will not teach, administer, advise or represent any method, healing regimen or protocol, or any other activity that is not part of the Gokhale System as being part of the Gokhale System or Gokhale Method unless it has previously been approved by us in writing for your use as such.

- 8.2. Approved Formats. You agree to sell, offer for sale and deliver to students only the Gokhale System in Approved Formats and any related classes, services and products as have been expressly approved in writing by us and for which you have been qualified; to refrain from any deviation from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any Gokhale Method branded class, service, product, merchandise, and equipment which we may, in our discretion, disapprove in writing at any time. The current schedule of Approved Formats and requirements for them is annexed as Exhibit B.
- 8.3. Personal Involvement. You may not, under any circumstances allow other persons to teach the Gokhale

System without our express, written consent. You may not delegate, franchise or employ others to carry out the duties of this Franchise Agreement.

- 8.4. Required Training. You agree to attend any and all required continuing training, as defined in 7.2.
- 8.5. Equipment and Supplies. You agree to purchase such equipment, materials, products, supplies and services as we designate. We may require you to purchase any proprietary supplies and services from us or our Affiliates, or from suppliers we approve and designate in the Teacher Manual, Policy Statements, or otherwise in writing from time to time. You will not use any equipment, supplies or other tangible or intangible things as part of the Gokhale System or Gokhale Method unless we have previously approved it in writing for such use.
- 8.6. Computer Networks. You agree to participate in any intranet or extranet computer network or other Internet-based or computer assisted communication or teaching system we adopt or develop, and to purchase and implement such equipment or supplies as we may reasonably require. You will also execute such software licenses or other agreements as we may reasonably prescribe.
- 8.7. Permits and Licenses. You will, at your own expense, research the requirements for and obtain all permits and licenses for the Franchised Business and will then operate the Franchised Business in accordance with all applicable laws and regulations, adhere to good business practices and observe high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us. You shall immediately notify us in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.
- 8.8. Student Concerns. You agree to report to us promptly and via email any concerns or complaints from your students or former students. Such reports shall be in a format and contain such information as we prescribe.
- 8.9. Advertising and Promotion. You shall advertise and promote the Franchised Business and the Gokhale System in the manner and through the means that we require in this Agreement, the Teachers' Manual and in Policy Statements, which advertising and promotion shall be at your expense. You will ensure that all graphics, signs, advertising and promotional materials, decorations and other items specified by us bear the Marks in the form, color, location, and manner prescribed by us and in no other way.
- 8.10. Changes to the System. You agree that we have the right at our sole discretion to change the System from time to time, and you agree to comply with such changes and to cooperate with such changes as we may prescribe in the Teachers' Manual or in Policy Statements. You agree that you shall not implement any change, amendment or improvement to the System without our express prior written consent. You shall notify us in writing of any change, amendment or improvement in the System which you propose to make, and shall provide to us such information as we request regarding the proposed change, amendment or improvement. You acknowledge and agree that we shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to you.
- 8.11. Health and Safety Standards. You shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. You shall furnish to us immediately upon the receipt thereof, a copy of all health inspection reports and any violation or citation which indicates your failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Your failure to cure such violations within twenty-four (24) hours shall constitute grounds for immediate termination. We shall also have the right, but not the obligation, to enter the Location, without notice, at any time during regular business hours to cure any health or safety violation at the Franchised Business and require you to reimburse us for all out-of pocket costs and expenses incurred by us to effect such cure.
- 8.12. Restrictions on Prices. You will offer classes, equipment, and services at such prices as we may prescribe

from time to time in the Teacher Manual, Policy Statements, or otherwise in writing. You will not offer or sell any product or service at a price other than our recommended price without our prior written consent.

- 8.13. Computer System and Required Software. We shall have the right to require that you equip your Franchised Business with specific brands or models of communications and computer systems, with accompanying hardware and software. At our request, you shall install such software, hardware and communications systems as will enable us to remotely retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable. You grant us permission to do so at our discretion.
- 8.14. Minimum Activity Requirement. There are no minimum royalty requirements.
- 8.15. Other Obligations. You agree to comply with such other obligations as are imposed upon you by this Agreement, the Teachers Manual, or by the Policy Statements, as issued from time to time.

9. MARKS

- 9.1. Our Representations. We represent that we have the right to use, and to license others to use, the Marks; and we have taken and will take all steps reasonably necessary to preserve and protect our rights to do so. We have a right to control, prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we decide to prosecute, defend or settle any matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.
- 9.2. Your Use of the Marks. With respect to your use of the Marks, you agree that:
 - 9.2.1. You shall use only the Marks designated by us, and shall use them only in the manner that we authorize and permit in the Teacher Manual or Policy Statements. You shall not use the Marks as part of your corporate or other legal name or as part of an Internet domain name or Internet e-mail address.
 - 9.2.2. You shall execute any documents deemed necessary by us to obtain protection for the Marks or to maintain their continued validity and enforceability;
 - 9.2.3. If you believe that someone is using the Marks without our consent, you will notify us of that use. If anyone sues you, claiming that you do not have the right to use the Marks, we will defend you at our expense, so long as you have complied with this Agreement.
 - 9.2.4. You shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Marks.
- 9.3. Acknowledgments. You agree that we or our Affiliate is the owner of the Marks and the goodwill associated with them, and we have the right to use, and license others to use the Marks. Therefore, you will not, during the Term of this Agreement and after its expiration or termination, contest the validity of our Affiliate's ownership of, or our right to use and to license others to use, the Marks. Your use of the Marks does not give you any ownership interest or other interest in or to the Marks.
 - 9.3.1. Any and all goodwill arising from your use of the Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to you or any of your principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with your use of the System or the Marks;
 - 9.3.2. The license of the Marks granted to you is not exclusive, and we retain the rights, among others:
 - (a) to use the Marks ourselves in connection with selling products, merchandise, and services;

(b) to grant other licenses for the Marks; (c) to develop and establish other systems using the Marks, similar Marks, or any other Marks; and (d) to grant licenses thereto without providing any rights therein to you.

- 9.3.3. We reserve the right, in our sole discretion, to modify, add to, or discontinue use of the Marks, or to substitute different Marks, for use in identifying the System and the businesses operating thereunder. You agree that if we change the Marks that you will comply with any changes we require you to make at your expense.

10. TEACHERS' MANUAL, CONFIDENTIAL INFORMATION AND YOUR IDEAS

- 10.1. Standards of Operation. In order to protect our reputation and goodwill and to maintain high standards of operation under the System, we will provide you with a Teachers' Manual, Policy Statements, or other writings setting forth the manner in which you shall teach the Gokhale System and operate the Franchised Business. The Teachers' Manual, Policy Statements, or other writings may be online or in hard-copy form.
- 10.2. Intellectual Property. You recognize and agree that the Gokhale Method is comprised of intellectual property, trade secrets, and proprietary information that we own. You agree that we own that property and you will not dispute our ownership.
- 10.3. Confidentiality. We may designate any information provided to you as "Confidential," and you agree that you will not disclose it, during or after this agreement, except as we may, in writing, permit you to do so. Included in our Confidential Information are the Teachers' Manual; teaching scripts and Policy Statements; the information, know-how and techniques that we have imparted to you; proprietary software; and any other information we have provided to you that is not available to the general public.
- 10.4. Changes and Revisions. We may from time to time revise the contents of the Teachers' Manual, Policy Statements, scripts and any other teaching methods or content, and you expressly agree to comply with each new or changed standard.
- 10.5. Irreparable injury. You acknowledge that any failure to comply with the requirements of this Section 10 will cause us irreparable injury, and you agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief sought by us.
- 10.6. Ideas and Concepts. If you develop any ideas, concepts, methods, techniques or materials of improving posture, reducing back pain, improving physical well-being or that otherwise relate to the Gokhale Method ("Ideas and Concepts") during the Term of this Agreement, you agree to disclose those Ideas and Concepts to us and that we may use them, in our discretion, in improving or modifying the Gokhale Method, offer them to our Affiliates, other Franchisees or business partners without the need to obtain any prior approval from you, nor without any compensation to you.

11. ACCOUNTING AND RECORDS

- 11.1. Sales and Student Records. You shall create, record and maintain such information on sales and students as we designate in the Teachers' Manual (the "Records"). You agree to maintain such Records during the Term of this Agreement and for two years thereafter. We may request you to provide us with copies of Records at our discretion, and you agree to provide us with such Records. You shall comply with all the requirements in the Teachers' Manual relating to registering students and maintaining their records via the prescribed Franchisor system.
- 11.2. Other Reports. Upon our written request you shall, at your expense, submit to us within 10 days and in the form we prescribe, reports such as financial statements and other data, including tax returns.
- 11.3. Inspection and Audit. We shall have the right at any time during regular business hours to examine, copy, and/or personally review at our expense, your books, records, accounts, and tax returns. We shall

have the right at all reasonable times to remove such books, records, accounts and tax returns for copying. We shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection or audit should reveal that any income or sales have not been reported or have been understated by two percent (2%) or more in any report to us, then you shall immediately pay to us the amount underpaid upon demand, in addition to Interest from the date such amount was due until paid, plus all of our costs and expenses in connection with the inspection or audit, including, without limitation, travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or otherwise at law or in equity.

12. ADVERTISING AND PROMOTION

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

- 12.1. Local Marketing, Advertising, and Promotion Expenditure. You shall follow the guidelines in the Teachers' Manual and Policy Statements regarding marketing, advertising and promotion and upon our request, you shall provide satisfactory evidence of all Local Marketing, Advertising and Promotion Expenditures in such manner as we shall direct. Such guidelines may include, but are not limited to offering free promotional classes. You shall bear the cost of all such activities. You also agree to pay us for any advertising materials that we create for you and at your request, including the costs of creating such materials and reproducing them.
- 12.2. Advertising Materials. All advertising and promotion by you shall be in such media and of such type and format as we may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as we may specify. You shall not use any advertising or promotional plans or materials relating to the Gokhale Method unless and until you have received written approval from us. You acknowledge and agree that we may require, in our sole business judgment, that in all advertising relating to the Gokhale Method that you use must designate only our designated Website, our designated email address and your phone number for contacting you.

13. INSURANCE

- 13.1. Minimum Insurance Requirements. You shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the Term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the Term of this Agreement), at your expense, an insurance policy or policies protecting you, us, and the parties' respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Franchised Business and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the Franchised Business. Such policy or policies shall be written by a responsible carrier or carriers acceptable to us and shall provide at least the types and minimum amounts of coverage specified in the Teachers' Manual or Policy Statements. Furthermore, for franchisees located within the United States such policy or policies shall name us and our subsidiaries and Affiliates as additional insureds. We shall have the right, from time to time, to make such changes in minimum policy limits and endorsements as we may determine in our reasonable discretion.
- 13.2. Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that we, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

- 13.3. Certificates of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, you shall deliver to us Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.
- 13.4. Our Right to Procure Insurance. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in the Written Policies, we shall have the right and authority (but not the obligation) to procure and maintain such insurance in your name and to charge the same to you, which charges, together with our reasonable expenses in so acting, shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law or in equity.

14. TRANSFER OF INTEREST

- 14.1. Our Right to Transfer. We shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any of our designated assignee(s) shall become solely responsible for all of our obligations under this Agreement from the date of assignment. You shall promptly execute such documents in connection with such transfer as we may request.
- 14.2. Transfer by You. You do not have any right to transfer this agreement. It shall immediately terminate and be of no further force or effect, except for provisions that by their terms survive termination, if you attempt to transfer this Agreement. This Agreement cannot be transferred or devised upon your death or incompetency. Some states may require that we allow you to transfer this agreement in certain circumstances. If the law of any such state is determined to apply to this agreement, then we may impose requirements upon transfer, including payment of a transfer fee of \$5,000 and our attorneys' fees and the prior qualification of the transferee to teach the Gokhale System.

15. DEFAULT AND TERMINATION

- 15.1. Automatic Termination. You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you or opportunity to cure, if one or more of the following occur: You become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against you; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); you are dissolved; you die or are declared incompetent; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Location or equipment is instituted against you and not dismissed within thirty (30) days; you attempt to transfer this Franchise Agreement or more than half the assets of the Franchised Business; you delegate teaching of the Gokhale System without our prior written consent; or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.
- 15.2. Notice Without Opportunity to Cure. Additionally, upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure, effective immediately upon notice to you:
- 15.2.1. If you, or any of your Principals, officers, or directors, engage in conduct that we in good faith believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interest therein;
- 15.2.2. If a threat or danger to public health or safety results from your operation of the Franchised Business;

- 15.2.3. If you fail to comply with the covenants in Section 17 hereof;
- 15.2.4. If contrary to the terms of Section 10 hereof, you disclose or divulge the contents of the Confidential Information provided to you by us;
- 15.2.5. If you defraud us in any way;
- 15.2.6. If you misuse or make any unauthorized or improper use of the Marks or any other identifying characteristics of the System;
- 15.3. Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by you, we shall give you written notice of such default and an opportunity to cure such default within thirty (30) days of your receipt of such notice. We shall have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof thereof, within the thirty (30) day period. If applicable law requires a longer cure period, such period shall apply to our notice.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to you shall forthwith terminate, and:

- 16.1. Cease Operations. You shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former Gokhale Method Franchised Business. Immediately upon the expiration or termination hereof, you shall dispose of, and not transfer to anyone other than us, any Gokhale Method products, equipment or other items sold hereunder
- 16.2. Cease Use of Confidential Information and Marks. You shall immediately and permanently cease to use, in any manner whatsoever, any of our Intellectual Property, including but not limited to Confidential Information, methods, procedures and techniques associated with the System, and all Marks and distinctive forms, slogans, signs, symbols, colors, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles that display the Marks. You shall de-identify the Location of the Franchised Business so that there is no use or display of the Marks after the effective date of termination or expiration.
- 16.3. Cancellation of Registrations. You shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by you which contains the "Gokhale" word, or any other Marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.
- 16.4. Assignment of Lease. You shall, at our option, except in the event you continue to operate any other business you were operating from the same Location assign to us any interest which you have in any lease or sublease for the Location. In the event we do not elect to exercise our option to acquire the lease or sublease for the Location, you shall make such modifications or alterations to the Location (including, without limitation, the changing of, and the assigning to us of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Location from that of the Franchised Business under the System, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Section 16.4, we shall have the right to enter upon the Location, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of you, which expense you agree to pay upon demand.
- 16.5. Subsequent Use of Marks Prohibited. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which, in our sole

business judgment, is likely to cause confusion, mistake or deception, or which, in our sole business judgment, is likely to dilute our rights in and to the Marks. You further agree not to utilize any designation of origin, description or representation (including but not limited to reference to Gokhale Method Institute, the System or the Marks) which, in our sole business judgment, suggests or represents a present or former association or connection with us, the System or the Marks.

- 16.6. Payment. You shall promptly pay all sums owing to us and our Affiliates. In the event of termination due to your default, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you and at the Location operated hereunder at the time of default.
- 16.7. Liquidated Damages Upon Termination Due to Your Default. In the event this Agreement is terminated prior to the end of its Term due to your default hereunder, with the exception of default due to death of the franchisee, in addition to the amounts set forth in Section 16.6. above, you shall promptly pay to us a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly aggregate of Royalty fee, Brand Fund Contribution (if any) and other Fees or product purchases from us payable by you over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) eighteen (18) months or (ii) the number of months then remaining in the then-current Term of this Agreement. You acknowledge that a precise calculation of the full extent of the damages we will incur in the event of termination of this Agreement as a result of your default is difficult to determine and that this lump sum payment is reasonable in light of the damages we will incur for your material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages we may incur as a result of your default, but it shall be in addition to all amounts provided above in Section 16.6 and any attorneys' and accountants' fees and other costs and expenses to which we are entitled under the terms of this Agreement. Your payment of this lump sum shall not affect our right to obtain appropriate injunctive relief and remedies to enforce this Section 16 and the covenants set forth in Section 17.
- 16.8. Return Manuals and Confidential Information. You shall immediately deliver to us the any hard copies of the Teachers' Manual or Policy Statements, as well as any electronic records that contain Confidential Information relating to the operation of the Franchised Business, including, but not limited to, computer software, customer lists, and customer information, all of which are acknowledged to be our property, and shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.
- 16.9. Websites and Email. You shall cease use of any of our domain name, URL, email address or home page address, or any such name or address that is confusingly similar to one of ours, and shall not establish any Website using any similar or confusing domain name, URL, and/or home page address.
- 16.10. Our Option to Purchase Equipment. We shall have the option, at our sole discretion, to be exercised within thirty (30) days after termination or expiration, to purchase from you any or all of the equipment, signs, inventory, materials, supplies and fixtures related to the operation of the Franchised Business at fair market value or at sixty percent (60%) of your original investment, whichever is less. If the parties cannot agree within such time on the price of any such items, an independent appraisal shall be conducted at our expense by an appraiser we select, and the appraiser's determination shall be binding. If we elect to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from you, and the cost of the appraisal, if any, against any payment therefore.
- 16.11. Compliance With Covenants. You shall comply with the covenants contained in Section 17 of this Agreement.

17. COVENANTS

- 17.1. In-Term Covenants. You specifically acknowledge that, pursuant to this Agreement, you will receive

valuable, specialized training and Confidential Information, including, without limitation, information regarding the Gokhale Method and techniques used by us and the System. You covenant that during the Term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity:

- 17.1.1. Divert or attempt to divert any present or prospective customer of any Gokhale Method class, service or product to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
 - 17.1.2. Employ or seek to employ any person who is at that time employed by us, our Affiliates, or by any of our other franchisees, or otherwise directly or indirectly induce such person to leave his or her employment; or
 - 17.1.3. Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business or offer to sell or sell any services, equipment, product or other item which is the same as, or substantially similar to, any of the services, equipment, products or other items offered by a Gokhale Method Institute location. The prohibitions in this Section 17 shall not apply to interests in or activities performed in connection with your Franchised Business.
- 17.2. Post-Term Covenants. You covenant that, except as otherwise approved in writing by us, you shall not, within a 10-mile radius of your former Location(s) or of any location then existing where the Gokhale Method is taught, and for a continuous, uninterrupted period of two (2) years following the end of our relationship with you, whether by termination, expiration or otherwise, either directly or indirectly own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business. A "Competitive Business" is a business that: is the same as, or substantially similar to, the Franchised Business; or that offers to sell or sells any services, equipment, products or other items which are the same as, or substantially similar to, any of the services, equipment, products or other items offered by us or our franchisees or Affiliates. If you do not immediately comply with this paragraph upon the end of our relationship, the two-year period referred to above will commence when you begin compliance.
- 17.3. Compliance With Anti-Terrorism Laws. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, you represent and warrant to us that as of the date of this Agreement, neither you nor any person holding any Ownership Interest in you, controlled by you, or under common control with you, are designated under the Executive Order as a person with whom business may not be transacted by us, and that you (a) do not, and hereafter shall not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.
- 17.4. No Defense. You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 17. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section 17.
- 17.5. Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty on you permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

- 17.6. Irreparable Injury. You acknowledge that your violation of any of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 17.

18. YOUR ORGANIZATION AND MANAGEMENT

If you conduct your business through a legal entity, the principals of such entity agree to personally guarantee the obligations of that entity in the form of the Personal Guaranty annexed hereto as Exhibit C and, upon our request, to execute such other and further documents as we may reasonably request from time to time.

19. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

- 19.1. Independent Contractor. The parties agree that this Agreement does not create a fiduciary relationship between them for any purpose, and you acknowledge that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. During the Term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Location, the content of which we reserve the right to specify or approve.
- 19.2. No Authority to Contract. Nothing in this Agreement authorizes you to make any contract, or representation on our behalf, or to incur any debt or other obligation in our name; and we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any act or omission by you in your operation of the business franchised hereunder or for any claim or judgment arising there from against you or us.
- 19.3. Indemnification. You shall indemnify and hold us, our successor, assigns, Affiliates and their respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business or your breach of this Agreement, including, but not limited to, those alleged to be caused by our negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by our gross negligence or willful misconduct according to a final, unappealable ruling issued by a court of competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event we incur any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. You acknowledge and agree that your indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude us from choosing our own legal counsel to represent us in any lawsuit, or other dispute resolution.

20. APPROVALS AND WAIVERS

- 20.1. Approval and Consent. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent must be obtained in writing.
- 20.2. No Waiver. No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms hereof.

21. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, or sent by other means that afford the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party, and shall be deemed so delivered at the time delivered by hand or commercial courier service; at the time transmission by facsimile is made and confirmed; or three business days after deposit in the United States mail.

If directed to us, the notice shall be addressed to:

Gokhale Method Institute, Inc.
Attn: Irene Ramirez
PO BOX 28035
FRESNO CA 93729

If directed to you, the notice shall be addressed to:

22. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between the parties concerning the subject matter hereof, and supersede any prior agreements. No representations other than those contained herein and in the Franchise Disclosure Document furnished to you have induced you to execute this Agreement. Except for amendments permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document or any exhibits or attachments thereto.

23. SEVERABILITY AND CONSTRUCTION

- 23.1. Severability. If any portion of this Agreement is determined to be invalid under any law or regulation by a court or agency having valid jurisdiction, such provision shall be deemed severed, and shall not impair the operation of, or have any other effect upon, the other portions of this Agreement.
- 23.2. Captions and Headings. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

24. APPLICABLE LAW AND DISPUTE RESOLUTION

- 24.1. Governing Law. This Agreement shall be construed under the laws of the State of California, provided that any provision of the California Franchise Relations Act or the California Franchise Investment Law shall not apply unless You satisfy the requirements for application of such law apart from this choice-of-law provision; PROVIDED, HOWEVER, THAT LAWS OF THE STATE IN WHICH YOUR FRANCHISE IS LOCATED SHALL GOVERN WITH RESPECT TO SECTION 17 AND ITS ENFORCEMENT.
- 24.2. Mediation. Except as otherwise provided herein, if a dispute arises between the parties, whether relating to this Agreement or not, the parties must first try in good faith to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. Only if a party fails or refuses to acknowledge its obligation to mediate after 15 days' written

notice, or after a mediator has certified in writing that, following mediation, the dispute is not resolved, may the parties proceed to arbitration. The mediation shall take place at a mutually agreed location, or, if the parties cannot agree to a location, in Palo Alto, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the parties. The parties hereto agree that mediation shall not be required with respect to any claim or dispute involving: (a) any payment obligation of yours that is more than forty five (45) days past due; (b) actual or threatened disclosure or misuse of our Confidential Information; (c) the ownership, validity, or use of the Marks or ownership of Intellectual Property (d) enforcement the covenants set forth in Section 17 of this Agreement. If a party fails to respond to a written request for mediation within fifteen (15) days after service or fails to participate in any scheduled mediation conference, that party shall be deemed to have waived its right to mediate the issue in dispute.

24.3. Arbitration. Except as otherwise provided in this section, all disputes between the parties shall, if not resolved by mediation, be resolved in arbitration before the American Arbitration Association (“AAA”) under its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator in Palo Alto, California. The parties shall bear all of their own costs of arbitration; provided, however, the fees of the arbitrator shall be divided equally between the parties. The parties hereto agree that arbitration shall not be required, and the parties may proceed in court, with respect to any claim or dispute involving: (a) any payment obligation of yours that is more than forty five (45) days past due; (b) actual or threatened disclosure or misuse of our Confidential Information; (c) the ownership, validity, or use of the Marks; and the Intellectual Property (d) enforcement the covenants set forth in Section 17 of this Agreement.

24.4. Exclusive Jurisdiction. You agree that any legal action not subject to arbitration shall be brought only in the state or federal courts for Palo Alto, California and in no other venue. You agree that service of process for purposes of any such action may be made by certified mail addressed to you at the address set forth herein.

24.5. Limitation of Claims. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a demand for mediation, or arbitration or a judicial proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

You agree that any claim or action not brought within the period required under this Section 24.5 shall forever be barred as a claim, counterclaim, defense, or set off. In no case shall recovery of claims against us exceed the aggregate of sums received by us from you.

24.6. Limitation of Damages. You expressly and unequivocally agree that in any legal proceeding between us, whether arbitration or litigation, that you will not seek, and are not entitled to recover damages in any amount in excess of the aggregate amount you have paid to us.

24.7. Our Costs and Expenses. Except as expressly provided by Section 24.3 hereof, you shall pay all expenses, including attorneys' fees and costs, incurred by us, our Affiliates, and our successors and assigns (a) to remedy any of your defaults of, or enforce any of our rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

24.8. **WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:**

24.8.1. **THE PARTIES BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY OR AGAINST EITHER PARTY; AND**

24.8.2. THE PARTIES BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES.

25. FORCE MAJEURE

- 25.1. Non-Performance or Delay. Neither party shall be responsible to the other for non performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: Acts of God, strikes, war, riot, epidemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other forces beyond your or our control, as applicable, that materially and adversely affect your ability to perform your or our obligations under this Agreement or the condition, use or operation of your Franchised Business or which materially and adversely affect our ability to perform our obligations under this Agreement.

[THE SPACE BELOW IS LEFT BLANK BY INTENTION]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of _____.

Gokhale Method Institute, Inc.

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF ENTITY]

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF INDIVIDUAL[S]]

By: _____

Dated: _____

By: _____

Dated: _____

By: _____

Dated: _____

EXHIBIT A
TO THE GOKHALE METHOD FRANCHISE AGREEMENT
FRANCHISE FEE SCHEDULE AND PRICE LIST

Fees are what the franchisee/teacher pays the Franchisor/GMI for the various rights to teach the Gokhale Method, as specified in the Franchise Agreement

Item	Fee	Comments
Royalties		
Gokhale Foundations	\$180	Per student and course
Gokhale Consultation	\$30	Per student and lesson
Continuing Education Class	\$10	Per student and hour
Billing Fee	2.5%	Of transaction
Annual Teachers' Meeting Fee	\$450	Paid annually, upon registration for the Annual Meeting
Teacher Webinar Fee	\$240	Paid annually
Gokhale Active (Premium) Membership Fee	\$140	Paid annually

EXHIBIT B
TO
GOKHALE METHOD FRANCHISE AGREEMENT
APPROVED FORMATS

EXHIBIT B APPROVED FORMATS

The Manner and Categories of Students You Are Authorized to Teach the Gokhale System™. All teaching takes place in person to “Consumer Students” (see Item 1.1). More details and updates are available in the Teachers’ Manual.

Free Workshop

The Free Workshop is an important promotional tool that allows prospective students to learn about the underlying principles behind the Gokhale Method and to experience its benefits at no risk. The hour-long, free workshop introduces the Gokhale Method and uses discussion, images and hands on work to introduce it.

Workshops always include discussion and pointers for a few individual concerns.

Gokhale Consultation

The Gokhale Consultation is a good place to begin Gokhale Method hands on work, particularly if a student has a complex history of musculoskeletal or health problems. In a Gokhale Consultation, a student will receive a comprehensive evaluation of their current posture and how it relates to problems they may be having, a projection of what structural changes are possible, and some key ideas and practices to help them improve their structure immediately and long-term.

Gokhale Foundations

Group Course

Gokhale Foundations is a group course of six lessons. It allows for hands-on individualized attention, class discourse, learning and practice of techniques and presentation of Gokhale Method research through images and guided discussion.

One-on-One Course

The one-on-one format allows a more customized lesson plan. Students learn the basics of healthy posture and how to apply this knowledge in situations particular to their life.

Continuing Education Offerings

Alumni may choose to do follow up work in a One-on-One format or in small group classes capped at eight students. These offerings allow alumni to review the basic techniques, learn the material covered in Gokhale Foundations in expanded contexts, and enhance their skills and awareness.

EXHIBIT C
TO
GOKHALE METHOD FRANCHISE AGREEMENT
PERSONAL GUARANTEE

EXHIBIT C
TO THE FRANCHISE AGREEMENT
BETWEEN GOKHALE METHOD INSTITUTE, INC.®
AND
_____ ("Franchisee" or "You")

DATED _____, 20__

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT.

As an inducement to Gokhale Method Institute, Inc. ("GMI" or "Franchisor") to execute the Franchise Agreement between Franchisor and ("Franchisee") dated ____, 20__ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment to Franchisor required of Franchisee under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and mediation fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Franchisee, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to, and without giving effect to, the application of the California conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions of the Agreement are hereby incorporated into this Guarantee by reference, and references to "You" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), which shall not include electronic

communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

If directed to Franchisor, the notice shall be addressed to:

Gokhale Method Institute, Inc.
Attn: Irene Ramirez
PO BOX 28035
FRESNO CA 93729
Attention: President

If directed to Guarantor, the notice shall be addressed to:

Attn: _____

Facsimile: _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

_____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

EXHIBIT D
TO
GOKHALE METHOD FRANCHISE AGREEMENT
STATE AMENDMENTS

**AMENDMENT TO GOKHALE METHOD INSTITUTE, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Gokhale Method, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Gokhale Method, Inc. (the “Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in the franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. 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.
 - b. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
 - c. 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.
 - d. The Franchise Agreement requires the parties to try to settle disputes in mediation administered by the American Arbitration Association (“AAA”) under its Commercial Mediation Procedures. If not resolved by mediation, the Franchise Agreement requires binding arbitration. The arbitration will occur at Palo Alto, California with the costs being borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
 - e. The Franchise Agreement requires application of the laws of California except with respect to covenants not to compete, which are governed by the laws of the state in which Franchisee’s franchise is located.
2. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

Gokhale Method Institute, Inc.

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF ENTITY]

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF INDIVIDUAL[S]]

By: _____

Dated: _____

By: _____

Dated: _____

By: _____

Dated: _____

**AMENDMENT TO GOKHALE METHOD INSTITUTE, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Gokhale Method, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Gokhale Method, Inc. (the “Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.
2. Any provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
3. Pursuant to COMAR 02.02.08.16L, 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.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

Gokhale Method Institute, Inc.

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF ENTITY]

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF INDIVIDUAL[S]]

By: _____

Dated: _____

By: _____

Dated: _____

By: _____

Dated: _____

**AMENDMENT TO GOKHALE METHOD INSTITUTE, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Gokhale Method, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Gokhale Method, Inc. (the “Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

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. Your rights upon termination and non-renewal of the Franchise Agreement 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.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first above written.

Gokhale Method Institute, Inc.

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF ENTITY]

By: _____

Title: _____

Dated: _____

FRANCHISEE [IF INDIVIDUAL[S]]

By: _____

Dated: _____

By: _____

Dated: _____

By: _____

Dated: _____

EXHIBIT B
TO THE FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF TEACHERS' MANUAL

The teachers' manual contains twelve chapters, as shown in the table of contents below. Each chapter contains the following number of pages:

Chapter	Number of pages
Chapter 1	2
Chapter 2	2
Chapter 3	3
Chapter 4	8
Chapter 5	3
Chapter 6	5
Chapter 7	18
Chapter 8	10
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Chapter 11	1
Chapter 12	1



GOKHALE METHOD®

GOKHALE METHOD INSTITUTE

Move like you are meant to

Revision 8.1 (Oct 2024)

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EXHIBIT C
TO THE FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

GOKHALE METHOD INSTITUTE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024

FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

GOKHALE METHOD INSTITUTE, INC.
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DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

Esther Gokhale, Founder and CEO and
Management of Gokhale Method Institute, Inc.
(a wholly owned subsidiary of Gokhale Method Enterprise, Inc.)
Stanford, California

Opinion

We have audited the accompanying financial statements of Gokhale Method Institute, Inc. ("GMI" or the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gokhale Method Institute, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gokhale Method Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311
P 818-895-1943 F 818-727-7700
fhcpas.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gokhale Method Institute, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Farber Hass Hurley LLP

Chatsworth, California
March 27, 2025

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311
P 818-895-1943 F 818-727-7700
fhcpas.com

GOKHALE METHOD INSTITUTE, INC.
BALANCE SHEET
DECEMBER 31, 2024

	<u>2024</u>
ASSETS	
Cash and cash equivalents	\$ 198,596
Accounts receivable, net	<u>10,760</u>
TOTAL ASSETS	<u>\$ 209,356</u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable and other current liabilities	\$ 16,271
Deferred revenue, current portion	<u>20,447</u>
Total current liabilities	<u>36,718</u>
LONG-TERM LIABILITIES	
Deferred revenue, net of current portion	<u>58,269</u>
Total long-term liabilities	<u>58,269</u>
Total liabilities	94,987
STOCKHOLDER'S EQUITY	
Common stock (1,000 voting shares authorized, 500 shares issued and outstanding, \$0.01 par value)	5
Common stock (1,000 non-voting shares authorized, no shares issued and outstanding, \$0.01 par value)	-
Additional paid in capital	100,657
Retained earnings	<u>13,707</u>
Total stockholder's equity	<u>114,369</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 209,356</u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>
REVENUE	
Royalties	\$ 46,564
Franchise fees	15,840
Continuing education	<u>31,180</u>
Total revenue	<u>93,584</u>
OPERATING EXPENSES	
Selling expenses	3,259
General and administrative expenses	<u>88,237</u>
Total operating expenses	<u>91,496</u>
Income from operations	2,088
Tax provision	<u>800</u>
Net income	<u><u>\$ 1,288</u></u>

The accompanying notes are an integral part of these financial statements.

**GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Common Stock</u> <u>Voting Shares</u>	<u>Common Stock</u> <u>Non-Voting Shares</u>	<u>Common Stock</u> <u>Amount</u>	<u>Additional Paid</u> <u>in Capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Stockholder's</u> <u>Equity</u>
Balance at January 1, 2024	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 12,419</u>	<u>\$ 113,081</u>
Net income			-	-	1,288	1,288
Balance at December 31, 2024	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 13,707</u>	<u>\$ 114,369</u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>
Cash flows from operating activities:	
Net income	\$ 1,288
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Accounts receivable	5,184
Accounts payable and other current liabilities	7,780
Deferred revenue	<u>29,760</u>
Net cash provided by operating activities	<u>44,012</u>
Net increase in cash	44,012
Cash and cash equivalents - beginning of year	<u>154,584</u>
Cash and cash equivalents - end of year	<u><u>\$ 198,596</u></u>
Supplemental disclosures of cash flow information:	
Taxes paid	\$ 800
Interest paid	\$ -

The accompanying notes are an integral part of these financial statements.

**GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - NATURE OF OPERATIONS

Gokhale Method Institute, Inc. ("GMI" or the "Company") was incorporated in 2011 as a California Sub-Chapter S Corporation by Gokhale Method Enterprise, Inc. ("GME"). The subsidiary was formed to franchise the Gokhale Method of dealing with back issues. GMI operates as a business and grants franchises for businesses offering classes and products that help restore the body's primal architecture and movement patterns under the "Gokhale Method" trademarks and related marks. GMI grants franchise licenses in a number of states and countries to practitioners who conduct classes in their franchise area in accordance with the Gokhale Method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Basis of Presentation

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in United States of America ("U.S. GAAP") and have been consistently applied in the preparation of the financial statements.

Use of Estimates

Management of the Company has made certain estimates and assumptions relating to the reporting of assets, liabilities, results of operations, and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and funds on deposit with financial institutions. The Company maintains its cash at one financial institution.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is primarily comprised of net royalty receivables from franchises, franchise fees, or class fees collected by GME. Accounts receivable is recorded at the net realizable value expected to be received through the aforementioned revenue streams.

Credit losses are estimated and recorded utilizing relevant information about past events, including historical experience, current conditions and a reasonable and supportable forecast that affects the collectability of the related financial asset. Management's policy is to continually monitor and adjust its allowances associated with the Company's receivables to address any credit risks associated with the accounts receivable. The Company's policy is to reserve for receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with the Company's accounting policy elections. The reserved amount from the year ended December 31, 2024 was \$0. As of December 31, 2024, there was no allowance for credit losses recorded by the Company and management believes that all receivables are collectable after year end. The beginning balance (January 1, 2024) of accounts receivable was \$15,944 and \$10,760 as of December 31, 2024.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2020, the first day of the Company's fiscal year, using the modified retrospective approach. The adoption of this standard did not have a material impact on the Company's financial statements.

Pursuant to Accounting Standards Codification ("ASC") 606, revenues are recognized upon applying the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to performance obligations in the contract;
- Recognition of revenues when, or as, the contractual obligations are satisfied.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Nature of products and services: The Company derives its revenues primarily from royalties, franchise fees, and continuing education classes for franchisees.

Royalty revenue pertains to a pre-determined amount for each course taught based on the type of course taught and the number of participants. For royalties, revenue is recognized when students participate in the class. For many of these classes, the payment is processed or collected by GME or the teacher. If the payment is collected by GME, the royalties due to GMI on these classes are periodically remitted to GMI by GME. If the payment is collected by the teacher, GMI will record revenue for the net royalty due.

The Company's franchise agreements generally provide for an initial non-refundable franchise fee of \$4,000 per franchise for a five-year term. The Company classifies this as deferred revenue in the balance sheet and recognizes revenue over the franchise term.

The agreement also requires franchisees to pay continuing education fees including annual meeting fees, Gokhale Active membership fees and teacher teleseminar fees. The Company classifies these fees as deferred revenue on the balance sheet and recognizes revenue on a monthly basis over the applicable term, which is generally one year. Amounts recognized as revenue during the year are included in the continuing education caption on the Statement of Income.

Deferred Revenue

Deferred revenue is primarily from initial franchise fees received from franchisees for new franchise opening, which are recognized over the franchise term of five years. As mentioned above, there are certain deferred revenue balances arising from continuing education fees remaining unamortized at year end.

Advertising

The Company expenses its costs for advertising when incurred. Such costs are included in general and administrative expenses. For the year ended December 31, 2024, advertising expense was \$3,259.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the net income or loss of the Company is allocated to the respective stockholders and included on their individual tax returns. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The California annual tax for S corporations is the greater of 1.5% of the corporation's net income or \$800, which is reflected in the current year expense as incurred. GMI files a consolidated tax return with Gokhale Method Enterprise, Inc.

The Company accounts for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes*, which requires an asset and liability approach for accounting for income taxes. Deferred taxes are provided for accumulated temporary differences due to basis differences for assets and liabilities for financial reporting and income tax purposes. The Company did not have any temporary differences resulting in deferred tax assets or liabilities for the year ended December 31, 2024.

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its State corporate tax returns are more likely than not to be sustained upon examination.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash accounts in financial institutions and trade accounts receivable from customers. At December 31, 2024, cash accounts did not exceed the federally insured limit.

**GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 - RELATED PARTIES

The Company pays consulting fees to the parent company.

The related parties of the Company and nature of their relationship with the Company are as follows:

<u>Company Name</u>	<u>Relationship with the Company</u>
Gokhale Method Enterprise, Inc	Parent company

Significant transactions with related parties are as follows:

	<u>Transactions incurred</u>	<u>December 31, 2024</u>
Gokhale Method Enterprise, Inc.	Management fee	\$ 64,700

A portion of the management fees is included in selling expense of \$3,259 and the remaining portion of the management fees is included in the general and administrative expense caption of the Statement of Income.

Outstanding balances with related parties are as follows:

	<u>Accounts</u>	<u>December 31, 2024</u>
Gokhale Method Enterprise, Inc.	Accounts payable	\$ 11,100

NOTE 4 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued or are available to be issued.

Management has evaluated subsequent events through March 27, 2025, the date on which the financial statements were available to be issued.

GOKHALE METHOD INSTITUTE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

**FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

GOKHALE METHOD INSTITUTE, INC.
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DECEMBER 31, 2023

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FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Gokhale Method Institute, Inc.
(a wholly owned subsidiary of Gokhale Method Enterprise, Inc.)
Stanford, California

Opinion

We have audited the accompanying financial statements of Gokhale Method Institute, Inc. ("GMI" or the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gokhale Method Institute, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gokhale Method Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311
P 818-895-1943 F 818-727-7700
fhhcpas.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gokhale Method Institute, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Farber Hass Hurley LLP

Chatsworth, California
April 19, 2024

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311
P 818-895-1943 F 818-727-7700
fhcpas.com

GOKHALE METHOD INSTITUTE, INC.
BALANCE SHEET
DECEMBER 31, 2023

	<u>2023</u>
ASSETS	
Cash and cash equivalents	\$ 154,584
Accounts receivable, net	<u>15,944</u>
TOTAL ASSETS	<u><u>\$ 170,528</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES	
Accounts payable and other current liabilities	\$ 8,491
Deferred revenue	<u>48,956</u>
Total liabilities	57,447
STOCKHOLDER'S EQUITY	
Common stock (1,000 voting shares authorized, 500 shares issued and outstanding, \$0.01 par value)	5
Common stock (1,000 non-voting shares authorized, no shares issued and outstanding, \$0.01 par value)	-
Additional paid in capital	100,657
Retained earnings	<u>12,419</u>
Total stockholder's equity	<u>113,081</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u><u>\$ 170,528</u></u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
REVENUE	
Royalties	\$ 42,057
Franchise fees	11,188
Continuing education	<u>28,368</u>
Total revenue	<u>81,613</u>
OPERATING EXPENSES	
Selling expenses	3,943
General and administrative expenses	<u>73,135</u>
Total operating expenses	<u>77,078</u>
Income from operations	4,535
Tax provision	<u>800</u>
Net income	<u><u>\$ 3,735</u></u>

The accompanying notes are an integral part of these financial statements.

**GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Common Stock</u> <u>Voting Shares</u>	<u>Common Stock</u> <u>Non-Voting Shares</u>	<u>Common Stock</u> <u>Amount</u>	<u>Additional paid</u> <u>in capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Stockholder's</u> <u>Equity</u>
Balance at January 1, 2023	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 8,684</u>	<u>\$ 109,346</u>
Net income			-	-	3,735	3,735
Balance at December 31, 2023	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 12,419</u>	<u>\$ 113,081</u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Cash flows from operating activities:	
Net income	\$ 3,735
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Accounts receivable	(11,987)
Accounts payable and other current liabilities	1,825
Deferred revenue	<u>40,870</u>
Net cash provided by operating activities	<u>34,443</u>
Net increase in cash	34,443
Cash and cash equivalents - beginning of year	<u>120,141</u>
Cash and cash equivalents - end of year	<u><u>\$ 154,584</u></u>
Supplemental disclosures of cash flow information:	
Taxes paid	\$ 800
Interest paid	\$ -

The accompanying notes are an integral part of these financial statements.

**GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - NATURE OF OPERATIONS

Gokhale Method Institute, Inc. ("GMI" or the "Company") was incorporated in 2011 as a California Sub-Chapter S Corporation by Gokhale Method Enterprise, Inc. ("GME"). The subsidiary was formed to franchise the Gokhale Method of dealing with back issues. GMI operates as a business and grants franchises for businesses offering classes and products that help restore the body's primal architecture and movement patterns under the "Gokhale Method" trademarks and related marks. GMI grants franchise licenses in a number of states and countries to practitioners who conduct classes in their franchise area in accordance with the Gokhale Method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Basis of Presentation

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in United States of America ("U.S. GAAP") and have been consistently applied in the preparation of the financial statements.

Use of Estimates

Management of the Company has made certain estimates and assumptions relating to the reporting of assets, liabilities, results of operations, and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments and investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on hand.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is primarily comprised of net royalty receivables from franchises, franchise fees, or class fees collected by GME. Accounts receivable is recorded at the net realizable value expected to be received through the aforementioned revenue streams.

Credit losses are estimated and recorded utilizing relevant information about past events, including historical experience, current conditions and a reasonable and supportable forecast that affects the collectability of the related financial asset. Management's policy is to continually monitor and adjust its allowances associated with the Company's receivables to address any credit risks associated with the accounts receivable. The Company's policy is to reserve for receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with the Company's accounting policy elections. The reserved amount from the year ended December 31, 2023 was \$0. As of December 31, 2023, there was no allowance for doubtful accounts recorded by the Company and management believes that all receivables are collectable after year end. The beginning balance (January 1, 2023) of accounts receivable was \$3,958 and \$15,944 as of December 31, 2023.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2020, the first day of the Company's fiscal year, using the modified retrospective approach. The adoption of this standard did not have a material impact on the Company's financial statements.

Pursuant to Accounting Standards Codification ("ASC") 606, revenues are recognized upon applying the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to performance obligations in the contract;
- Recognition of revenues when, or as, the contractual obligations are satisfied.

**GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Nature of products and services: The Company derives its revenues primarily from royalties, franchise fees, and continuing education classes for franchisees.

Royalty revenue pertains to a pre-determined amount or percentage for each course taught based on the type of course taught and the number of participants. For royalties, revenue is recognized when students participate in the class. For many of these classes, the payment is processed or collected by GME or the teacher. If the payment is collected by GME, the royalties due to GMI on these classes are periodically remitted to GMI by GME. If the payment is collected by the teacher, GMI will record revenue for the net royalty due.

The Company's franchise agreements generally provide for an initial non-refundable franchise fee of \$4,000 per franchise for a five-year term. The Company classifies this as deferred revenue in the balance sheet and recognizes revenue over the franchise term.

The agreement also requires franchisees to pay continuing education fees including annual meeting fees, online university membership fees and teacher teleseminar fees. The Company classifies these fees as deferred revenue in the balance sheet and recognizes revenue on a monthly basis over the applicable term, which is generally one year. Amounts recognized as revenue during the year are included in the continuing education caption on the Statement of Income.

Deferred Revenue

Deferred revenue is primarily from initial franchise fees received from franchisees for new franchise opening, which are recognized over the franchise term. As mentioned above, there are certain deferred revenue balances arising from continuing education fees remaining unamortized at year end.

Advertising

The Company expenses its costs for advertising when incurred. Such costs are included in general and administrative expenses. For the year ended December 31, 2023, advertising expense was \$3,943.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the net income or loss of the Company is allocated to the respective stockholders and included on their individual tax returns. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The California annual tax for S corporations is the greater of 1.5% of the corporation's net income or \$800, which is reflected in the current year expense as incurred. GMI files a consolidated tax return with Gokhale Method Enterprise, Inc.

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Accounting for Income Taxes*, which requires an asset and liability approach for accounting for income taxes. Deferred taxes are provided for accumulated temporary differences due to basis differences for assets and liabilities for financial reporting and income tax purposes. The Company did not have any temporary differences resulting in deferred tax assets or liabilities for the year ended December 31, 2023.

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its State corporate tax returns are more likely than not to be sustained upon examination.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions and trade accounts receivable from customers. At December 31, 2023, cash and cash equivalents did not exceed the federally insured limit.

New Accounting Pronouncement Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* which changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

**GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement Adopted (Continued)

Effective January 1, 2023, the Company adopted the new guidance. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

NOTE 3 - RELATED PARTIES

The Company pays consulting fees to the parent company.

The related parties of the Company and nature of their relationship with the Company are as follows:

<u>Company Name</u>	<u>Relationship with the Company</u>
Gokhale Method Enterprise, Inc	Parent company

Significant transactions with related parties are as follows:

	<u>Transactions incurred</u>	<u>December 31, 2023</u>
Gokhale Method Enterprise, Inc	Management fee	\$ 56,200

A portion of the management fees is included in selling expense for \$3,943 and the remaining portion of the management fees is included in the general and administrative expense caption of the Statement of Income.

Outstanding balances with related parties are as follows:

	<u>Accounts</u>	<u>December 31, 2023</u>
Gokhale Method Enterprise, Inc.	Accounts payable	\$ 6,400

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued or are available to be issued.

Management has evaluated subsequent events through April 19, 2024, the date on which the financial statements were available to be issued.

GOKHALE METHOD INSTITUTE, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

with

INDEPENDENT AUDITORS' REPORT THEREON

**FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Gokhale Method Institute, Inc.
(a wholly owned subsidiary of Gokhale Method Enterprise, Inc.)
Stanford, California

Opinion

We have audited the accompanying financial statements of Gokhale Method Institute, Inc., which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gokhale Method Institute, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gokhale Method Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gokhale Method Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gokhale Method Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Farber Hass Hurley LLP

Chatsworth, California
May 31, 2023

GOKHALE METHOD INSTITUTE, INC.
BALANCE SHEET
DECEMBER 31, 2022

	<u>2022</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 120,141
Accounts receivable, net	<u>3,958</u>
TOTAL ASSETS	<u><u>\$ 124,099</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and other current liabilities	\$ 6,667
Deferred revenue	<u>8,086</u>
Total liabilities	14,753
STOCKHOLDERS' EQUITY	
Common stock (1,000 voting shares authorized, 500 shares issued and outstanding, \$0.01 par value)	5
Common stock (1,000 non-voting shares authorized, no shares issued and outstanding, \$0.01 par value)	-
Additional paid in capital	100,657
Retained earnings	<u>8,684</u>
Total stockholders' equity	<u>109,346</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u><u>\$ 124,099</u></u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
REVENUE	
Royalties	\$ 34,017
Franchise fees	5,766
Continuing education	<u>17,642</u>
Gross profit	<u>57,425</u>
OPERATING EXPENSES	
Selling expenses	2,451
General and administrative expenses	<u>55,309</u>
Total operating expenses	<u>57,760</u>
Loss from operations	(335)
Income taxes	<u>800</u>
Net loss	<u><u>\$ (1,135)</u></u>

The accompanying notes are an integral part of these financial statements.

**GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Common Stock</u> <u>Voting Shares</u>	<u>Common Stock</u> <u>Non-Voting Shares</u>	<u>Common Stock</u> <u>Amount</u>	<u>Additional paid</u> <u>in capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Stockholders'</u> <u>Equity</u>
Balance at January 1, 2022	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 9,819</u>	<u>\$ 110,481</u>
Net loss			-	-	(1,135)	(1,135)
Balance at December 31, 2022	<u>500</u>	<u>-</u>	<u>\$ 5</u>	<u>\$ 100,657</u>	<u>\$ 8,684</u>	<u>\$ 109,346</u>

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
Cash flows from operating activities:	
Net loss	\$ (1,135)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Accounts receivable	983
Accounts payable and other current liabilities	(3,488)
Deferred revenue	<u>3,261</u>
Net cash used in operating activities	<u>(379)</u>
 Net decrease in cash	 (379)
 Cash and cash equivalents - beginning of year	 <u>120,520</u>
Cash and cash equivalents - end of year	<u>\$ 120,141</u>
 Supplemental disclosures of cash flow information:	
Taxes paid	\$ 800
Interest paid	\$ -

The accompanying notes are an integral part of these financial statements.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – NATURE OF OPERATIONS

Gokhale Method Institute, Inc. (“GMI”) was incorporated in 2011 as a California Sub-Chapter S Corporation by Gokhale Method Enterprise, Inc. (“GME”). The subsidiary was formed to franchise the Gokhale Method of dealing with back issues. GMI operates as a business and grants franchises for businesses offering classes and products that help restore the body’s primal architecture and movement patterns under the “Gokhale Method” trademarks and related marks. GMI grants franchise licenses in a number of states and countries to practitioners who conduct classes in their franchise area in accordance with the Gokhale Method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Basis of Presentation

This summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in United States of America (“U.S. GAAP”) and have been consistently applied in the preparation of the financial statements.

Use of Estimates

Management of the Company has made certain estimates and assumptions relating to the reporting of assets, liabilities, results of operations, and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments and investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on hand.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is primarily comprised of net royalty receivables from franchise, teachers, or class fees collected by GME.

The Company utilizes the allowance method of accounting for doubtful accounts. The allowance is based on management’s review of all past due accounts. As of December 31, 2022, management believes that all receivables are collectable after year end.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2020, the first day of the Company’s fiscal year, using the modified retrospective approach. The adoption of this standard did not have a material impact on the Company’s financial statements.

Pursuant to ASC 606, revenues are recognized upon applying the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to performance obligations in the contract;
- Recognition of revenues when, or as, the contractual obligations are satisfied.

Nature of products and services: The Company derives its revenues primarily from royalties and franchise fees.

Royalty revenue pertains to a pre-determined amount or percentage for each course taught based on the type of course taught and the number of participants. For royalty, revenue is recognized when students participate in the class. For many of these classes, the payment is processed or collected by GME or the teacher. If the payment is collected by GME, the royalties due to GMI on these classes are periodically remitted to GMI by GME. If the payment is collected by the teacher, GMI will create an invoice for the net royalty.

Our franchise agreements generally provide for an initial non-refundable franchise fee \$4,000 per franchise for five-years term. We classify this as deferred revenue in our balance sheet and recognized over the franchise term.

The agreement also requires franchisees to pay continuing education fees including annual meeting fees, online university membership fees and teacher teleseminar fees. These fees are included in continuing education caption of the Statement of Operations.

Deferred Revenue

Deferred revenue is primarily from initial franchise fees and renewal fees received from franchises for new franchise opening or new franchise terms, which are recognized over the franchise term.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Company expenses its costs for advertising when incurred. Such costs are included in general and administrative expenses. For the year ended December 31, 2022, advertising expense was \$2,451.

Income Taxes

The Company does not file taxes at a federal level due to being a Qualified Sub-Chapter S Subsidiary. GMI files a consolidated return with Gokhale Method Enterprise, Inc.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions and trade accounts receivable from customers. At December 31, 2022, cash and cash equivalents did not exceed the federally insured limit.

New Accounting Pronouncement Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842): Amendments to the FASB Accounting Standards Codification ("ASC")*, to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 establishes a right-of-use ("ROU") model that requires lessees to record a ROU asset and a lease liability in the statement of financial position for all leases with terms longer than twelve months (the standard may optionally be applied to leases with terms of twelve months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from the lease will depend on the lease classification. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. The new standard provides optional practical expedients in transition. We will only elect the package of practical expedients where, under the new standard, prior conclusions about lease identification, lease classification and initial direct costs do not need to be reassessed. The new standard also provides practical expedients for ongoing accounting where we elected the practical expedients on adoption and did not record any ROU asset with terms of less than twelve months. The Company has adopted ASC 842 as of the effective date, which is presented in the above financial statements and resulted in the recognition of the right of use asset and lease liability on the balance sheet.

GOKHALE METHOD INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – RELATED PARTIES

The Company pays consulting fees to the parent entity.

The related parties of the Company and nature of their relationship with the Company are as follows:

<u>Company Name</u>	<u>Relationship with the Company</u>
Gokhale Method Enterprise, Inc	Parent company

Significant transactions with related parties are as follows:

	<u>Transactions incurred</u>	<u>December 31, 2022</u>
Gokhale Method Enterprise, Inc	Management fee	\$ 26,100

A portion of management fees is included in selling expense for \$2,451 and the remaining portion of the management fees is included in the general and administrative expense caption of the Statement of Operations.

Outstanding balances with related parties are as follows:

	<u>Accounts</u>	<u>December 31, 2022</u>
Gokhale Method Enterprise, Inc.	Accounts payable	\$ 2,600

NOTE 4 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued or are available to be issued.

Management has evaluated subsequent events through May 31, 2023, the date on which the financial statements were available to be issued.

Unaudited Financial Statements
Jan 1, 2025 – Feb 28, 2025

8:58 AM
04/03/25
Accrual Basis

Gokhale Method Institute, Inc.
Balance Sheet
As of February 28, 2025

	Feb 28, 25
ASSETS	
Current Assets	
Checking/Savings	
10020 · Operating - WF	159,675.32
10040 · Operating - Chase	1,000.00
10050 · CD - Chase	40,000.00
Total Checking/Savings	200,675.32
Accounts Receivable	
11010 · Accounts Receivable	1,268.10
Total Accounts Receivable	1,268.10
Other Current Assets	
12000 · Undeposited Funds	140.00
12100 · Deferred Expenses	13,503.02
12200 · Accrued Revenue	1,870.00
Total Other Current Assets	15,513.02
Total Current Assets	217,456.44
TOTAL ASSETS	217,456.44
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	24,969.00
Total Accounts Payable	24,969.00
Other Current Liabilities	
23000 · Pass Thru	
23200 · Service Paid to GME	2,670.00
Total 23000 · Pass Thru	2,670.00
28000 · Deferred Revenue	72,275.46
Total Other Current Liabilities	74,945.46
Total Current Liabilities	99,914.46
Total Liabilities	99,914.46
Equity	
30100 · Common Stock	5.00
30200 · Additional paid-in capital	74,995.00
30300 · Shareholder Contribution	25,661.65
32000 · Retained Earnings	16,797.42
Net Income	82.91
Total Equity	117,541.98
TOTAL LIABILITIES & EQUITY	217,456.44

EXHIBIT D
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT UNITED STATES FRANCHISEES¹

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

Donna Alden
111 Rice Dr.
Bear, DE 19701
United States
Phone: 302-442-0713
NOT OPERATING AS OF ISSUANCE DATE

David Haining
436 N. Wyndham Avenue
Greeley, CO 80634
United States
Phone: 970-573-6668

Faye Alexandrakis
1550 Terrace Way #22
Santa Rosa, CA 95404
United States
Phone: 707-889-7007

Deepa Jain
265 W. 37th St.
New York, NY 10701
United States
Phone: 917-837-9971

Harrison Conerly
2111 Fourth Street
New Orleans, LA 70113
United States
Phone: 423-488-8412

David Johnston
116 N James Street
Farmer City, IL 61842
United States
Phone: 309-212-2114
NOT OPERATING AS OF ISSUANCE DATE

Roberta Cooks
309 Palmers Lane
Wallingford, PA 19086
United States
Phone: 610-283-8602

Nam Lee
3310 Marcus Ave.
Newport Beach, CA 92663
United States
Phone: 213-820-3641

Lakshmi Dasari
559 Upper Dummerston Rd.
Guilford, VT 05301
United States
Phone: 781-879-8974
NOT OPERATING AS OF ISSUANCE DATE

Tiffany Mann
15 Knapp St
Somerville, MA 02143
United States
Phone: 617-785-0162

Sigrun Franzen
3150 Lindbergh Street
Madison, WI 53704
United States
Phone: 608-579-0941

Lisa Marinho
8099 La Plaza, Suite 1
Cotati, CA 94931
United States
Phone: 808-374-2808

Doreen Giles
2011 Rusk St.
Madison, WI 53704
United States
Phone: 608-244-2446

Christine McKay
303 A Lakemoore Drive NE
Atlanta, GA 30342
United States
Phone: 404-275-0419

¹ The franchisees that are “NOT OPERATING AS OF ISSUANCE DATE” are not currently operating because they have not completed the “Additional Training Required for Qualification to Teach,” as described in Item 11 of this FDD.

Kathleen O'Donohue
PO Box 578
Huntsville, AL 35804
United States
Phone: 256-361-7623

Kate Potter
1305 N Cramer Rd
Elmwood, IL 61529
United States
Phone: 309-338-7876

Kerri Robinson
2804 Grand Ave., Suite 309
Everett, WA 98201
United States
Phone: 425-334-1603

Cynthia Rose L.Ac.
315 West 98th St.
Apt 4BR
New York, NY 10025
United States
Phone: 212-877-5611

Mark Russell
14539 Limestone Lane
Pineville, 28134
United States
Phone: 704-649-0974
NOT OPERATING AS OF ISSUANCE DATE

Amy Smith
783 Augusta Dr.
Moraga, CA 94507
United States
Phone: 510-423-4268

Michael Spatuzzi
14393 La Harina Court
San Diego, CA 92129
United States
Phone: 858-442-1468

Aurelia Vaicekauskas
3354 N Paulina
Suite 206-G
Westchester, IL 60154
United States
Phone: 773-719-4737

EXHIBIT E
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM DURING THE PRIOR FISCAL YEAR

Abeja Hummel
PO Box 764
Boonville, CA 95415
United States
Phone: 707-972-3096

Kathy Robinson
5172 Queen Bishop Lane
Williamsburg, VA 23185
United States
Phone: 504-508-1360

Elizabeth Quigley Raleigh
90 Cross Street
Hingham, MA 02043
United States
Phone: 617-869-6333

EXHIBIT F
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following list contains agents for service of process that we have appointed in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA

California Commissioner of Department of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

HAWAII

Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs
Business Registration Division
P.O. Box 40
Honolulu, Hawaii 96810

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Franchise Section Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Minnesota Commissioner of Commerce Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEW YORK

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street
21st Floor
New York, New York 10005

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Division of Securities
State of Rhode Island
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administration
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
9th Floor
1300 East Main Street, First Floor
Richmond, Virginia 23219

WASHINGTON

Director, Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701-1768

EXHIBIT G
TO THE FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA TO THE DISCLOSURE DOCUMENT

**ADDENDUM TO THE GOKHALE METHOD INSTITUTE, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.
2. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 3100 et seq., and the California Franchise Relations Act, CAL. BUS. PROF. CODE Section 20000 et seq. To the extent that the disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:
 - A. Item 17 of the disclosure document is supplemented by the following language:
 - a. 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.
 - b. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
 - c. 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.
 - d. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
 - e. The Franchise Agreement requires the parties to try to settle disputes in mediation administered by the American Arbitration Association (“AAA”) under its Commercial Mediation Procedures. If not resolved by mediation, the Franchise Agreement requires binding arbitration. The arbitration will occur at Palo Alto, California with the costs being borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
 - f. The franchise agreement requires application of the laws of California except that the laws of the state in which Franchisee is located governs any covenants not to compete.
3. Our website is www.gokhalemethod.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.dfi.ca.gov.
4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATED TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.
5. You may have to sign a general release if you renew or extend your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
7. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.
8. No person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
10. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.
11. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

**ADDENDUM TO THE GOKHALE METHOD INSTITUTE, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. The following risk factor is disclosed: Transfer: We do not allow transfers of the franchise under the Franchise Agreement. For that reason, you will not be able to sell your franchise.
2. Item 5 of the Franchise Disclosure Document is amended to include: "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."
3. Item 6 is amended to state the following: "The royalty rates set forth on Exhibit A to the Franchise Agreement are subject to change at Franchisor's discretion, upon 30 days' notice. Royalty rates will not increase by more than 10% each year"
4. The following language is deleted from Item 7: "These payments are only estimates and your costs may be higher, depending on your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise."
5. Item 17 is amended to disclose:
 - A. Any provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
 - B. Pursuant to COMAR 02.02.08.16L, 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.
 - C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE GOKHALE METHOD INSTITUTE, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

1. Item 6 is amended to state the following: The royalty rates set forth on Exhibit A to the Franchise Agreement are subject to change at Franchisor's discretion, upon 30 days' notice. Royalty rates will not increase by more than 10% each year"
2. Item 6 is amended to delete Note 9 to the Item 6 table.
3. The following language is deleted from Item 7: "These payments are only estimates and your costs may be higher, depending on your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise."
4. Illinois law governs the Franchise Agreement.
5. 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.
6. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
7. 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.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	
Illinois	Pending
Indiana	
Maryland	Pending
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 H
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 Gokhale Method Institute, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

If Gokhale Method Institute, Inc. 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 appropriate state agency listed in Exhibit "H". Gokhale Method Institute, Inc.'s registered agent authorized to receive service of process is Esther Gokhale, Gokhale Method Institute, Inc., 3790 El Camino Real, #1033, Palo Alto, CA 94306.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

The name, principal business address and telephone number of each franchise seller offering the franchise are:

Esther Gokhale
Gokhale Method Institute, Inc.
3790 El Camino Real, #1033
Palo Alto, CA 94306
Date of Issuance: May 15, 2024

I received a disclosure document dated April 10, 2025, that included the following Exhibits:

- A. Gokhale Method Franchise Agreement
 - Exhibit A – Franchise Fee Schedule and Price List
 - Exhibit B – Approved Formats
 - Exhibit C – Personal Guarantee
 - Exhibit D – State Amendments
- B. Table of Contents of Teachers' Manual
- C. Financial Statements
- D. List of Franchisees
- E. List of Franchisees who have left the system
- F. List of State Agencies
- G. State Addenda to the Disclosure Document
- H. Receipt

Date: _____

Individually and/or as an officer or partner of: Name of Business Entity: _____

By: _____

Its: _____ (Title)

Signed: _____

Print Name: _____

Franchisee's copy

EXHIBIT I
TO THE FRANCHISE DISCLOSURE DOCUMENT
RECEIPT

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Date: _____

Individually and/or as an officer or partner of: Name of Business Entity: _____

By: _____

Its: _____ (Title)

Signed: _____

Print Name: _____

Franchisor's copy