

FRANCHISE DISCLOSURE DOCUMENT

Health Atlas, LLC
A California limited liability company
3030 Sawtelle Boulevard
Los Angeles, California 90066
(310) 980-9108
shigashi@healthatlastusa.com
www.healthatlastusa.com



Health Atlas, LLC will offer to licensed medical professionals and other qualified persons a franchise that provides patients with a variety of services in integrative patient care including medical care, chiropractic care, physio-therapy, massage therapy nutritional care and acupuncture therapy, and other services and products that we approve from time to time. The franchise operates under the name "Health Atlas®".

The total investment necessary to begin operation of a standard Health Atlas® franchise ranges from \$121,800 - \$304,000. This includes \$50,000.00 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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. Don't 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.

Issuance Date: April 19, 2022, as amended June 29, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 Health Atlast 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 Health Atlast franchisee?	Item 20 or Exhibit 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 your franchise business or may harm your franchise business.

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** If you are in a state that prohibits fee splitting, you must make minimum royalty or payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

HEALTH ATLAST, LLC
Franchise Disclosure Document

Table of Contents

ITEM 1:	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	7
ITEM 2:	BUSINESS EXPERIENCE.....	12
ITEM 3:	LITIGATION	12
ITEM 4:	BANKRUPTCY	12
ITEM 5:	INITIAL FEES	12
ITEM 6:	OTHER FEES.....	13
ITEM 7:	ESTIMATED INITIAL INVESTMENT	20
ITEM 8:	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	25
ITEM 9:	FRANCHISEE'S OBLIGATIONS	26
ITEM 10:	FINANCING.....	27
ITEM 11:	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	28
ITEM 12:	TERRITORY	33
ITEM 13:	TRADEMARKS	34
ITEM 14:	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	35
ITEM 15:	OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	36
ITEM 16:	RESTRICTION ON WHAT FRANCHISEE MAY SELL	37
ITEM 17:	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	37
ITEM 18:	PUBLIC FIGURES	43
ITEM 19:	FINANCIAL PERFORMANCE REPRESENTATIONS.....	43
ITEM 20:	OUTLETS AND FRANCHISEE INFORMATION	44
ITEM 21:	FINANCIAL STATEMENTS	46
ITEM 22:	CONTRACTS	46
ITEM 23:	RECEIPT	46

LIST OF EXHIBITS

EXHIBIT A: List Of State Franchise Administrators And Agents For Service Of Process

EXHIBIT B: Franchise Agreement

Attachment 1: Franchisee Acknowledgments

Attachment 2: Trademarks

Attachment 3: Business Location and Primary Marketing Area

Attachment 4: Minimum Performance Standards

Attachment 5: Release

Attachment 6: ACH Authorization

Attachment 7: Conditional Assignment of Lease

Attachment 8: Statement of Ownership Interests in Franchisee

Attachment 9: Internet Advertising, Social Media, and Telephone Listings Agreement
Attachment 10: Guaranty
Attachment 11: Confidentiality and Non-Compete Agreement
Attachment 12: HIPAA Business Associate Agreement
EXHIBIT C: Financial Statements of Health Atlas, LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Outlets as of the date of this Disclosure Document
EXHIBIT F: State Addenda
EXHIBIT G: Development Agreement
EXHIBIT H: Receipt

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Health Atlast, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Health Atlast franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of California on February 25, 2010. Our principal business address is 3030 Sawtelle Boulevard, Los Angeles, California 90066, and our telephone number is (310) 980-9108. We do business under our company name, “Health Atlast®”, and its associated design (the “Marks”). We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Health Atlast” Marks. We began offering franchises on July 19, 2012.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no parents or predecessors.

We have an affiliate company, Health Atlast Properties, LLC, a California limited liability company formed in March 2012 with a principal mailing address of 3030 Sawtelle Boulevard, Los Angeles, California 90066. Health Atlast Properties, LLC is the owner of certain of our Marks and has exclusively licensed use of the Marks to us. Health Atlast Properties, LLC has not offered franchises in this or in any other lines of business previously. It does not engage in any other business activities.

We have a second affiliated company, Health Atlast West LA, Inc., a California corporation formed in March 2014, in West Los Angeles, California since March 2014 that is substantially similar to the franchise offered. Health Atlast West LA, Inc. has not offered franchises in this or in any other lines of business previously.

We have a third affiliated company, Kenneth W. Luther, Chiropractic Corporation, a California corporation formed in 1987 with a principal mailing address of 3030 Sawtelle Boulevard, Los Angeles, California 90066 that has been operated by our principals since June 2001. Kenneth W. Luther Chiropractic Corporation manages the operations of Health Atlast West LA.

We have operated, through affiliates, Health Atlast Centers substantially similar to the franchise offered in this Disclosure Document since March 2010.

The Franchise Offered:

We grant franchises for the right to operate a business that provides a variety of services in integrative health care including chiropractic care, full medical services, physio-therapy,

acupuncture, massage therapy, durable medical equipment, medical food and supplements, allergy testing and diagnostics, and other services and products that we approve from time to time with a patient “no waiting” policy, a friendly atmosphere, and the highest quality and least invasive care possible.

You will provide products and services to customers under the “Health Atlas” Marks, using our distinctive operating procedures and standards in a limited territory and from a single location (the “Franchised Business”). The distinguishing characteristics of a Health Atlas Franchised Business include, but are not limited to, the Health Atlas distinctive trade dress, proprietary products, inventory, management, and financial controls (including computer software), operations methods, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

A Health Atlas Center may be owned by any of the following, if permitted by applicable laws in your jurisdiction: (i) a licensed and qualified health care professional; (ii) an entity owned solely by licensed health care professionals as permitted by your state law, or, (iii) depending on applicable state law, be a non-health care professional or entity owned by non-health care professionals. You and your legal counsel will be solely responsible to determine, following your own review of applicable laws, your eligibility to own and operate a medical practice in the state where your Health Atlas Center will do business.

We also offer qualified applicants the ability to purchase the rights to up to five (5) Franchised Businesses to be operated in a Designated Marketing Area, by entering into a Development Agreement, containing a Development Schedule. Each Franchised Business will be governed by its own Franchise Agreement, which will be executed at such times that are required for Franchisee/Developer to timely meet, and strictly adhere to, its obligations under the Development Schedule. The Franchisee/Developer will execute our then-current form of Franchise Agreement, which may differ from the form attached to this document. The Development Agreement is attached as Exhibit G.

Market and Competition:

The market for your Health Atlas Franchised Business generally consists of middle to upper-middle income individuals. Most patients tend to be ages 25 and older. Your customers will typically be insured under PPO group health insurance programs, federal employee benefit programs and cash/private pay insurance policies as well as Medicare or worker’s compensation insurance. Some patients may be personal injury patients. The market for integrative health care businesses is developing.

You will compete with businesses, including national, regional and local businesses, offering products and services similar to those offered by your Health Atlas Franchised Business, which includes durable medical equipment suppliers, medical centers, and other licensed professionals, including independent physicians, doctors, chiropractors, rehabilitation centers, wellness programs, physical therapists, and medical supplement outlets. There are other integrative medicine franchises, as well as independent businesses throughout the United States that may offer similar products and services to those offered by your Franchised Business. The demand for the products and services offered by your Franchised Business is not seasonal but may be affected by demographics and economic conditions.

Industry Specific Regulations:

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, employment, health, sanitation and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

In addition to laws and regulations that apply to business generally, you must operate in full compliance with all health care regulations under federal, state and local laws that apply to the management and operation of a Franchised Business. You must secure and maintain in force all required health care licenses, permits and certificates relating to the operation of your Franchised Business. If we grant you a license to operate a Franchised Business, we will not engage in the practice of any profession that requires specialized training or certification, and you, as Franchisee, or where applicable, the licensed medical physician owner(s) of the Franchised Business, must not engage in the practice of any licensed profession unless you are licensed to do so. The Franchise Agreement will not interfere with, affect, or limit the independent exercise of medical judgment by any health care professional or that person's supervised staff.

The medical industry is heavily regulated. These laws may include federal, state, and local regulations relating to: The practice of medicine and the operation and licensing of medical services; the relationship of providers and suppliers of health care services, on one hand, and physicians and clinicians, on the other, including Anti-Kickback laws (including the Federal Medicare Anti-Kickback Statute and similar state laws); restrictions or prohibition on Fee Splitting; physician self-referral restrictions (including the federal "Stark Law" and similar state laws); restrictions on marking-up clinical laboratory services (including California Business & Professions code section 655.5); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996); use of medical devices; advertising of medical services; and applicable state laws prohibiting the corporate practice of Medicine. While not all of these laws and regulations will be applicable to all Franchised Businesses, depending on location, services provided and which types of government or private insurance or may be accepted at a Franchised Business, it is important to be aware of the regulatory framework. It is your responsibility to seek independent legal counsel to advise you relative to the specific laws pertaining to your Franchised Business and/or the management services agreements you execute with the licensed medical physician owner(s) of a Franchised Business.

You may not provide any actual care or medical services, nor will you supervise, direct, control or suggest to the licensed health care professionals the manner in which they provide or may provide medical care, services or products, unless you are licensed to do so.

You must also ensure that your relationship with any health care professionals for which you provide management services comply with all laws and regulations, and secures and maintains in force all required licenses, permits, and certificates relating to the provision of those services. Each state has medical, nursing, nurse practitioner, physician assistant, cosmetology, naturopathic, chiropractic, radiology, x-ray technician and other boards that determine rules and regulations regarding their respective members and the scope of services that may be legally offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work, and to hold required certification by, or registrations in, any applicable professional association or registry. These laws and regulations are likely to vary from state to state, jurisdiction to jurisdiction, and these may change from time to time.

It is your responsibility to research all applicable laws, and we strongly advise you to consult with an attorney and contact local, state, and federal agencies before signing a Franchise Agreement with us, or a management agreement or similar arrangement with a health care professional, to determine your legal obligations and to evaluate the possible effects on your costs and operations.

Set forth below are examples of potential health care regulatory issues that you should research to determine their application to the operation of your Franchised Business. It is ultimately your responsibility to investigate all general and special laws in the jurisdiction of your franchise, and we strongly advise you to consult with an attorney and contact federal, state and local agencies before signing the Franchise Agreement with us in order to determine your legal obligations and evaluate the possible effects on your costs and operations.

Corporate Practice of Medicine

Some states regulate activities constituting the corporate practice of medicine (“CPOM”). For example, a number of states: (1) require a health care provider to provide health care services through a wholly-owned professional entity; and/or (2) prohibit business corporations that are owned by non-health care professionals from providing these services. If you operate in a jurisdiction that regulates the corporate practice of medicine, you may be prohibited from employing a licensed health care professional directly or from providing regulated services directly to the public unless you are licensed to do so. Instead, you may need to enter into a lease, management services or comparable agreement with the health care professional (or the professional’s business entity) to arrange for the provision of these services. In such cases, the terms of such an agreement must be drafted in compliance with applicable CPOM laws. If you are located in such a state, you are responsible to seek independent legal counsel to advise you of the relevant statutory requirements and to prepare an agreement that complies with your state’s laws. A copy of any such agreement to include a legal opinion affirming such compliance must be submitted to us for our review.

In addition, you should be aware that in jurisdictions that regulate the corporate practice of medicine, accounting rules will determine how you may recognize revenues as part of your gross collected revenues. For example, since some jurisdictions prohibit a business corporation that is owned by a non-health care professional from employing a licensed health care professional, in those jurisdictions, you must seek competent legal counsel to determine if it is appropriate to structure an arrangement with the health care professional (or the professional’s business entity) under which you would be entitled to reasonable fees in exchange for providing professional support and management services to the Franchised Business. These services might include providing facility or office space to perform services or administrative support services in the form of patient scheduling, accounting and billing, or ordering of supplies. We include in gross collected revenues all of the fees paid to you by the health care professional (or the professional’s business entity).

Fraud and Abuse

Numerous federal and state “Anti-Kickback” regulations prohibit the receipt of compensation or Fee-Splitting in exchange for referring patients to licensed health care providers. In addition, the federal “Stark Law” and similar state laws may prohibit you from filing a claim with Medicare or any other governmental or third-party payers if you or your business has a financial relationship with a physician (or an immediate family member of a physician) and that physician referred a patient to you or your business for services. Accordingly, you will need to seek independent legal counsel to ensure that your compensation arrangements with health care professionals are appropriately structured so as to either comply with applicable laws or in such a way as to meet the statutory safe harbors or exceptions under these federal and state fraud and abuse laws. Compensation

arrangements should be based on the fair market value of the bona fide services that are provided and not based on the volume or value of referrals between you and the health care professional. Violations of federal or state fraud and abuse laws can result in serious criminal and civil penalties.

Professional Licensing

A health care professional's operation of a practice is subject to comprehensive professional licensing and registration requirements. In addition, many states have boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. These requirements often apply to both the individual health care professional service provider and the professional's business entity. As a condition to licensing requirements, the health care professional (or the professional's business entity) may need to obtain and maintain a minimum amount of professional liability insurance. The Franchise Agreement prohibits you from employing any person in a position that requires a license or permit unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files.

Privacy and Security of Patient Records

Various federal and state laws regulate the privacy and security of patient health care information. For example, under the federal Health Insurance Portability and Accountability Act ("HIPAA"), as amended by the federal Health Information Technology for Economic and Clinical Health ("HITECH") Act, healthcare providers have certain legal obligations to keep patient health care information confidential, and are also required to disclose that information to patients and third parties when requests are properly submitted. Covered entities, as this term is defined in the relevant privacy and security regulations implementing HIPAA and HITECH also have an obligation to recognize certain rights of patients regarding access to and content of their health records. In addition, you must ensure the privacy and security of patient health care information you share with any "business associate" as defined under the HITECH Act, such as service providers, attorneys, or third-party billing companies. Since we and our affiliate are considered a "business associate" you are required to enter into a HIPAA Business Associate Agreement with us and our affiliate, which is included in this Disclosure Document in Exhibit B as Attachment 12 to the Franchise Agreement. Note that many states also have laws regulating the privacy, security and maintenance of patient health care information and these laws may impose even greater restrictions and obligations on your business regarding the privacy, security and maintenance of patient healthcare information and records.

Trade Names and Advertising

Some states may limit the trade names that a health center may use or require that health care service providers use certain acronyms with their professional or trade names. Advertising that promotes your Franchised Business and the availability of health care services must comply with applicable laws regulating how you must identify the service providers.

Building, Health and Workplace Laws

Each Franchised Business must comply with all applicable federal, state, county and municipal building codes and handicap access codes as well as laws restricting smoking in public places, the public posting of notices regarding health hazards, fire safety and general emergency preparedness, rules regarding the proper use, storage and disposal of hazardous waste and materials, and other building, fire and health standards. In addition, you must operate your business in full compliance with all applicable workplace laws, ordinances and regulations, including governmental regulations

relating to occupational hazards, health, the Equal Employment Opportunity Commission (EEOC), the Occupational Safety & Health Administration (OSHA), discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal, state and local income taxes, social security taxes and sales and use taxes. You should consider these laws and regulations when evaluating your purchase of the franchise.

We do not engage in the practice of medicine or any other profession that requires specialized training or certification. We engage in the offer, sale and support of franchises. Nothing in our Agreements, Manuals or System is intended to interfere, affect, or limit the independent exercise of professional judgment by any health care professional or that person's supervised staff. You, as the franchisee, must not engage in the practice of medicine or any other licensed profession unless you are licensed to do so.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You must secure and maintain in force all required health care licenses, permits and certificates relating to the operation of your Center and the other licenses that apply to any licensed professionals or other employees.

ITEM 2: BUSINESS EXPERIENCE

Founder, President and Secretary: Dr. Stephanie Higashi, D.C.
Los Angeles, CA

Dr. Stephanie Higashi has been our Founder, President and Secretary since our inception in February 2010. Since March 2012 she has served as a Managing Member of Health Atlas Properties, LLC. Dr. Stephanie Higashi has been the President and Secretary of Kenneth W. Luther Chiropractic Corporation, d.b.a. Mar Vista Institute of Health, Inc. since 2001 and has been the Manager and Chiropractor of Health Atlas West LA, Inc. since March 2014.

Co-Founder, Vice President and Treasurer: Dr. Wayne Higashi, D.C.
Los Angeles, CA

Dr. Wayne Higashi has been our Co-Founder, Vice President and Treasurer since our inception in February 2010. He has been the President of Health Atlas West LA, Inc. since March 2014. Since December 2012 he has served as a Managing Member of Health Atlas Properties, LLC. Dr. Wayne Higashi has also been the Vice President and Treasurer of Kenneth W. Luther Chiropractic Corporation, d.b.a. Mar Vista Institute of Health, Inc. since 2001.

Executive Director, Sales and Management: Forrest Will
Los Angeles, CA

Mr. Will has been our Executive Director of Sales and Management since January 2021. From 2008 to 2021, Mr. Will was the CEO of Executive Franchising, LLC, in Los Angeles, California, and provided coaching and executive consulting services to small and mid-sized businesses.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is Fifty Thousand Dollars (\$50,000.00). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

You may purchase the right to open and operate up to five (5) Franchised Businesses to be operated in a Designated Marketing Area. We provide a \$10,000 discount on additional Franchised Businesses purchased, after the first Franchised Business. For example, if you are granted a Designated Marketing Area and enter into a Development Agreement to open two (2) Franchised Businesses, the Development Fee will be \$50,000 for the first Franchised Business, and \$40,000 for the second. Additional Franchised Businesses, up to five (5), will also be discounted by \$10,000, for a maximum Development Fee of \$210,000. This payment is fully earned by us and due in lump sum when you sign the Development Agreement.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. No part of any initial franchise fee is refundable under any circumstances.

We also offer to discount the Initial Franchise Fee to Forty Thousand Dollars (\$40,000.00) for current health care business owners who desire to convert their business to a Health Atlast Franchise. The offering of a conversion franchise shall be in our sole and absolute discretion and shall be based on a review, to our satisfaction, of any and all financial and operational information that we may request.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	8% of Gross Revenue Beginning in the sixth (6 th) month after opening, the Royalty Fee shall be 8% of Gross Revenue, or \$350 per week, whichever is higher ("Minimum Royalty")	Weekly	Payable to us. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	10% of Gross Revenue	As incurred monthly.	Payable to third parties. All advertising must be pre-approved by us. See footnote 2.

Type of Fee	Amount	Due Date	Remarks
Advertising Cooperative	Your share of actual cost of advertising.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Health Atlast outlets in a designated geographic area. Any affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion.
Technology Fees	As we determine.	As we determine.	Currently, no Technology Fee is imposed. We reserve the right to impose a fee for software license or maintenance, website hosting and maintenance, franchisee web portal access, or other technology services we may provide.
Late Charge	Lesser of 2% of what is owed per month or maximum amount permitted by law.	As incurred	If you fail to pay us the Royalty Fee, Technology Fee or if you fail to submit your Gross Revenue report when due, we may charge you this amount for each late submission in addition to interest charges explained below.
Interest Charge	18% per annum from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$100	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-Sufficient Funds Fee.
Renewal Fee	\$10,000	Before signing renewal agreement	Payable to us. See Item 17.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	50% of the then-current initial franchise fee. For transfers to: (i) an existing franchisee in good standing, the transfer fee is 25% of the then-current initial franchise fee, (ii) an entity owned and controlled by the franchisee for convenience purposes or for transfers among owners that does not change management control, the transfer fee is \$1,500, and (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$3,500.	Before we approve the transfer.	Payable to us. See Item 17
Call Center	Currently \$0	As determined by call center service provider and/or us.	No call center service has been established as of the date of this Disclosure Document. We reserve the right to establish a regional or national call center. In the event that a call center is established, you are required to pay to the call center or to us fees for all calls for services directed to you in accordance with such call center's then-current fee schedule.
Initial Training	No charge for initial training prior to opening your Franchise for up to six key personnel. You pay all travel	Travel and related expenses are due as incurred. Fees for training your key personnel are due prior to the	Initial training takes place in Los Angeles, California. See Item 11.

Type of Fee	Amount	Due Date	Remarks
	and other related expenses incurred by all trainees. The current fee to train additional personnel is \$500 per person per day plus expenses.	commencement of training.	
Additional Training	A reasonable fee for all training programs, currently \$500 per person per day. You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 3.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is \$500 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training at your premises from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	15% of the Gross Revenue generated during our period of operation.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee), payable to us, if we provide on-site management of your Franchised Business. See footnote 4.

Type of Fee	Amount	Due Date	Remarks
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report by two percent (2%) or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.
Evaluation Fee For Alternative Supplies and Services Requested	Actual cost of inspection and/or testing	As incurred.	Payable to us.
Quality Review Services	Varies	As incurred	Payable to third-party providers. See footnote 5.
Technology Fee	Currently \$0.00.	As we determine	We reserve the right to increase the fee with 30 days' notice for new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and a franchise portal, benchmarking platform or other operations or communications systems.
Accounting Services	Actual costs	As incurred.	We reserve the right to require you to use an external accounting service if (i) you do not keep your books and records in accordance with our requirements or (ii) we determine that use of an external service by all franchisees is beneficial to the System.

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	Up to 24 months of (i) 8% of prior monthly Gross Revenues	Upon termination of the Franchise Agreement due to your default.	If the Franchise Agreement is terminated due to your default, you must pay us 8% of your average monthly Gross Revenue earned during the 12 months prior to your default, multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 6.
Reimbursement of Cost and Expenses for Non-compliance	Actual costs and expenses	As incurred.	See footnote 7.
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred.	Payable to us.
Confidential Operation Manual Replacement Fee	\$100, or our then-current fee	As incurred.	Paid to us.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a 10% administrative fee and our legal fees, if any.	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

¹ “Gross Revenue” includes as all revenue derived from patients, insurance companies or other third party payors from operating your Center, including, but not limited to, (i) amounts received at or away from your Center, (ii) any and all products and services provided at the Center whatsoever, and (iii) from any activities that are associated with the Marks. Gross Revenue includes receipts from cash, checks, barter, debit or credit cards, payments under your business interruption insurance coverage, and payments from finance companies. Credit cards and finance companies will charge fees to the franchisee for their services. The full value of the amount financed or charged to the patient credit card must be posted to the patient screen. Payment posted to the patient screen is the amount that the Royalties and Billing Fees will be based. “Gross Revenue” does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, and (iii) properly documented promotional discounts (i.e. coupons). You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

In some states, where the Royalty Fee in the above chart is not permissible, the Royalty Fee will be calculated as follows and deducted via ACH each month beginning the month you open your practice:

ROYALTY	MONTHLY FEE
Year 1	\$975
Year 2	\$1,750
Year 3	\$2,625
Year 4	\$3,500
Year 5	\$6,666
Year 6	\$6,666

Year 7	\$7,200
Years 8 through 10	\$8,000

² Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, Twitter, Instagram, LinkedIn, blogs and other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements.

³ We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to six (6) days per year, at a location we designate. We may also require you to attend a national business meeting or annual convention for up to three (3) days per year, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

⁴ In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified general manager, or other reasons, in our sole discretion, we may provide interim on-site management of your Franchised Business.

⁵ We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

⁶ You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

⁷ If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Location upon the termination or expiration of the Franchise Agreement. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

ITEM 7: ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT****Standard Franchise:**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$50,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Us
Your Training Expenses ²	\$2,000 - \$3,000	As required for online courses, transportation, lodging & meals	As required by suppliers of online courses, transportation, lodging & meals.	Suppliers of online courses, transportation, lodging & meals.
Premises lease deposits ³	\$10,000 - \$15,000	As required by landlord	As required by landlord	Landlord
Utilities Deposits ⁴	\$500 - \$1,500	As required by utility providers	As required by utility providers	Utility providers
Leasehold Improvements, Construction and/or Remodeling and Signage ⁵	\$0 - \$75,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord
Furniture, Fixtures, Equipment ⁶	\$5,000 - \$30,000	As required by suppliers	Before opening	Suppliers
Business Licenses and Permits ⁷	\$500 - \$1,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Initial Inventory to Begin Operating ⁸	\$5,000 - \$6,000	As required by suppliers	Before opening	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Office Equipment, Computer Systems, and Supplies ⁹	\$6,800 - \$25,500	As required by suppliers	Before opening	Suppliers
Professional Fees ¹⁰	\$500 - \$10,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising	\$10,000 - \$15,000	As required by supplier	As required by supplier	Suppliers
Insurance ¹¹	\$1,500 - \$2,000	As required by insurer	Before opening	Insurer
Operating Expenses / Additional Funds – 3 months ¹²	\$30,000 - \$70,000	As incurred	according to agreed-upon terms for expenses	Employees, landlord, utilities, suppliers, etc.
TOTAL	\$121,800 - \$304,000			

Conversion Franchise:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$40,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Us
Your Training Expenses ²	\$2,000 - \$3,000	As required for online courses, transportation, lodging & meals	As required by suppliers of online courses, transportation, lodging & meals.	Suppliers of online courses, transportation, lodging & meals.
Premises lease deposits ³	\$0 - \$15,000	As required by landlord	As required by landlord	Landlord
Utilities Deposits ⁴	\$0 - \$1,500	As required by utility providers	As required by utility providers	Utility providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Leasehold Improvements, Construction and/or Remodeling and Signage ⁵	\$0 - \$75,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord
Furniture, Fixtures, Equipment ⁶	\$5,000 - \$30,000	As required by suppliers	Before opening	Suppliers
Business Licenses and Permits ⁷	\$500 - \$1,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Initial Inventory to Begin Operating ⁸	\$5,000 - \$6,000	As required by suppliers	Before opening	Suppliers
Office Equipment, Computer Systems, and Supplies ⁹	\$6,800 - \$25,500	As required by suppliers	Before opening	Suppliers
Professional Fees ¹⁰	\$500 - \$10,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising	\$10,000 - \$15,000	As required by supplier	As required by supplier	Suppliers
Insurance ¹¹	\$1,500 - \$2,000	As required by insurer	Before opening	Insurer
Operating Expenses / Additional Funds – 3 months ¹²	\$30,000 - \$70,000	As incurred	according to agreed-upon terms for expenses	Employees, landlord, utilities, suppliers, etc.
TOTAL	\$101,300 - \$294,000			

¹ Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee.

² The cost of the Initial Training Program for up to six (6) individuals is included in the Initial Franchise Fee. Travel, living, and wage costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses.

³ This estimate represents deposit plus three (3) months of rent for a 1,000 - 4,000 square foot location at a minimum rent, common area maintenance (CAM) fees, landlord contributions, and the requirements of individual landlords. Real estate costs vary widely from place to place. The premises for your Center must allow for a minimum of four treatment and/or exam rooms, a front desk and reception area, restrooms, a manager's office, and a substantial amount of free parking. The location will likely be on the ground floor or an upper floor that has elevator access in a professional medical complex or a similarly situated commercial building. We assume the landlord will require the first month's rent and a security deposit equal to one month's rent. The amounts paid are typically not refundable, except for a security deposit, which may be refunded. This estimate is based on the experience of our affiliate-owned Health Atlast Center in Los Angeles, California. Rental rates may be more or less than this range depending on the location of your Franchised Business. You may also incur real estate broker fees and/or additional prepayments (e.g., first and/or last month's rent), depending on the terms of your lease. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

⁴ Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliate. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

⁵ This estimate is for the costs for improvements to your Franchised Business location without a tenant improvement allowance from the landlord. We have based our estimates on the historical experience of our affiliate. The estimate could exceed \$75,000 depending on the nature of improvements and/or buildout.

⁶ The furniture, fixtures and equipment required for your Franchised Business include built-in cabinetry, fixtures, desks, chairs, lobby chairs, and end tables, lamps, wall hangings, décor, medical equipment such as x-ray machines, exam tables, a nerve conduction velocity machine, diagnostic ultrasound machine, therapeutic ultrasound machine, electrical stimulation, and low tech rehabilitation equipment including an exercise ball, therabands, an exercise bike or treadmill, chiropractic, massage and exam tables and a massage chair and any other equipment that we require, or you determine in the operation of your Health Atlast Center.

⁷ This is an estimate of the costs of building permits, sign permits and a certificate of occupancy for your premises. Not all locations will require all of these permits, depending on the prior use of the premises and the requirements of local ordinances. This estimate also includes the cost of a local business license. The costs of permits and licenses will vary by location. We cannot estimate

the cost of this license because requirements and fees vary widely. Please contact your local governing agency for this information.

⁸ You must offer for sale at your Center all goods that we specify. You are required to maintain a reasonable supply of these items at your Center at all times. This estimate represents the cost for an initial supply of these items, which may include items such as durable medical equipment, lumbar and cervical pillows, posture pumps, knee braces, lower back braces, thera-balls, supplements and medical food.

⁹ Your office equipment includes the computer systems and software we require for use in your Franchised Business. This estimate includes the cost of software license fees for three (3) months. You will also need incidental office supplies such as printing paper, writing implements, forms and stationery. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of revenue information and client communication. We reserve the right to change your requirements for computer hardware and software at any time.

¹⁰ You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

¹¹ Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance umbrella insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of One Million Dollars (\$1,000,000.00) combined single limit per occurrence, and Three Million Dollars (\$3,000,000.00) in the aggregate, with a maximum deductible of One Thousand Dollars (\$1,000.00) per claim. All insurance policies must name us and our members, officers, directors and employees as additional named Certificate Holders and otherwise comply with the provision of the Agreement. Worker's compensation insurance and employer's liability insurance as required by law; Automobile liability and property damage insurance containing minimum liability protection of One Million Dollars (\$1,000,000.00) per claim. Professional liability insurance coverage liability due to errors or omissions in the performance of professional services at your Health Atlast Center, with limits not less than One Million Dollars (\$1,000,000.00) per claim/occurrence and Three Million Dollars (\$3,000,000.00) annual aggregate. Each policy must be written by a responsible carrier or carriers acceptable to us, with an A.M. Best rating of not less than A-VII, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. The estimate is for a quarterly premium of required minimum coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

¹⁵ This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, Royalties (as described in this disclosure document), local advertising, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff

recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

Development Agreement/Multi-Unit Franchise:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee ¹	\$90,000-\$210,000	Lump sum payment in cash or available funds	Upon signing Development Agreement	Us
Estimated Initial Investment to open first Franchised Business	\$71,800 - \$254,000	(see Standard Franchise chart)	(see Standard Franchise chart)	(see Standard Franchise chart)
Total	\$161,800-\$464,000			

¹ You may purchase the right to open and operate up to five (5) Franchised Businesses to be operated in a Designated Marketing Area. We provide a \$10,000 discount on additional Franchised Businesses purchased, after the first Franchised Business. For example, if you are granted a Designated Marketing Area and enter into a Development Agreement to open two (2) Franchised Businesses, the Development Fee will be \$50,000 for the first Franchised Business, and \$40,000 for the second. Additional Franchised Businesses, up to five (5), will also be discounted by \$10,000.

² This sum is the total of the Standard Franchise chart, minus the Initial Franchise Fee.

We relied upon the experience of our affiliate-owned Health Atlast Centers to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all equipment, fixtures, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications.

You may, but are not required to, purchase Aspen Medical back braces and Compliance Medical TENs units directly from our affiliate, Health Atlas West LA, LLC.

As of the date of this Disclosure Document, neither we nor any of our affiliates is the only supplier of any good or service that you are required to purchase. However, we reserve the right to require you to purchase goods and services from us or any of our affiliates in the future.

You must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance umbrella insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of One Million Dollars (\$1,000,000.00) combined single limit per occurrence, and Three Million Dollars (\$3,000,000.00) in the aggregate, with a maximum deductible of One Thousand Dollars (\$1,000.00) per claim. All insurance policies must name us and our members, officers, directors and employees as additional named Certificate Holders and otherwise comply with the provision of the Agreement. Worker's compensation insurance and employer's liability insurance as required by law; Automobile liability and property damage insurance containing minimum liability protection of One Million Dollars (\$1,000,000.00) per claim. Professional liability insurance coverage liability due to errors or omissions in the performance of professional services at your Health Atlas Center, with limits not less than One Million Dollars (\$1,000,000.00) per claim/occurrence and Three Million Dollars (\$3,000,000.00) annual aggregate. Each policy must be written by a responsible carrier or carriers acceptable to us, with an A.M. Best rating of not less than A-VII, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 1% to 20% of your costs to establish your Franchised Business and approximately 1% to 20% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

We approve suppliers after careful review of the quality of the products they provide to us and you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we reserve the right to charge you a fee equal to our actual costs of inspection and testing.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees.

In the fiscal year ended December 31, 2021, we did not receive any revenue from required leases or purchases. We currently do not receive any other revenue, rebates, discounts or other material consideration from any other suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. We currently have purchasing arrangements with TSYS, for credit card processing, and ADP, for payroll services, that franchisees may take advantage of, but are not required to do so.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition	8.1	11
b. Pre-Opening Purchase/Leases	8.3, 12.1.1, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.1, 8.2	11
f. Fees	5.2.7, Article 6, 7.4, 7.5, 8.4, 11.4.3, 12.3.7, 12.6, 12.8, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 12.1.5, 19.1.1	8, 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
h. Trademarks and Proprietary Information	9.3, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.6, 12.6	8
j. Warranty and Customer Service Requirements	N/A	N/A
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	12.3.4, 12.3.5	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.6, 12.1.7	11,17
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11
p. Indemnification	15.4, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.4, 12.1.5	11, 15
r. Records /Reports	12.2	6
s. Inspections and Audits	12.1.6, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Spouse Guaranty	11.3, Attachment 10	15

ITEM 10: FINANCING

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

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. provide you with site selection guidelines and approve a location for your Franchised Business. In our discretion, we may require you to use our designated broker or consultant for site selection assistance. Within forty-five (45) days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within thirty (30) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you execute a Development Agreement, to open more than one (1) Franchised Business within a Designated Marketing Area, the Territory for each Franchised Business you open will be determined when you execute the Franchise Agreement for each specific unit, and will be subject our then-current standards for approving sits and granting Territories. If you do not identify a site that meets our approval within ninety (90) days of signing the Franchise Agreement, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. (Franchise Agreement, Sections 8.1.2, 8.2, 10.1).
- b. loan to you the Health Atlast Operations Manual, other manuals and training aids we designate, for use in the operation of your Health Atlast Franchise, as they may be revised from time to time. (Franchise Agreement, Section 10.2).
- c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items (Franchise Agreement, Section 10.3).
- d. provide initial training at our headquarters and/or affiliate-owned outlet. We reserve the right to designate an alternative location for the initial training. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- e. provide a trainer at your premises for on-site training, supervision and assistance for up to one (1) day within ninety (90) days of the opening of your Franchised Business. (Franchise Agreement, Section 7.3)
- f. provide you with standards for qualifications and training of your employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 12.1.4).
- g. subject to applicable law, set minimum and maximum prices for products and services at your Health Atlast Center (Franchise Agreement, Section 12.5).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 180 days. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. You must find a site that we accept within 90 days of signing the Franchise Agreement, and you must commence operations within 90 days of the time we accept your site. If you have not opened your Franchised Business within 90 days after we approve your site or 270 days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.2, 8.3).

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to six (6) days each year, and/or attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).
- b. upon your request, or as we determine to be appropriate, provide supplemental corrective on-site training and assistance at your premises. For any on-site supplemental training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$500 per trainer per day of on-site training (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.4).
- f. provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).
- g. subject to applicable law, set minimum and maximum prices for products and services at your Health Atlast outlet (Franchise Agreement, Section 12.5).

- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within fifteen (15) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within fifteen (15) business days, the proposed material and/or campaign is deemed “disapproved”. (Franchise Agreement, Section 13.6).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.5).

We require you to spend at least Ten Thousand Dollars (\$10,000) in opening advertising and promotional activities for at least thirty (30) days prior to, and ninety (90) days following, the opening of your Franchised Business in the Territory where your Franchised Business is located. Thereafter, you are expected to spend at least Ten Percent (10%) of Gross Revenue per month on advertising for the Franchised Business in the Territory for your Franchised Business. We must approve all advertising materials.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within fifteen (15) business days; however, if we do not respond within fifteen (15) business days, the proposed advertising or marketing material is deemed “disapproved”.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. If feasible, you may do cooperative advertising with other Health Atlast franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, Instagram, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

Regional Advertising (Franchise Agreement, Section 13.3).

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Health Atlast outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Health Atlast Center will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising and we may require you to contribute up to one-half of your local advertising requirement to a regional advertising fund or cooperative.

Advertising Council (Franchise Agreement, Section 9.5).

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and outlet profitability. We reserve the right to change or dissolve the council at any time.

You are not required to participate in any other system-wide or other advertising fund.

5. Computer Systems (Franchise Agreement, Section 12.3).

You must purchase and use the hardware, software, and computer platforms we specify. You are required to have a desktop or laptop computer with Windows 10 or Mac OS as the operating system along with Microsoft Office, Adobe Acrobat Reader, billing and electronic Health Record Software.

You must lease or purchase the required computer hardware and software, at your expense. The cost of purchasing the required hardware and software is approximately \$20,000 or approximately \$350 - \$600 per month to lease.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other sales reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict. You are responsible to protect data that you collect that is stored or transmitted in accordance with HIPAA, HITECH and industry standards.

We reserve the right to have remote and independent access to your revenue information and client data generated by and stored in your computer system. There are no contractual limitations on our right to have full access to this information, although our right to certain client information is subject to the requirements of the Health Insurance Portability and Accountability Act. You are required to enter into a business associate agreement with us, which is included in this Disclosure Document in Exhibit B as Attachment 12 to the Franchise Agreement. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our Health Atlast Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 89 pages.

7. **Training** (Franchise Agreement, Article 7).

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete our Initial Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. Initial training includes a five (5)-day initial management training course in Los Angeles, California:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Managing Staff	8	0	West Los Angeles, California
Marketing	8	0	West Los Angeles, California
Business Management	8	0	West Los Angeles, California
MD/DC Collaboration	8	0	West Los Angeles, California
Wrap Up	4	0	West Los Angeles, California
Totals	36	0	

For classroom training, the training materials will consist of the Operations Manual. You will not be charged an additional fee for any of the training materials. Training will be conducted under the direction of our President, Dr. Stephanie Higashi, Vice President, Dr. Wayne Higashi, and our Executive Director, Forrest Will, whose credentials are outlined in Item 2 of this Disclosure Document.

Our initial training program is conducted and supervised by the President, Vice President, Executive Director and their staff. Drs. Stephanie and Wayne Higashi have at least 13 years of experience relevant to the subjects they are teaching and experience with us and/or our affiliates. Mr. Will has 14 years of experience with management training, and has approximately one (1) year of experience with us and our affiliates. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

The cost of our instructors and training materials for up to six (6) individuals is included in the Initial Franchise Fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainee is \$500 per person per day.

If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We will provide you with on-site training, supervision and assistance for up to one (1) day within ninety (90) days of the opening of your Franchised Business.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to six (6) days per year at a location we designate. We may also require you to attend a national business meeting or annual convention for up to three (3) days per year, at a location we designate. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) Health Atlas Center within a limited protected territory (the "Territory"). Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes or marked map. The Territory is determined on an individual basis taking into account demographics, minimum numbers of households, household income and market potential. Although the actual size of each Territory may vary, it will generally be a geographic area that encompasses a minimum population of 100,000 people, measured by public information and public sources. Your Protected Area will be defined and attached to your Franchise Agreement as Attachment 3. Local market conditions may warrant a smaller Territory, and we reserve the right to determine the size of the Territory in our sole and final judgment. Factors that we consider include market demographics, the market penetration of similar businesses, and growth trends in the market. We may define the Territory by a variety of boundaries that may include county lines, zip codes, highways, etc., if needed and at our discretion. If you execute a Development Agreement, to open more than one (1) Franchised Business within a Designated Marketing Area, the Territory for each Franchised Business you open will be determined when you execute the Franchise Agreement for each specific unit, and will be subject our then-current standards for approving sites and granting Territories.

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.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Health Atlas Center or grant the right to anyone else to open a Health Atlas Center within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory (i) through alternative distribution channels, as discussed below, and/or (ii) at the request of an unsolicited referral lead.

We will not reduce the size of your Territory even if the population in it increases. Likewise, we will not expand the size of your Territory if the population decreases. However, you will be required to meet certain minimum performance levels during the term of your Franchise Agreement to retain exclusive rights in your Territory. The minimum performance standards are as follows:

Time Period	Minimum Gross Revenue (Non-Cumulative)
Year 1	\$100,000
Year 2	\$250,000
Year 3	\$350,000

Year 4 and thereafter	\$500,000
-----------------------	-----------

Year 1 begins on the actual opening date of your Center and ends on the first anniversary thereof. Each subsequent year runs for the same 12-month period from the anniversary of your Center's opening date.

If you do not maintain these minimum performance standards, then we may, effective 30 days after we deliver written notice to you: (a) terminate your exclusive rights to the Territory; (b) reduce the scope of the geographic area comprising the Territory in which you will have exclusive rights; or (c) terminate the Franchise Agreement. If we terminate your exclusive rights or reduce the scope of the Territory and you may continue to operate your Center, but we may establish and operate, or allow others to establish and operate, Health Atlas Centers in your former portions of the Territory. In addition to terminating or reducing your Territory, we may require you and your personnel to attend additional training, at your expense.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Health Atlas Centers outside of the Territory and may operate other kinds of businesses within the Territory. We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other integrative medicine concepts or products under the Marks or other trademarks, (iii) acquire, directly or indirectly, another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset purchase, change of control, merger, affiliation or otherwise, which may be converted into Health Atlas Center franchises operating under the Marks, regardless of their location and (iv) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other integrative medicine businesses, and offering products through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). You will receive no compensation for our sales through Alternative Distribution Channels or to National Accounts customers that you decline in the Territory.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Health Atlas Franchised Business contact information. Your local advertising must target customers and referral sources in your Territory, although the reach of your local advertising may extend beyond your Territory.

ITEM 13: TRADEMARKS

Our affiliate, Health Atlas Properties, LLC, is the owner of the Health Atlas Mark and has granted us the exclusive right to use the below Mark and license to others the right to use the Health Atlas Mark in the operation of a Health Atlas outlet in accordance with the system. The Franchise Agreement will license to you the right to operate your Health Atlas outlet under the Health Atlas service mark, as described below ("Principal Mark"):

Mark	Registration Number	Registration Date	Register
HEALTH ATLAST	4286862	February 5, 2013	Principal

Our affiliate has filed all required affidavits.

We are the owner of the below trademark, a stylized letter C. The Franchise Agreement will license to you the right to operate your Health Atlast outlet under the Health Atlast service mark, as described below (“Principal Mark”)

Mark	Registration Number	Registration Date	Register
	5428136	March 20, 2018	Principal

We have filed all required affidavits.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Our affiliate and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Our affiliate and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with our affiliate and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest our affiliate’s right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

We have the right to use and license the use of the trademarks to franchisees under a license agreement with Health Atlast Properties, LLC (the “License Agreement”). The License Agreement provides that Health Atlast Properties, LLC has the right to specify, inspect and oversee the quality standards of our services and products to assure the protection, enhancement and goodwill of the Marks. The License Agreement is a perpetual, non-cancelable agreement dated April 18, 2014 and is of perpetual duration and will remain in effect unless terminated by us or Health Atlast Properties, LLC. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your right to use the Marks.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, photographs and other written materials. We also claim copyrights and other proprietary rights in our Manual and on our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 11).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business. We will permit you to maintain your preexisting practice

provided that all Health Atlast services are performed at your Health Atlast Center. You may not appoint a non-owner manager of the Franchised Business, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Management Training Program and all other courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval. If you replace your Manager, the new Manager must complete our Initial Training Program to our satisfaction.

Your non-owner manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 11. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 10.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future, provided that you are qualified and licensed to offer those services that require a license, or you have entered into a management agreement with a professional corporation that is owned by licensed medical professional(s) who are qualified to offer those services.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business (other than an additional Health Atlast outlet) that competes with your Franchised Business, with us or our affiliates, or with Health Atlast outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes.

You must open and operate the Center for the minimum number of days and hours that we specify in the Manual or otherwise in writing. You may not engage in any business activities that compete with the products or services offered by Health Atlast Centers.

You must only sell products and services that have been approved by us. If you want to add a product or service, you must follow the protocol to request and receive approval in writing (See Item 8).

You may only sell products and services in the manner we prescribe. You must solicit sales from customers and referral sources in your Territory. Your local advertising must target customers and referral sources in your Territory, although the reach of your local advertising may extend beyond your Territory. You may not advertise, promote, post or list information relating to the Center or using the Marks on the Internet (whether through the creation of a website or otherwise), without our prior written consent. See Item 12 for restrictions on sales within and outside the Territory.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**THE FRANCHISE RELATIONSHIP**

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal	Sections 5.1 and 5.4	If you are in good standing as defined below, you can renew for one (1) additional term of ten (10) years, unless we have determined, in our sole discretion, to withdraw from your Territory
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a renewal fee of \$10,000; continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	The Franchise Agreement does not give you any right to terminate. You may seek termination upon any grounds permitted by law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 3 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure

	Provision	Section in Franchise Agreement	Summary
			proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction, obtain licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty, as may be extended by us; fail to comply with applicable laws; default under any lease or sublease for the premises or default under any lease or financing agreement for your vehicle; understate Gross Revenue two (2) or more times; fails to report all production and collections exclusively in the software approved by Franchisor; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fails to satisfy a judgment of \$5,000 or more within thirty (30) days; conceal revenues or maintain false books; create a threat or danger to public health or safety; fails to cure a violation of law within three (3) days of notification; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have

	Provision	Section in Franchise Agreement	Summary
			insufficient funds to honor a check or EFT three (3) or more times during the term; fails to meet minimum performance standards; or terminate the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Health Atlas franchisee; cease to use our trademarks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Sections 16.2 and 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for franchisor approval of a transfer	Sections 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 5 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal to 50% of the then-current initial franchise fee or 25% of the then-current initial franchise fee for transfer to an existing franchisee in good standing, or \$1,500 for transfer among existing owners, or to add a new entity or shareholder or member to your entity and such transfer does not change management control of your entity, or \$3,500 for a transfer to a spouse, parent or child upon death or permanent disability.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 3 months to a replacement franchisee that we approve.

	Provision	Section in Franchise Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Health Atlas Center (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Health Atlas outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within ten (10) miles of your former Health Atlas Center location or any other Health Atlas outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation only at our headquarters located in Los Angeles, California.
v.	Choice of forum	Section 20.3	Litigation takes place in California (subject to applicable state law)
w.	Choice of law	Section 20.3	California law applies (subject to applicable state law)

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item contains a historic financial performance representation of our franchised outlets during the 2020 and 2021 calendar years. As of December 31, 2021, we had five (5) franchised outlets in operation. We have reported the Gross Revenues reported by the four (4) franchised outlets that were open for at least twelve (12) months or more, as of December 31, 2021.

2020 Gross Revenue¹

Franchised Outlet	Gross Revenue
Fountain Valley, CA ²	\$908,831.54
Long Beach, CA ³	\$395,594.44
Sherman Oaks, CA	\$1,586,149
Pocatello, ID ⁴	\$889,231.57

2021 Gross Revenue

Franchised Outlet	Gross Revenue
Fountain Valley, CA ²	\$957,490.38
Long Beach, CA ³	\$486,577
Sherman Oaks, CA	\$1,369,748
Pocatello, ID ⁴	\$860,480.45

¹ Gross Revenue means the total of all cash, credit or other payments paid on account of the operation of the Franchised Business, whether paid to Franchisee or other entities providing services or selling products at the location identified in the Franchise Agreement for the operation of the Franchised Business (including any payments under business interruption insurance coverage) excluding only sales taxes actually paid to governmental authorities and refunds of revenue made to customers or insurance companies or other third party payors in good faith and in accordance with Franchisor's policy against which Franchisee has paid, or will pay, Franchisor a Royalty Fee.

Written substantiation will be made available to you upon reasonable request. The information presented above has not been audited.

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

Other than the above disclosure, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dr. Stephanie Higashi at Health Atlast, LLC, 3030 Sawtelle Boulevard Los Angeles, California 90066; Phone: (310) 980-9108, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2019 to 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	3	4	+1
	2020	4	4	0
	2021	4	5	+1
Company – Owned*	2019	2	2	0
	2020	2	1	-1
	2021	1	1	0
Total Outlets	2019	5	6	1
	2020	6	5	-1
	2021	6	7	+2

* Company-owned outlets are operated by affiliated entities.

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2019	0
	2020	0
	2021	0

Table No. 3

**Status of Franchised Outlets
For Years 2019 to 2021**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
California	2019	3	1	0	0	0	1	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Idaho	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Totals	2019	3	2	0	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5

Table No. 4

**Status of Company Owned* Outlets
For Years 2019 to 2021**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
California	2019	2	0	0	0	0	2
	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
Total	2019	2	0	0	0	0	2
	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1

* Company-owned outlets are operated by affiliated entities.

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

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	3	4	0
Colorado	0	1	0
Delaware	0	1	0
Texas	1	1	0
Total	5	8	0

Exhibit E lists the location of each Health Atlast franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements, which are comprised of our consolidated balance sheets and the related consolidated statements of operations and members' equity, and cash flows for years ending December 31, 2021, 2020 and 2019, and related notes to the consolidated financial statements, are included in Exhibit C.

We have also included our unaudited financial statements for the time period between January 1, 2022 and March 31, 2022.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory Description, Minimum Performance Standards, General Release, ACH Authorization, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Telephone, Internet Web Sites and Listings Agreement, Spousal Guaranty, Confidentiality and Non-Compete Agreement, HIPAA Business Associate Agreement).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Dr. Stephanie Higashi, 3030 Sawtelle Boulevard, Los Angeles, California 90066.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

HEALTH ATLAST, LLC FRANCHISE AGREEMENT

TABLE OF CONTENTS

1. <u>RECITATIONS</u>	54
2. <u>GRANT OF FRANCHISE</u>	54
3. <u>TERRITORY</u>	54
4. <u>TERM</u>	55
5. <u>RENEWAL OPTIONS</u>	55
6. <u>FEES</u>	57
7. <u>TRAINING</u>	59
8. <u>FRANCHISED BUSINESS SITE REQUIREMENTS</u>	61
9. <u>MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM</u>	63
10. <u>FRANCHISOR'S OBLIGATIONS</u>	64
11. <u>FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS</u>	65
12. <u>FRANCHISEE'S OPERATIONS</u>	68
13. <u>ADVERTISING, PROMOTIONS AND RELATED FEES</u>	72
14. <u>INTELLECTUAL PROPERTY</u>	74
15. <u>INSURANCE AND INDEMNIFICATION</u>	76
16. <u>TRANSFERS</u>	79
17. <u>DEFAULTS</u>	83
18. <u>POST-TERMINATION</u>	87
19. <u>NON-DISCLOSURE AND NON-COMPETITION COVENANTS</u>	89
20. <u>DISPUTE RESOLUTION</u>	93
21. <u>GENERAL</u>	95
22. <u>ACKNOWLEDGMENTS</u>	97

LIST OF ATTACHMENTS:

ATTACHMENT 1: FRANCHISEE ACKNOWLEDGEMENT STATEMENT

ATTACHMENT 2: TRADEMARKS

ATTACHMENT 3: TERRITORY

ATTACHMENT 4: MINIMUM PERFORMANCE STANDARDS

ATTACHMENT 5: GENERAL RELEASE

ATTACHMENT 6: AUTHORIZATION AGREEMENT ACH WITHDRAWALS

ATTACHMENT 7: CONDITIONAL ASSIGNMENT OF LEASE

ATTACHMENT 8: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

ATTACHMENT 9: INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT
AGREEMENT

ATTACHMENT 10: SPOUSAL GUARANTY

ATTACHMENT 11: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

ATTACHMENT 12: HIPPAA BUSINESS ASSOCIATE AGREEMENT

HEALTH ATLAST, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of _____ (the “Effective Date”) by and between Health Atlast, LLC, a California limited liability company with its principal place of business at 3030 Sawtelle Boulevard, Los Angeles, California 90066 (herein “Franchisor”) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a business that provides integrated patient care, products and services including full medical care, chiropractic care, physio-therapy, massage therapy, nutritional care, and acupuncture therapy consistent with the individual center’s licensed individuals’ exercise of independent medical judgment, using Franchisor’s format, trade dress, methods of marketing and presentation, training and assistance, Franchisor’s confidential operations manual (“Manual”) of business practices and policies; instructional materials, various other operation manuals and training courses; and care standards (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Health Atlast service marks, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS. The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE. Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Health Atlas franchise (the “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies to Franchisee’s operations within a single limited protected area only, which is designated in Attachment 3 attached hereto and incorporated herein (the “Territory”).

3. TERRITORY

- 3.1 **Territory.** This Agreement grants Franchisee the right to operate the Franchise Business within a Territory from a single location (“Franchised Business Location”) that is designated by the description and/or mapped boundaries set forth in Attachment 3 attached hereto and incorporated herein. Subject to Sections 3.2 and 3.3 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other Health Atlas franchisees, to operate a Health Atlas business in Franchisee’s Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee (i) meets the minimum performance standards (“Minimum Performance Standards”) set forth in Attachment 4 and (ii) is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Health Atlas franchises around, bordering and adjacent to the Territory. Franchisee will be operating from a location within the Territory that will be determined by Franchisee with Franchisor’s prior written approval, which may be withheld or denied in Franchisor’s sole discretion. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.
- 3.2 **Minimum Performance Standards.** Franchisee acknowledges the importance of actively developing the Territory to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee’s Franchised Business to meet the Minimum Performance Standards. Franchisee’s failure to meet the Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled, in Franchisor’s sole discretion, to either (i) terminate your exclusive rights to the Territory, (ii) reduce the size of the Territory or (iii) terminate this Agreement.
- 3.3 **Reservation of Rights.** Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other integrative medicine concepts or products under the Marks or other trademarks, (iii) acquire, directly or indirectly, another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset purchase, change of control, merger, affiliation or otherwise, which may be converted into Health Atlas franchises operating under the

Marks, regardless of their location and (iv) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other integrative medicine businesses, and offering products through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.3 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

4. TERM. Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

5. RENEWAL OPTIONS. Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the “Renewal Franchise Agreement”) for an additional term of (10) years. The term of such Renewal Franchise Agreement shall commence upon the date of expiration of the initial term. Franchisee shall be charged a renewal fee equal to Ten Thousand Dollars (\$10,000.00) (“Renewal Fee”).

5.1 **Form and Manner of Renewal.** If Franchisee desires to exercise Franchisee’s option to enter into a Renewal Franchise Agreement, it shall be done in the following manner:

- 5.1.1 Not less than one hundred twenty (120) days nor more than one hundred eighty (180) days prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor’s then current Disclosure Document (including Franchisor’s then current franchise agreement).
- 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor’s then current Disclosure Document.
- 5.1.3 The Renewal Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
- 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee’s option to enter into the Renewal Franchise Agreement, and such failure shall cause Franchisee’s right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Renewal. Franchisee's right to enter into a Renewal Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Renewal Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Health Atlast, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 5. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses on the renewal date.

5.2.7 Franchisee shall pay the required Renewal Fee and sign the Renewal Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Health Atlast franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of

Renewal Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Renewal Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to renew this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES

- 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Fifty Thousand Dollars (\$50,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchise shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, weekly throughout the Term, a royalty fee equal to eight percent (8%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). Beginning in the sixth (6th) month of operation of the Franchised Business, the Franchisee agrees to pay Franchisor the minimum sum of \$350 per week or eight percent (8%) of Gross Revenue, whichever is higher (the "Minimum Royalty"). The term "Gross Revenue" means the aggregate of all revenues and income from any source derived received by Franchisee from, through, by or on account of the operation of the Franchised Business from patients, insurance companies or other third party payors, whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, without deduction for costs incurred by Franchisee for patient payment options, such as credit card service charges. Gross Revenue also includes all proceeds from any business interruption insurance. Excluded from Gross Revenue are: (1) sales taxes and other taxes separately stated that Franchisee collects from clients and pays to taxing authorities; (2) refunds and credits made in good faith to arms' length clients, provided such credits or refunds are made in accordance with Franchisor's standards and specifications; and (3) the discount value of any voucher or other allowance that

Franchisor authorizes at the time Franchisee redeems the client's voucher or allowance.

Notwithstanding the foregoing, in the event that the laws of Franchisee's Territory does not permit collection of the Royalty Fee set forth above, Franchisee shall pay a fixed monthly Royalty Fee, as follows:

	MONTHLY FEE
Year 1	\$975
Year 2	\$1,750
Year 3	\$2,625
Year 4	\$3,500
Year 5	\$6,666
Year 6	\$6,666
Year 7	\$7,200
Years 8 through 10	\$8,000

6.1.3 Gross Revenue Reports. Franchisee shall, on Friday following the close of each calendar week (Saturday through Friday), furnish Franchisor with (and/or Franchisor shall otherwise access to) a report showing Franchisee's Gross Revenue realized at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, Franchisee shall submit (and/or Franchisor shall otherwise access to) the Gross Revenue Report by an electronic transfer of data via the computer information systems ("Computer System") that Franchisor requires Franchisee to use in the operation of the Franchised Business.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement.

6.2 Late Fee. If the Royalty Fee or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee equal to the lesser of two percent (2%) of what is owed to Franchisor per month or the maximum permitted by law. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

- 6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.
- 6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of One Hundred Dollars (\$100.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5 Call Center Fee. Franchisor reserves the right to establish a regional or national call center. In the event that a call center is established, Franchisee shall pay to Franchisor or to such call center(s) fees for all calls for services to be performed in the Area of Primary Responsibility in accordance with such call center's then-current fee schedule.
- 6.6 Technology Fee. Franchisor reserves the right to impose a technology fee, in an amount that Franchisor reasonably determines, for new or improved technology adopted or developed by Franchisor for access to and maintenance of required software and processes, including but not limited to, a scheduling system, payment processor, sales and financial reporting, franchise portal, benchmarking platform or other operations systems. In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.
- 6.7 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than four (4) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of coursework and hands-on training conducted at Franchisor's headquarters in Los Angeles, California. Franchisor reserves the right to designate an alternate location for the course component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to six (6) people to take the Initial

Management Training Program prior to opening the Franchised Business (“Initial Trainees”). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor’s sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed or if Franchisor, in Franchisor’s reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee’s Principal(s), Franchisor may terminate this Agreement.
- 7.3 Opening Assistance. Within ninety (90) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for one (1) day at no charge to Franchisee.
- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee’s principals shall participate in the following additional training:

(i) on-going training for up to six (6) days per year, at a location designated by Franchisor;

(ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor;

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee’s personnel in connection with additional training or attendance at Franchisor’s national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee’s failure to attend and/or complete mandatory additional training or failure to attend Franchisor’s national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee’s principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee’s principal and Franchisor’s training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor’s training personnel within ten (10) days of Franchisor’s billing thereof to Franchisee.

- 7.5. On-Site Remedial Training. Upon Franchisee’s reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide

on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

- 7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business location pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conferencing, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS

8.1 Site Requirements.

8.1.1 Franchisee shall operate the Franchised Business from a professional, commercial office located within the Territory. Franchisee assumes all cost, liability, expense and responsibility for obtaining and improving the premises for the Franchised Business. Franchisee's selection of the Franchised Business location is subject to Franchisor's approval, which shall not be unreasonably withheld. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 7. After an office location for the Franchised Business is identified and approved, the address thereof shall be set forth on Attachment 3 of this Agreement. Franchisee shall be responsible for equipping and outfitting the Franchised Business office as outlined in the Operations Manual.

8.1.2 Franchisee shall submit to Franchisor, in writing, a description of the proposed office location, together with such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed office location to Franchisor for its consent no later than forty-five (45) days after the execution of this Agreement. Franchisor shall have thirty (30) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site. No site may be used for the office location of the Franchised Business unless it is consented to in writing by Franchisor. If Franchisee does not locate a site for the Franchised Business that meets Franchisor's approval within ninety (90) days of signing this Agreement, Franchisor, in Franchisor's reasonable discretion, may grant Franchisee an additional thirty (30) days to locate a mutually acceptable site. Franchisee's failure to identify a site within the time period set forth in this Section 8.1.2 shall be a default of this Agreement pursuant to Section 17.2.1.

8.1.3 Franchisee shall, at Franchisee's sole expense, construct and equip the premises to

the specifications contained in the Manual and purchase and install the equipment, fixtures, signs and other items that Franchisor requires. Franchisor reserves the right to approve architects, contractors, and other suppliers to construct Franchisee's Health Atlas. Franchisee acknowledges these site requirements are necessary and reasonable to preserve the identity, reputation, and goodwill Franchisor has developed, and the value of the Franchised Business. Franchisor must approve the layout of the Health Atlas before opening.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement.

Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (ii) purchase all required insurance, (iii) obtain all required licenses to operate the Franchised Business, (iv) obtain Franchisor's written approval of the construction, build-out, and layout of your Center, and (v) execute with Franchisor a business associate agreement, in the form of Attachment 12, as required by the Health Insurance Portability and Accountability Act and/or Health Information Technology for Economic and Clinical Health Act, as those acts may be amended. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within two hundred seventy (270) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the location set forth in Attachment 3, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:

8.3.1 Franchisee shall select a site and construct the new premises in accordance with the provisions of Sections 8.1 to conform to Franchisor's then-current specifications for design, appearance and leasehold improvements for new Franchised Businesses;

8.3.2 Franchisee agrees that, during the build-out, equipping and furnishing of the new Franchised Business Location, and at Franchisor's sole and absolute discretion: (i) the term of this Agreement shall not be abated, (ii) Franchisee shall continue to operate from the original Franchised Business Location, and (iii) commence operation at the new Franchised Business Location within five (5) days of closing the original Franchised Business Location.

8.3.3 Franchisee shall remove any signs or other property from the original Franchised Business Location which identified the original Franchise Business Location as part of the System;

8.3.4 The parties shall amend Attachment 3 to reflect the address of the new Franchised Business Location; and

8.3.5 Franchisee shall reimburse Franchisor, upon Franchisor's written demand, Franchisor's costs and expenses incurred to evaluate and approve an alternative site for the Franchised Business.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM

9.1 Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business Location, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired furniture, fixtures, equipment and computer hardware, software and accessories, as Franchisor may direct.

9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3 Trade Dress Modifications.

9.3.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.3.2 Upon Franchisor's request, no more often than once in a five (5)-year period, Franchisee shall refurbish the Franchised Business Location at Franchisee's sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.3.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

- 9.4 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.
- 9.5 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

10 FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 3 attached hereto and incorporated herein. Franchisor shall also approve the site of the Franchised Business office location in accordance with Section 8.1.2.
- 10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.3 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.

10.6 Training. The training programs specified in Article 7 herein.

10.7 On-Going Assistance. Post-opening assistance at the Franchised Business Location in accordance with the provisions of Article 7.

11 FRANCHISEE’S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each of Franchisee’s Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum revenue.

11.2 Ownership. Franchisee represents that the Franchised Business shall, at all times, be owned by any of (i) a licensed health care professional, and/or (ii) an entity owned solely by licensed health care professionals as permitted by your state law, and/or (iii) a non-health care professional or entity owned by non-health care professionals, provided that the laws governing the Territory permit such ownership. Franchisee shall be solely responsible to determine, following Franchisee’s own review of applicable laws, eligibility to own and operate an integrative medicine practice in the Territory where Franchisee’s Health Atlast will do business.

11.3 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.3.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.3.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.3.3 Franchisee’s organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor’s sole discretion;

11.3.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee’s power and have been duly authorized by Franchisee;

11.3.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether

accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

- 11.3.6 If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 10 hereof.

11.4 Personal Management.

- 11.4.1 Franchisee represents that the Franchised Business shall be, at all times, personally supervised by a health care professional licensed in the State where the Franchised Business is located who shall provide active, ongoing, and personal on-premises supervision of the Franchised Business. Franchisee shall personally supervise the operation of the Franchised Business and may not appoint a manager of the Franchised Business location, unless Franchisee receives Franchisor's prior written consent. If required by Franchisor, Franchisee's Manager must attend any or all components of the Initial Management Training Program at Franchisee's expense, which may include attendance fees. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual, including but not limited to, quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals, and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals.
- 11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.
- 11.4.3 If, at any time during this Agreement, Franchisee can no longer personally supervise the Franchised Business in accordance with this Agreement, Franchisee shall promptly notify Franchisor and, with Franchisor's consent, which Franchisor's may withhold in its sole discretion, designate a replacement manager. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee, at the then-current rate, plus any and

all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until an approved replacement manager is properly trained or certified in accordance with Franchisor's requirements.

- 11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, any permits, certificates or licenses required by any health care or environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.
- 11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual 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 in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related to a client or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7 Assignment of Numbers and Listings. Franchisee shall execute those documents, included as Attachment 9 hereof, as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply

with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12 FRANCHISEE'S OPERATIONS

12.1. Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Maintain and operate the Franchised Business Location in good condition and repair and in a proper and businesslike manner, using Franchisee's best efforts to maintain a clean, sanitary and respectable atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.2 Comply with all applicable governmental laws, ordinances, rules and regulations, specifically including all health care laws, the Health Insurance Portability and Accountability Act, False Claims Act, and legal restrictions on the corporate practice of medicine

12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor. Franchisee may only engage the services of practitioners licensed in the State where the Franchised Business is located to perform healthcare services at the Franchised Business;

12.1.4 Require all employees to comply with Franchisor's standards for dress and identifying badges, as Franchisor may from time to time reasonably designate, so as to maintain the goodwill and reputation of Franchisor, the System and the Marks;

12.1.5 Employ only qualified individuals, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. If required by Franchisor, Franchisee's Manager must attend any or all components of the Initial Management Training Program at Franchisee's expense, which may include attendance fees. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to Franchisee's clients. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or

discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.6 Permit Franchisor or its agents, to inspect the Franchised Business Location and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.7 Prominently display signage in and upon the Franchised Business Location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing. Franchisee shall not display any signage upon the Franchised Business Location or elsewhere of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business Location or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.8 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor.

12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee and/or Principal's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3. Computer Systems.

12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2. Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and web-based bookkeeping accounts.

12.3.3 Subject to applicable law, Franchisee shall provide Franchisor, upon Franchisor's request, access to all client data stored in Franchisee's Computer System, or otherwise collected by Franchisee.

12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not

establish any website or other listing on the Internet except as provided and specifically permitted herein.

12.3.6 Franchisor has established a website that provides information about the System and the services and products offered by the Health Atlas System (the “Website”). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee’s Franchised Business Location. Franchisee has no ownership or other proprietary rights to Franchisor’s website and Franchisee will lose all rights to such link to Franchisee’s location upon expiration or termination of this Agreement for any reason.

12.3.7 In addition to Franchisee’s obligation pursuant to Section 6.6 hereof, Franchisee shall pay all other fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, and licensing or user-based fees for e-mail addresses, a franchise portal or a benchmarking platform.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee’s personnel, clients, agents and the general public. All matters of safety and security are within Franchisee’s discretion and control, and Franchisee’s indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Prices. Subject to applicable law, Franchisor may from time to time offer guidance with respect to the sales price for services and products. Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to provide services and sell products at any price that Franchisee may determine. If Franchisee elects to offer for sale services and products at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such services or products at the recommended price will enhance Franchisee’s sales or profits.

12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier’s facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved

supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee is expected to spend ten percent (10%) of Gross Revenue per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to participate in a regional advertising cooperative, as described in Section 13.3, and in such event, Franchisee's Local Advertising requirement shall be reduced by the amount Franchisee pays to a regional advertising cooperative.

- 13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.
- 13.2.3 In addition to the requirements of Section 13.2.1, Franchisee shall spend at least Ten Thousand Dollars (\$10,000.00) on Local Advertising and grand opening promotional activities within and around the Franchisee's Territory no sooner than thirty (30) days prior to and ninety (90) days after the opening of the Franchised Business to promote the opening of the Franchised Business. Franchisee shall conduct Franchisee's grand opening campaign in accordance with plans approved by Franchisor pursuant to Section 13.3. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf.
- 13.3 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising; provided, however, if a vote of the cooperative members increases the required cooperative contribution, Franchisee shall contribute such increased amount.
- 13.4 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, Instagram, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.
- 13.5 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof.

If Franchisor fails to respond to Franchisee's submission within fifteen (15) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Health Atlast brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Health Atlast Properties, LLC ("Licensor") and Franchisor (collectively, "Licensors") are the record owners of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2 As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

- 14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.
- 14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.
- 14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Health Atlas" and logo set forth on Attachment 2. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Health Atlas, LLC".
- 14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Health Atlas franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.
- 14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.
- 14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.
- 14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property

and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor written by a responsible carrier or carriers acceptable to Franchisor, with an A.M. Best rating of not less than A-VII, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds and certificate holders, as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 General Liability. Comprehensive general liability insurance, including contractual liability, public liability, broad form property damage, personal injury, product liability, advertising injury, completed operations and independent contractors coverage, and fire damage coverage in the amount of at least One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the

aggregate, with a maximum deductible of One Thousand Dollars (\$1,000.00) per claim, or such higher amounts as required by state laws;

15.1.2 Professional Liability. Professional liability insurance, due to errors and omissions in the performance of services pursuant to this Agreement in the amount of at least One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate, with a maximum deductible of One Thousand Dollars (\$1,000.00) per claim, or such higher amounts as required by state laws;

15.1.2 Employment. Worker's compensation coverage in the limits required by state law, employer's liability insurance, including coverage for physical/sexual abuse, in the amount of One Million Dollars (\$1,000,000.00) per incident, and a commercial crime bond of at least ten thousand dollars (\$10,000.00), shall be carried on all of Franchisee's employees, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3 Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or greater if required by state law.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. Additionally, if Franchisee or the Franchised

Business enrolls in the Medicare program as a DMEPOS supplier, Franchisee shall name a Medicare designee as a certificate holder to Franchisee's comprehensive general liability policy. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS HEALTH ATLAST, LLC, HEALTH ATLAST PROPERTIES, LLC, HEALTH ATLAST WEST LA, INC., KENNETH W. LUTHER, CHIROPRACTIC CORPORATION AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "HEALTH ATLAST INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S HEALTH ATLAST FRANCHISE; THE FRANCHISED BUSINESS; FRANCHISEE'S ALLEGED FAILURE TO COMPLY WITH ANY STATUTES, REGULATIONS, CONTRACT OR OTHER OBLIGATIONS RELATING TO THE PROVISION OF ANY SERVICES OR THE BILLING FOR SERVICES TO ANY PAYOR, INCLUDING MEDICARE, MEDICAID, STATE MEDICAID WAIVER PROGRAMS, OR OTHER STATE OR FEDERAL HEALTH CARE PAYMENT PROGRAMS; THE SERVICES OR PRODUCTS; THE PREMISES; OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE HEALTH ATLAST INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL THE HEALTH ATLAST INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE HEALTH ATLAST INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE HEALTH ATLAST INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE HEALTH ATLAST INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE HEALTH ATLAST INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE HEALTH ATLAST INDEMNITEES.

Initial

16. TRANSFERS

16.1. Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory or, proximate thereto). However, Franchisor represents that it will not convert any such acquired businesses and/or facilities that are operating within the Territory to a Health Atlast franchise during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the integrative medicine business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

- 16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder, the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law (a “Transfer”), unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor’s Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:
- 16.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.
 - 16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
 - 16.3.3 The transferee has agreed to complete Franchisor’s Initial Management Training Program to Franchisor's satisfaction;
 - 16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;
 - 16.3.5 The transferee has executed Franchisor’s then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
 - 16.3.6 Franchisee and the transferee and each of Franchisee’s and the transferee’s Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor’s officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
 - 16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee’s decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all

proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to fifty percent (50%) of the then-current initial franchise fee; provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is twenty-five percent (25%) of the then-current initial franchise fee, (ii) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity, the transfer fee is One Thousand Five Hundred Dollars (\$1,500.00), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchisee's Principal, as the case may be, the transfer fee is Three Thousand Five Hundred Dollars (\$3,500.00).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, will transfer Franchisee's or Franchisee's Principal's interest in this Agreement within three (3) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the three (3)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at a fee equal to fifteen percent (15%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the assets of the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions.

17. **DEFAULTS**

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to obtain all required licenses and permits before opening, identify a mutually acceptable office location or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more;

- 17.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to comply with all applicable health care laws and the failure to pay taxes;
- 17.2.5 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.6 fails to comply with the covenants in Article 15;
- 17.2.7 permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.9 has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;
- 17.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.16 fails to comply with the non-competition covenants in Section 19.5;
- 17.2.17 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or any renewals or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.18 has insufficient funds to honor a check or electronic funds transfer three (3) or more times within the term of this Agreement;

17.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;

17.2.20 fails to meet Minimum Performance Standards, in which event Franchisor, at its election, may either (i) require Franchisee to attend additional training, at Franchisee's sole expense, (ii) reduce the size of the Territory or (iii) terminate this Agreement.;

17.2.21 if a judgment against Franchisee in the amount of more than Five Thousand Dollars (\$5,000.00) remains unsatisfied (unless an appeal is filed or a supersede as bond is secured) for a period of more than thirty (30) days;

17.2.22 if Franchisor determines, in its sole discretion, that continued operation of the Franchised Business by Franchisee will result in imminent danger to public health or safety;

17.2.23 fails, for a period of three (3) days after notification of noncompliance, to cure any violation of federal, state or local law or regulations applicable to the operation of the Franchised Business; including, without limitation, the Americans with Disabilities Act; Federal or State False Claims Act, HIPAA, state or federal "STARK" or "Anti-Kickback" statutes or state licensure regulations; or

17.2.24 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be

reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.17.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Health Atlas owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of a Health Atlas, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, banners, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;

18.1.5. in the event this Agreement is terminated prior to the end of the Term due to Franchisee's default, pay to Franchisor a lump sum payment (as damages and not as a penalty) an amount equal to: (i) the monthly average of Franchisee's Gross Revenue realized in the twelve (12) months prior to Franchisee's default multiplied by the lesser of (a) the remaining months term or (b) twenty-four (24), multiplied by eight percent (8%), multiplied by the lesser of (a) the remaining months term or (b) twenty-four (24). Franchisee acknowledges and agrees that this lump sum payment is reasonable since a precise calculation of the full extent of the damages Franchisor will incur in the event of an early termination of this Agreement as a result of Franchisee's default is difficult to determine. This lump sum payment shall be in lieu of any damages Franchisor may incur for lost future royalty fees as a result of Franchisee's default, but it shall be in addition to all amounts provided in Section 18.1.6. Franchisee acknowledges and agrees that payment of this lump sum shall not affect Franchisor's right to obtain any other relief or remedies set forth in this Agreement;

- 18.1.6 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
- 18.1.7 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, software, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to client lists and records, subject to applicable law, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and
- 18.1.8 make such modifications and alterations to the Franchised Business Location that are necessary or that Franchisor requires to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or any third party at the Franchised Business Location premises; provided, however, that this subsection shall not apply if the Franchised Business is transferred to an approved transferee or if Franchisor assumes the premises;
- 18.1.9 comply with the non-disclosure and non-competition covenants contained in Article 19; and
- 18.1.10 provide satisfactory evidence of compliance with the above obligations within thirty (30) days after the effective date of the termination or expiration of this Agreement.

18.2 Right to Purchase.

- 18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any part of the Computer System), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all appraisal fees due and owing from Franchisee and remit to the appraiser(s), (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in

cash. Closing of the purchase shall take place no less than sixty (60) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation

under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

- 19.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree to not, at any time use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.
- 19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with Franchisee's Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and Principal(s) shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and Principal(s) shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and Principal(s) acknowledge that any such Improvements will become the property of Franchisor, and

Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any integrative medicine business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Health Atlas franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any integrative medicine business within ten (10) miles of the Territory or within ten (10) miles of any Health Atlas office location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Health Atlas franchisees.

19.6 Reasonableness of Restrictions. Franchisee and each Principal acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education

which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

- 19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8 Injunctive Relief. Franchisee and each Principal acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9 No Defense. Franchisee and each Principal expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 11 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

- 20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature

thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

- 20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of California. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of California. Franchisee and Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in California. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.4 Mutual Benefit. Franchisee, each Principal and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.5 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

- 20.7 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.
- 20.8 Attorneys' Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.
- 20.9 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL

- 21.1 License Relationship. Franchisee is and shall be an independent licensee of the Marks and System under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee,

except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

- 21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal(s) shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.
- 21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any

Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of California, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

22. **ACKNOWLEDGMENTS.** Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgements are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

-Remainder of page intentionally left blank-

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

HEALTH ATLAST, LLC

By: _____

Stephanie Higashi, President
(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 1

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Health Atlast, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE HEALTH ATLAST, LLC, HEALTH ATLAST PROPERTIES, LLC, HEALTH ATLAST WEST LA, INC., KENNETH W. LUTHER, CHIROPRACTIC CORPORATION, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

ATTACHMENT 2

Service Marks –



HEALTH ATLAST®

ATTACHMENT 3

TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

Territory (insert map and/or define by zip codes):

Franchised Business Address:

ATTACHMENT 4

MINIMUM PERFORMANCE STANDARDS

<u>Time Period</u>	<u>Minimum Gross Revenue (Non-Cumulative)</u>
Year 1	\$100,000
Year 2	\$250,000
Year 3	\$350,000
Year 4 and thereafter	\$500,000

ATTACHMENT 5

GENERAL RELEASE

_____ (“Franchisee”) and its principal(s):

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless _____ Health Atlast, LLC (“Franchisor”), Health Atlast Properties, LLC, Health Atlast West LA, Inc., Kenneth W. Luther, Chiropractic Corporation, their affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee

Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20__.

FRANCHISEE:

Attest: _____

By: _____

(Name)

_____, _____
(Name, Title)

FRANCHISEES'S PRINCIPAL:

Witness Name: _____

Print Name: _____

Witness Name: _____

Print Name: _____

Witness Name: _____

Print Name: _____

Witness Name: _____

Print Name: _____

ATTACHMENT 6

AUTHORIZATION AGREEMENT **AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: **Health Atlast, LLC**

I (We) hereby authorize Health Atlast, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:

**Health Atlast, LLC
3030 Sawtelle Boulevard, Los Angeles,
California 90066
Phone #: (310) 980-9108**

ATTACHMENT 7

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor") hereby assigns and transfers to Health Atlas, LLC, a California limited liability company with a notice address of 3030 Sawtelle Boulevard, Los Angeles, California 90066 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Health Atlas outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____

By: _____

(Print Name, Title)

DATED: _____

DATED: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to Health Atlas, LLC (Assignee) dated _____ for the property known as _____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Health Atlas outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____

LANDLORD:

ATTACHMENT 8

STATEMENT OF OWNERSHIP INTERESTS
IN FRANCHISEE/FRANCHISEE ENTITY

Name

Percentage of Ownership

ATTACHMENT 9

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between Health Atlas, a California limited liability company (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Health Atlas business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Health Atlas brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic

Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to the application of California conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

HEALTH ATLAST, LLC

By: _____

Stephanie Higashi, President
(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 10

GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____, (the “Effective Date”) to Health Atlas, LLC, a California limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with _____, a(n) _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

ATTACHMENT 11

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this _____ day of _____, 20____, by _____, a(n) _____ (“Franchisee”), a franchisee of Health Atlast, LLC a California limited liability company (“Franchisor”), and _____, an individual (“Covenantor”) in connection with an Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____, 20____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark “Health Atlast” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of Franchised Business outlets;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Health Atlast operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

- e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.
- f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

- (i) divert, or attempt to divert, any business or customer of Health Atlas or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise or
- (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any integrative medicine business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

- (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Health Atlas System to any competitor, by direct or indirect inducement or otherwise or
- (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any integrative medicine business within the Territory, within ten (10) miles outside of the boundaries of the Territory or within ten (10) miles of any Health Atlas office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REFERENCE TO CALIFORNIA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF CALIFORNIA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY CALIFORNIA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN CALIFORNIA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

ATTACHMENT 12

HIPAA Business Associate Agreement

This HIPAA Business Associate Agreement (the “Agreement”) is made and entered into as of _____ (the “Effective Date”), by and between Health Atlast, LLC, a California limited liability company with its principal place of business at 3030 Sawtelle Boulevard, Los Angeles, California 90066 (herein “Business Associate”) and _____ a(n) _____, with its principal place of business located at _____ (“Covered Entity”).

RECITALS

WHEREAS, Covered Entity is a franchisee of Business Associate and operates a Health Atlast Franchised Business outlet located in _____ under a Franchise Agreement dated _____ (the “Franchise Agreement”) with Business Associate;

WHEREAS, Covered Entity is or may be subject to the requirements of 42 U.S.C. 1320d *et seq.* enacted by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”) and the implementing regulations set forth at 45 CFR Parts 160 through 164 (“HIPAA Regulations”). As used herein, “PHI” refers to Protected Health Information maintained, transmitted, created or received by Business Associate for or from Covered Entity; and

WHEREAS, to the extent required by the HIPAA Regulations and applicable state law, Business Associate is or may be directly subject to certain privacy and security obligations and penalty provisions of HIPAA, HITECH, the HIPAA Regulations and state law.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby contract and agree as follows:

1. **Definitions.** Terms used but not otherwise defined in this Agreement have the same meaning as those terms are defined and used in the HIPAA Regulations.
2. **HIPAA Assurances.** In the event Business Associate creates, receives, maintains or otherwise is exposed to PHI by, through, or on behalf of, Covered Entity, Business Associate shall:
 - a. not use or disclose PHI other than as permitted or required by this Agreement or as required and permitted by law.
 - b. use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of PHI other than as provided for by this Agreement.

- c. report to Cover Entity any use or disclosure of PHI not provided for by this Agreement of which Business Associate becomes aware, including breaches of unsecured PHI as required at 45 CFR 164.410, and any security incident of which Business Associate becomes aware.
 - d. in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any agent, including a subcontractor, that create, receive, maintain, or transmit PHI on behalf of Business Associate agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
 - e. make available the PHI in a designated record set to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.524.
 - f. make any amendment(s) to PHI in a designated record set that the Covered Entity directs or agrees pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations pursuant to 45 CFR 164.526.
 - g. maintain and make available the information required to provide an accounting of disclosures to the Covered Entity as necessary to satisfy Covered Entity's obligations pursuant to 45 CFR 164.528.
 - h. to the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s); and
 - i. make Business Associate's internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity, available to the Covered Entity, or to a designated individual in a manner designated by the Covered Entity or the designated individual, for purposes of the designated individual determining Covered Entity's compliance with the HIPAA rules.
3. Permitted Uses and Disclosures. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI for the following purposes provided that such use or disclosure would not violate HIPAA rules if done by the Covered Entity:
- a. for any lawful purpose permitted by the Franchise Agreement and/or the Operations Manual described in the Franchise Agreement.
 - b. for the proper management and administration of Business Associate (including its management and administration of the Health Atlas franchise system) and/or to carry out the legal responsibilities of Business Associate.
 - c. except as otherwise limited in this Agreement, to provide data aggregation services to Covered Entity as permitted by 45 CFR 146.504(e)(2)(i)(B).

- d. to report violations of law to appropriate federal and state authorities, consistent with 45 CFR 164.502(j)(1).
4. Obligations of Covered Entity. Covered Entity shall notify Business Associate of the following:
- a. any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR 164.520, to the extent that such limitations may affect Business Associate's use or disclosure of PHI.
 - b. any changes in, or revocation of, permission by any individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
 - c. any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
5. Term. The Term of this Agreement shall be effective as of the Effective Date and shall remain in effect until the expiration or termination of the Franchise Agreement. Either party may terminate this Agreement, effective immediately, if such party determines that the other party has breached a material provision of this Agreement and has failed to cure such breach within thirty (30) days of written notice from the other party. The parties agree that a termination of this Agreement is a non-curable default under Section 17.2 of the Franchise Agreement.
6. Effect of Termination. Upon termination of this Agreement for any reason, Business Associate, with respect to PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:
- a. retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;
 - b. return to Covered Entity (or, if agreed to by Covered Entity, destroy) the remaining PHI that Business Associate still maintains in any form, provided that Covered Entity and Business Associate acknowledge and agree that aggregated data is not PHI and will not be destroyed;
 - c. continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
 - d. not use or disclose the PHI retained by Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out in Section 3 hereof, which applied prior to termination; and

- e. return to Covered Entity (or, if agreed to by Covered Entity, destroy) the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

Notwithstanding the foregoing, in the event that Business Associate determines that returning or destroying PHI (other than PHI that Business Associate is permitted to retain) is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible, and shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

The obligations of Business Associate pursuant to this Section 6 shall survive the termination of this Agreement.

7. Miscellaneous

- a. The parties hereto agree to take such action as is necessary to amend this Agreement from time to time as required for continued compliance with the requirements of the HIPAA Regulations and any other applicable law.
- b. Any ambiguity in this Agreement shall be interpreted to permit compliance with HIPAA Regulations.
- c. This Agreement shall be binding upon and inure to the benefit of the respective legal successors of the parties hereto, provided that the rights and obligations hereunder may be assigned only in strict accordance with the Franchise Agreement and applicable law.
- d. This Agreement shall be governed and construed in accordance with the laws of the State of California without regard to the choice of law provisions thereof. In the case of any dispute between the parties, the parties shall resolve it in accordance with the dispute resolution procedures set forth in Article 20 of the Franchise Agreement.
- e. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- f. The invalidity or unenforceability of any provision of this Agreement, or any terms thereof, shall not affect the validity of this Agreement as a whole, which shall at all times remain in full force and effect. To this end, in the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

The parties hereto have executed this HIPAA Business Associate Agreement on the day and year first above written.

BUSINESS ASSOCIATE:

HEALTH ATLAST, LLC

By: _____

Stephanie Higashi, President
(Print Name, Title)

COVERED ENTITY:

By: _____

(Print Name, Title)

EXHIBIT C

FINANCIAL STATEMENTS

HEALTH ATLAST, LLC

HEALTH ATLAST, LLC AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

HEALTH ATLAST, LLC AND AFFILIATE
YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

	Page
Independent auditor's report	1 - 2
 Financial Statements	
Consolidated balance sheets as of December 31, 2021 and 2020	3
Consolidated statements of operations for the years ended December 31, 2021 and 2020	4
Consolidated statements of members' equity (deficit) for the years ended December 31, 2021 and 2020	5
Consolidated statements of cash flows for the years ended December 31, 2021 and 2020	6
Notes to consolidated financial statements for the years ended December 31, 2021 and 2020	7 - 16



INDEPENDENT AUDITOR'S REPORT

To the Members of
Health Atlas, LLC and Affiliate

I have audited the accompanying consolidated financial statements of Health Atlas, LLC and Affiliate, which comprise the consolidated balance sheets as of December 31, 2021 and 2020 and the related consolidated statements of operations, members' equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Health Atlast, LLC and Affiliate as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Strategic Direction, Inc.

Sherman Oaks, California
April 19, 2022

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 157,930	\$ 18,076
Accounts receivable, net of allowance for doubtful accounts of \$0	50,463	13,725
Prepaid expenses	<u>7,720</u>	<u>21,577</u>
Total current assets	216,113	53,378
Equipment and leasehold improvements , net of depreciation	<u>5,989</u>	<u>10,792</u>
Total assets	<u><u>\$ 222,102</u></u>	<u><u>\$ 64,170</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 19,924	\$ 3,200
Current portion of deferred franchise fee revenue	47,537	2,975
Due to related parties	17,638	6,357
Current portion of note payable	<u>3,700</u>	<u>5,481</u>
Total current liabilities	<u>88,799</u>	<u>18,013</u>
Long-term liability		
Deferred franchise fee revenue, net of current portion	124,772	10,886
Note payable, net of current portion	<u>-</u>	<u>3,700</u>
Total long-term liabilities	<u>124,772</u>	<u>14,586</u>
Total liabilities	<u>213,571</u>	<u>32,599</u>
Commitments and contingencies		
Members' equity		
Members' equity	7,260	30,686
Non-controlling interest in consolidated entity	<u>1,271</u>	<u>885</u>
Total members' equity	<u>8,531</u>	<u>31,571</u>
Total liabilities and members equity	<u><u>\$ 222,102</u></u>	<u><u>\$ 64,170</u></u>

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Initial franchise fees	\$ 31,553	\$ 2,975
Royalty revenue	<u>291,133</u>	<u>302,610</u>
Total revenue	<u>322,686</u>	<u>305,585</u>
Expenses		
Automobile	2,214	1,414
Depreciation	4,803	6,407
Franchisee support	76,232	42,803
Office and other	13,020	13,289
Professional	48,746	18,225
Rent	162,441	132,000
Sales and marketing	37,514	6,627
Taxes and licenses	<u>7,490</u>	<u>2,080</u>
Total expenses	<u>352,460</u>	<u>222,845</u>
Income (loss) from operations	(29,774)	82,740
Other income (expense)		
Interest expense	(325)	(520)
Other income	<u>8,659</u>	<u>8,030</u>
Total other income (expense)	<u>8,334</u>	<u>7,510</u>
Income (loss) before provision for income taxes	(21,440)	90,250
Provision for income taxes	<u>1,600</u>	<u>1,600</u>
Consolidated net income (loss)	(23,040)	88,650
Net income (loss) attributable to noncontrolling interest	<u>386</u>	<u>1,355</u>
Net income (loss) attributable to controlling interest	<u><u>\$ (23,426)</u></u>	<u><u>\$ 87,295</u></u>

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Members'</u> <u>equity</u>	<u>Noncontrolling</u> <u>interest</u>	<u>Total</u>
Consolidated balance , December 31, 2019	410	(470)	(60)
Distributions	(57,019)	-	(57,019)
Net income	<u>87,295</u>	<u>1,355</u>	<u>88,650</u>
Consolidated balance , December 31, 2020	30,686	885	31,571
Distributions	-	-	-
Net (loss) income	<u>(23,426)</u>	<u>386</u>	<u>(23,040)</u>
Consolidated balance , December 31, 2021	<u>\$ 7,260</u>	<u>\$ 1,271</u>	<u>\$ 8,531</u>

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net (loss) income	\$ (23,040)	\$ 88,650
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,803	6,407
Changes in assets and liabilities		
Accounts receivable	(36,738)	(3,873)
Prepaid expenses	13,857	(15,952)
Accounts payable and accrued expense	16,724	1,144
Deferred franchise fee revenue	158,448	(2,975)
Due to related parties	11,281	5,657
Net cash provided by operating activities	<u>145,335</u>	<u>79,058</u>
Cash flows from investing activities		
Purchases of equipment and leasehold improvements	<u>-</u>	<u>(7,283)</u>
Net cash used in investing activities	<u>-</u>	<u>(7,283)</u>
Cash flows from financing activities		
Principle payments on note payable	(5,841)	(5,253)
Distributions to members'	<u>-</u>	<u>(57,019)</u>
Net cash used in financing activities	<u>(5,841)</u>	<u>(62,272)</u>
Net increase in cash	139,854	9,503
Cash, beginning of year	<u>18,076</u>	<u>8,573</u>
Cash, end of year	<u><u>\$ 157,930</u></u>	<u><u>\$ 18,076</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 325</u>	<u>\$ 520</u>
Income taxes	<u>\$ 1,600</u>	<u>\$ 1,600</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Business activity and summary of significant accounting policies

Organization, business activity and principles of consolidation

This summary of significant accounting policies and business activity of the consolidated financial statements of Health Atlast, LLC ("HAL") and its variable interest entity, Health Atlast Properties, LLC ("Affiliate") as of December 31, 2021 and 2020, are presented to assist in understanding the financial statements of the consolidated entities. These entities are collectively referred to as the Company.

Health Atlast, LLC, a California Limited Liability Company, was created to offer franchises to operate as management businesses for Health Atlast health care centers that provide integrated health care, products and services including chiropractic care, full medical services, physio-therapy, acupuncture, massage therapy, durable medical equipment, medical food, supplements, allergy testing and diagnostics from licensed health care professionals. These services are performed in accordance with proprietary practices and procedures and are compliant with laws and regulations in the health care industry. Health Atlast Properties, LLC, a California Limited Liability Company, holds the trademarks.

The members consist of Wayne Higashi and Stephanie Higashi, each of whom has a 50% interest in the Company.

The latest Franchise Disclosure Document has an issuance date of April 14, 2021.

The accompanying consolidated financial statements as of December 31, 2021 and 2020 include the accounts of HAL and its variable interest Affiliate. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Variable interest entities

Variable interest entities ("VIEs") are primarily entities that lack sufficient equity to finance their activities without additional subordinated financial support from other parties or whose equity holders, as a group, lack certain power, obligations, or rights. All VIEs with which the Company is involved are evaluated to determine whether the Company has a controlling financial interest in the VIE and is, therefore, the primary beneficiary of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

HAL has a noncontrolling equity interests in the Affiliate, and has concluded that the Affiliate is a VIE and that it is the primary beneficiary. Accordingly, the Company's consolidated financial statements as of and for the years ended December 31, 2021 and 2020; include the accounts of the Affiliate. HAL has concluded that the rest of the equity investments do not require consolidation as either they are not VIEs, or in the event that they are VIEs, the Company is not the primary beneficiary. These VIEs do not involve any material exposure to the Company.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

1. Business activity and summary of significant accounting policies - Continued

Method of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates, and the underlying assumptions, affect the amounts of assets and liabilities reported, as well as reported amounts of revenues and expenses. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statement in future periods.

Cash equivalents

The Company considers all highly liquid investments with a maturity at the date of purchase of three months or less to be cash equivalents.

Financial instruments

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, accrued expenses and a note payable. Due to the short-term nature of such instruments, the carrying amount approximates fair value of such instruments.

The recorded value of the long-term note payable approximates the fair value, as interest rates approximate market rates.

Statement reclassifications

Certain reclassifications have been made in the prior year's amounts to confirm with the current year statement presentation.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

1. Business activity and summary of significant accounting policies - Continued

Accounts receivable and the allowance for doubtful accounts

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect is reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Based on management's assessment of credit history with customers having outstanding balances and current relationships with them, management has not recorded an allowance for doubtful accounts as of December 31, 2021 or 2020.

Equipment and leasehold improvements

The equipment and leasehold improvements are carried at cost. Major additions and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the fixed assets are expensed. When fixed assets are retired, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in income for the year.

The equipment and leasehold improvements are depreciated utilizing the straight-line method with an estimated useful life of five to fifteen years. Depreciation for the years ended December 31, 2021 and 2020 was \$4,803 and \$6,407, respectively.

Revenue recognition and deferred revenue

The company recognized revenues in accordance with Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("Topic 606") and all subsequent amendments. This guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services.

In January 2021 the FASB issued ASU 2021-02 Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). This guidance introduces a new practical expedient that permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in the predefined list within the guidance.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

1. Business activity and summary of significant accounting policies - Continued

Revenue recognition and deferred revenue – Continued

The Company has elected to use the practical expedient in ASU 2021-02 and recognize the pre-opening activities as a single performance obligation for the years ended December 31, 2021 and 2020.

Royalty income is eight percent of the franchisee's gross sales and is recognized by the Company upon the recognition of the sales revenue of the respective franchisee.

Advertising

Advertising costs are expensed as incurred. The amount expensed to advertising for the years ended December 31, 2021 and 2020 is \$29,224 and \$45,240, respectively.

Evaluation of subsequent events

Management has evaluated subsequent events through April 19, 2022, the date the consolidated financial statements were available to be issued.

2. Consolidation of variable interest entity

Trademarks are owned by the Affiliate, who sub-licenses the Proprietary Mark(s) to HAL via a perpetual, non-cancellable license agreement dated April 18, 2014. Under the agreement, the Affiliate is the owner of the trademarks and service marks and/or together with the various symbols, designs, logos, trade dress, slogans and other distinctive materials used in association therewith under the trademark. HAL grants the franchisees a non-exclusive license to use the trademarks and service marks solely in the operating of the franchised business at one location pursuant to the terms and subject to the conditions of the Franchise Agreement.

Generally Accepted Accounting Principles views the economic substance of the fee arrangement as giving HAL a controlling financial interest in the Affiliate and therefore requires that HAL present its financial statements consolidated with those of the Affiliate. The accompanying financial statements therefore include the financial results of the Affiliate with the effect of transactions between the two entities eliminated.

Trademark income of \$51,000 and \$1,000 for the years ended December 31, 2021 and 2020 was eliminated upon consolidation.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

3. Revenue recognition

The Company recognizes revenue in accordance with ASU 2014-09 Revenue from Contracts with Customers (Topic 606) and all subsequent amendments.

The following table presents disaggregation of revenue from contracts with customers for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Initial franchise fees – Pre-Opening Costs	\$ 28,500	\$ -
Initial franchise fees – Rights	3,053	2,975
Royalties	<u>291,133</u>	<u>302,610</u>
	<u>\$ 322,686</u>	<u>\$ 305,585</u>

Franchise and related revenue

The Company sells franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continue paying royalty fees on a weekly basis based upon a percentage of franchisee gross revenues. The initial term of franchise agreements are typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee. The new franchisee will sign a current Franchise Agreement and continue running the franchise for the remaining franchise term as well as pay the transfer fee.

Under the terms of the franchise agreements, the Company typically promises to provide franchise rights and pre-opening services such as site selection design and construction or renovation assistance, planning and ordering equipment and initial supplies, on-site assistance opening the franchise and initial marketing and advertising and provide the operating manual and initial training. In accordance with Topic 606 and by electing the practical expedient in ASU 2021-02, the Company determined there are two performance obligations. One is the pre-opening activities and the second is the franchise rights and related ongoing services. Revenue allocated to franchise rights and ongoing services is deferred until the location opens, and then recognized on a straight line basis over the duration of the agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right. Revenue allocated to pre-opening costs is recognized when the location opens.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise location revenues occur.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

3. Revenue recognition - Continued

There are two items involving revenue recognition of contracts that require management to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated stand-alone selling price of each obligation. In instances where the contract includes significant customization or modification services, the customization and modification services are generally combined and recorded as one distinct performance obligation.

Information about contract balances subject to ASC 606 is as follows:

	<u>2021</u>	<u>2020</u>
Assets		
Accounts receivable	\$ 50,463	\$ 13,725
Total assets	<u>\$ 50,463</u>	<u>\$ 13,725</u>
Liabilities		
Deferred franchise revenue - current	\$ 47,537	\$ 2,975
Deferred franchise revenue – long-term	<u>124,772</u>	<u>10,886</u>
Total contract liabilities	<u>\$ 172,309</u>	<u>\$ 13,861</u>

Accounts receivable represent weekly royalty payments due as of December 31, 2021 and 2020. The balance of contract liabilities includes the initial franchise fees that have ongoing contract rights and the fees are being amortized straight lined over the contract life

	<u>Accounts receivable</u>	<u>Contract liabilities</u>
Balance at January 1, 2021	\$ 13,725	\$ 13,861
Revenue Recognized	(13,725)	(31,553)
Amounts invoiced	<u>50,463</u>	<u>190,001</u>
Balance at December 31, 2021	<u>\$ 50,463</u>	<u>\$ 172,309</u>
	<u>Accounts receivable</u>	<u>Contract liabilities</u>
Balance at January 1, 2020	\$ 9,852	\$ 16,836
Revenue Recognized	(9,852)	(2,975)
Amounts collected or invoiced	<u>13,725</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 13,725</u>	<u>\$ 13,861</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

3. Revenue recognition - Continued

Transaction price allocated to remaining performance obligations:

Years ending December 31,	
2022	\$ 47,537
2023	4,272
2024	4,225
2025	4,225
2026	4,225
Thereafter	<u>107,825</u>
	<u>\$ 172,309</u>

The Company has elected to apply certain practical expedients as defined in ASC 606-10-50-14 through 606-10-50-14A, including (i) performance obligations that are a part of a contract that has an original expected duration of one year or less; (ii) the right to invoice practical expedient; and (iii) variable consideration related to unsatisfied performance obligations that is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and the terms of that variable consideration relate specifically to management's efforts to transfer the distinct service, or to a specific outcome from transferring the distinct service. As such, sales-based royalty is not included in the above transaction price chart.

4. Accounts receivable

At December 31, 2021 and 2020 accounts receivables are:

	<u>2021</u>	<u>2020</u>
Royalties	\$ 10,463	\$ 13,725
Franchise fees	<u>40,000</u>	<u>-</u>
	<u>\$ 50,463</u>	<u>\$ 13,725</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

5. Equipment and leasehold improvements

At December 31, 2021 and 2020, equipment and leasehold improvements consist of the following:

	<u>2021</u>	<u>2020</u>
Vehicle	\$ 30,507	\$ 30,507
Computer equipment	3,777	3,777
Leasehold improvements	<u>3,506</u>	<u>3,506</u>
Total	37,790	37,790
Accumulated depreciation	<u>(31,801)</u>	<u>(26,998)</u>
	<u>\$ 5,989</u>	<u>\$ 10,792</u>

6. Long-term debt

The long-term liability of the Company at December 31, 2021 and 2020, consist of the following:

Note payable, bank, payable in monthly installments of \$481 including imputed interest at 4.24% per annum, until its maturity on July 13, 2022, secured by the vehicle. This \$32,683 note payable is net of unamortized discount of \$3,675. The discount was calculated using the prevailing market rate for auto loans.	\$ 3,700	\$ 9,181
Less current portion	<u>3,700</u>	<u>5,481</u>
	<u>\$ -</u>	<u>\$ 3,700</u>

The following is a schedule by years of the future minimum principal payments on the Company's long-term debt:

Years ending December 31, 2022	<u>3,700</u>
	<u>\$ 3,700</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

7. Business and credit concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and cash. The well-being of the Company is directly affected by the well-being of the healthcare industry, and the Company's ability to sell and open additional franchises.

The Company normally maintains sufficient cash to meet its anticipated working capital needs. The balance, at times, may exceed the Federal deposit Insurance Corporation (FDIC) limit of \$250,000.

8. Other income

The Company earns revenue from certain franchisee transactions. For the years ended December 31, 2021 and 2020, the Company earned commission of \$6,259 and \$2,780, respectively, from the franchisees using the credit card processing company TSYS/Transfirst. The Company earns revenue from sales of products, equipment and supplies to the franchisees. Total revenue earned from sales of products, equipment and supplies during the years ended December 31, 2021 and 2020 was \$2,000 and \$5,250, respectively. The Company has negotiated with a payroll company to provide discounted payroll and HR services to the franchisees, and also receives discounted payroll processing for the affiliate owned franchise.

9. Income taxes

The Company is a Limited Liability Company, and is classified as a partnership for Federal income tax purposes. The Company's profits and losses are reportable by the members on their respective income tax returns. Accordingly, no provision for income taxes has been reflected in these financial statements other than the annual minimum California LLC tax of \$800.

The Company has no unrecognized tax benefits at December 31, 2021 and 2020. Currently, the Company's U.S. Federal income tax returns for 2019 through 2021 and state income tax returns for 2018 through 2021 are open and subject to examination by the taxing authorities.

The Company's policy for recognizing interest and penalties associated with tax matters is to record them as part of other expenses and include accrued interest and penalties with the related tax liability on the balance sheet.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 - Continued

10. Related party transactions

During the years ended December 31, 2021 and 2020, the Members' advanced \$14,413 and \$3,132, respectively to the HAL. This advance is noninterest bearing and due on demand.

During the years ending December 31, 2021 and 2020, a company related through common ownership advanced \$3,225 to HAL. This advance is noninterest bearing and due on demand.

The Company leases office space on a month to month basis from a company related through common ownership. For the years ended December 31, 2021 and 2020 the monthly rent expense was approximately \$10,000 and \$11,000, respectively. The total rent expense for the years ended December 31, 2021 and 2020 was \$161,237 and \$132,000, respectively.

The Company leases the Members' property on a month to month basis for meetings. For the years ended December 31, 2021 and 2020 total rent expense was \$38,400 and \$0, respectively.

11. Franchise information

The total investment necessary to open a Health Atlast Health Center Franchise and begin operation is:

Single Center Program ranges from \$111,800 to \$294,000

Conversion Program ranges from \$81,300 to \$274,000

The Company closed one affiliate-owned outlet in 2020. As of December 31, 2020 the Company had four open franchised outlets, one open affiliate-owned outlet, and two outlets sold but not yet opened

The Company opened one franchised outlet in 2021. As of December 31, 2021 the Company had five open franchised outlets, one open affiliate-owned outlet, and four outlets sold but not yet opened

HEALTH ATLAST, LLC AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

HEALTH ATLAST, LLC AND AFFILIATE
YEARS ENDED DECEMBER 31, 2020 AND 2019

CONTENTS

	Page
Independent auditor's report	1 - 2
 Financial Statements	
Consolidated balance sheets as of December 31, 2020 and 2019 (restated)	3
Consolidated statements of income for the years ended December 31, 2020 and 2019 (restated)	4
Consolidated statements of members' equity (deficit) for the years ended December 31, 2020 and 2019 (restated)	5
Consolidated statements of cash flows for the years ended December 31, 2020 and 2019 (restated)	6
Notes to consolidated financial statements for the years ended December 31, 2020 and 2019 (restated)	7 - 17



INDEPENDENT AUDITOR'S REPORT

To the Members of
Health Atlas, LLC and Affiliate

I have audited the accompanying consolidated financial statements of Health Atlas, LLC and Affiliate, which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the related consolidated statements of income, members' equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Health Atlast, LLC and Affiliate as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, management adopted the new revenue recognition rules for Revenue from Contracts with Customers in 2019. My opinion is not modified with respect to that matter.

Strategic Direction, Inc.

Sherman Oaks, California
April 14, 2021

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

	2020	(restated) 2019
ASSETS		
Current assets		
Cash	\$ 18,076	\$ 8,573
Accounts receivable, net of allowance for doubtful accounts of \$0	13,725	9,852
Prepaid expenses	21,577	5,625
Total current assets	53,378	24,050
Equipment and leasehold improvements , net of depreciation	10,792	9,916
Total assets	\$ 64,170	\$ 33,966
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,200	\$ 2,056
Current portion of deferred franchise fee revenue	2,975	2,975
Due to related parties	6,357	700
Current portion of note payable	5,481	5,253
Total current liabilities	18,013	10,984
Long-term liability		
Deferred franchise fee revenue, net of current portion	10,886	13,861
Note payable, net of current portion	3,700	9,181
Total long-term liabilities	14,586	23,042
Total liabilities	32,599	34,026
Commitments and contingencies		
Members' equity (deficit)		
Members' equity	30,686	410
Non-controlling interest in consolidated entity	885	(470)
Total members' equity (deficit)	31,571	(60)
Total liabilities and members equity (deficit)	\$ 64,170	\$ 33,966

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	(restated) 2019
Revenues		
Initial franchise fees	\$ 2,975	\$ 17,279
Royalty revenue	302,610	261,274
Total revenue	305,585	278,553
Expenses		
Accounting	8,650	13,532
Advertising	40,768	11,578
Automobile	1,408	2,635
Bank charges	1,965	850
Depreciation	6,407	6,101
Dues and subscriptions	430	-
Gifts	-	85
Intranet services	4,139	5,000
Legal fees	10,200	19,155
Meals	-	720
Office	6,504	2,644
Postage and delivery	72	53
Rent	132,000	139,000
Supplies	3,225	-
Telephone	3,603	3,371
Taxes and licenses	2,170	2,478
Travel	6	127
Website	1,298	673
Total expenses	222,845	208,002
Income from operations	82,740	70,551
Other income (expense)		
Interest expense	(520)	(732)
Other income	8,030	1,932
Total other income (expense)	7,510	1,200
Income before provision for income taxes	90,250	71,751
Provision for income taxes	1,600	1,600
Consolidated net income	88,650	70,151
Net income attributable to noncontrolling interest	1,355	483
Net income attributable to controlling interest	<u>\$ 87,295</u>	<u>\$ 69,668</u>

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Members' equity	Noncontrolling interest	Total
Consolidated balance , December 31, 2018, as previously reported	10,028	(953)	9,075
Adjustment for revenue recognition rules for contractors with customers (Note 3)	(37,614)	-	(37,614)
Consolidated balance , December 31, 2018, as restated	(27,586)	(953)	(28,539)
Adjustment for franchisor revenue from contractors with customers (Note 3)	23,499	-	23,499
Consolidated balance , December 31, 2018, as restated	(4,087)	(953)	(5,040)
Distributions	(65,171)	-	(65,171)
Net income	69,668	483	70,151
Consolidated balance , December 31, 2019	410	(470)	(60)
Distributions	(57,019)	-	(57,019)
Net income	87,295	1,355	88,650
Consolidated balance , December 31, 2020 \$	30,686	\$ 885	\$ 31,571

HEALTH ATLAST, LLC AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	(restated) 2019
Cash flows from operating activities		
Net income	\$ 88,650	\$ 70,151
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,407	6,101
Changes in assets and liabilities		
Accounts receivable	(3,873)	(3,582)
Due from related parties	-	5,300
Prepaid expenses	(15,952)	-
Accounts payable and accrued expense	1,144	(9,686)
Deferred franchise fee revenue	(2,975)	2,721
Due to related parties	5,657	(410)
Net cash provided by operating activities	<u>79,058</u>	<u>70,595</u>
Cash flows from investing activities		
Purchases of equipment and leasehold improvements	(7,283)	-
Net cash used in investing activities	<u>(7,283)</u>	<u>-</u>
Cash flows from financing activities		
Principle payments on note payable	(5,253)	(5,120)
Distributions to members'	(57,019)	(65,171)
Net cash used in financing activities	<u>(62,272)</u>	<u>(70,291)</u>
Net increase in cash	9,503	304
Cash, beginning of year	<u>8,573</u>	<u>8,269</u>
Cash, end of year	<u>\$ 18,076</u>	<u>\$ 8,573</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$ 520	\$ 732
Income taxes	<u>\$ 1,600</u>	<u>\$ 1,600</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. Business activity and summary of significant accounting policies

Organization, business activity and principles of consolidation

This summary of significant accounting policies and business activity of the consolidated financial statements of Health Atlast, LLC ("HAL") and its variable interest entity, Health Atlast Properties, LLC ("Affiliate") as of December 31, 2020 and 2019, are presented to assist in understanding the financial statements of the consolidated entities. These entities are collectively referred to as the Company.

Health Atlast, LLC, a California Limited Liability Company, was created to offer franchises to operate as management businesses for Health Atlast health care centers that provide integrated health care, products and services including chiropractic care, full medical services, physio-therapy, acupuncture, massage therapy, durable medical equipment, medical food, supplements, allergy testing and diagnostics from licensed health care professionals. These services are performed in accordance with proprietary practices and procedures and are compliant with laws and regulations in the health care industry. Health Atlast Properties, LLC, a California Limited Liability Company, holds the trademarks.

The members consist of Wayne Higashi and Stephanie Higashi, each of whom has a 50% interest in the Company.

The latest Franchise Disclosure Document has an issuance date of June 1, 2020.

The accompanying consolidated financial statements as of December 31, 2020 and 2019 include the accounts of HAL and its variable interest Affiliate. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Variable interest entities

Variable interest entities ("VIEs") are primarily entities that lack sufficient equity to finance their activities without additional subordinated financial support from other parties or whose equity holders, as a group, lack certain power, obligations, or rights. All VIEs with which the Company is involved are evaluated to determine whether the Company has a controlling financial interest in the VIE and is, therefore, the primary beneficiary of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

HAL has a noncontrolling equity interests in the Affiliate, and has concluded that the Affiliate is a VIE and that it is the primary beneficiary. Accordingly, the Company's consolidated financial statements as of and for the years ended December 31, 2020 and 2019; include the accounts of the Affiliate. HAL has concluded that the rest of the equity investments do not require consolidation as either they are not VIEs, or in the event that they are VIEs, the Company is not the primary beneficiary. These VIEs do not involve any material exposure to the Company.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

1. Business activity and summary of significant accounting policies - Continued

Method of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates, and the underlying assumptions, affect the amounts of assets and liabilities reported, as well as reported amounts of revenues and expenses. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statement in future periods.

Cash equivalents

The Company considers all highly liquid investments with a maturity at the date of purchase of three months or less to be cash equivalents.

Financial instruments

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, accrued expenses and a note payable. Due to the short-term nature of such instruments, the carrying amount approximates fair value of such instruments.

The recorded value of the long-term note payable approximates the fair value, as interest rates approximate market rates.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

1. Business activity and summary of significant accounting policies -

Continued Accounts receivable and the allowance for doubtful accounts

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect is reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Based on management's assessment of credit history with customers having outstanding balances and current relationships with them, management has not recorded an allowance for doubtful accounts as of December 31, 2020 or 2019.

Equipment and leasehold improvements

The equipment and leasehold improvements are carried at cost. Major additions and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the fixed assets are expensed. When fixed assets are retired, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in income for the year.

The equipment and leasehold improvements are depreciated utilizing the straight-line method with an estimated useful life of five to fifteen years. Depreciation for the years ended December 31, 2020 and 2019 was \$6,407 and \$6,101, respectively.

Revenue recognition and deferred revenue

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("Topic 606") and has since issued various amendments which provide additional clarification and implementation guidance on Topic 606. This guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The Company adopted this new guidance effective January 1, 2019 using the modified retrospective transition method and applied Topic 606 to those contracts which were not completed as of December 31, 2018.

In January 2021 the FASB issued ASU 2021-02 Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). This guidance introduces a new practical expedient that permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in the predefined list within the guidance.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

1. Business activity and summary of significant accounting policies - Continued

Revenue recognition and deferred revenue – Continued

The Company has elected to use the practical expedient in ASU 2021-02 and recognize the pre-opening activities as a single performance obligation.

The Company recognized the cumulative effect of initially applying the new revenue standard and ASU 2021-02 as adjustments to the opening balance of accumulated deficit at January 1, 2019. In performing its analysis, the Company reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price. Refer to Note 3 for further disclosure of the impact of the new guidance.

Royalty income is eight percent of the franchisee's gross sales and is recognized by the Company upon the recognition of the sales revenue of the respective franchisee.

Advertising

Advertising costs are expensed as incurred. The amount expensed to advertising for the years ended December 31, 2020 and 2019 is \$40,768 and \$11,578, respectively.

Evaluation of subsequent events

Management has evaluated subsequent events through April 14, 2021, the date the consolidated financial statements were available to be issued.

2. Consolidation of variable interest entity

Trademarks are owned by the Affiliate, who sub-licenses the Proprietary Mark(s) to HAL via a perpetual, non-cancellable license agreement dated April 18, 2014. Under the agreement, the Affiliate is the owner of the trademarks and service marks and/or together with the various symbols, designs, logos, trade dress, slogans and other distinctive materials used in association therewith under the trademark. HAL grants the franchisees a non-exclusive license to use the trademarks and service marks solely in the operating of the franchised business at one location pursuant to the terms and subject to the conditions of the Franchise Agreement.

Generally Accepted Accounting Principles views the economic substance of the fee arrangement as giving HAL a controlling financial interest in the Affiliate and therefore requires that HAL present its financial statements consolidated with those of the Affiliate. The accompanying financial statements therefore include the financial results of the Affiliate with the effect of transactions between the two entities eliminated.

Trademark income of \$1,000 and \$300 for the years ended December 31, 2020 and 2019 was eliminated upon consolidation.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

3. Revenue recognition

The Company adopted Topic 606 on January 1, 2019 using the modified retrospective transition method by recording a decrease of \$(37,614) to opening members' equity. Then the company adopted the guidance in ASU 2021-02 Topic 952-606 on January 1, 2019 using the modified retrospective transition method and recorded an increase of \$23,499. The adoption of this standard and updated guidance resulted in no tax impact. The Company adopted Topic 606 only for contracts with remaining performance obligations as of December 31, 2018. Comparative information from prior year has not been adjusted and continues to be reported under the accounting standards in effect for those periods under Topic 605.

The adoption changed the timing of recognition of initial franchise fees. The cumulative effects of the changes made to the Condensed Consolidated Balance Sheets as of December 31, 2018, for the adoption of Topic 606 were as follows

	<u>December 31, 2018</u>	(restated) Revenue Adjustment	(restated) January 1 2019
Long-term liabilities			
Deferred franchise fee revenue \$	- \$	14,115 \$	14,115
Members' equity (deficit)			
Member's equity (deficit)	9,075 \$	(14,115)	(5,040)

The following table presents disaggregation of revenue from contracts with customers for the years ended December 31, 2020 and 2019:

	<u>2020</u>	(restated) <u>2019</u>
Initial franchise fees – Pre-Opening Costs	\$ -	\$ 13,250
Initial franchise fees – Rights	2,975	4,029
Royalties	<u>302,610</u>	<u>261,274</u>
	<u>\$ 305,585</u>	<u>\$ 278,553</u>

Franchise and related revenue

The Company sells franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continue paying royalty fees on a weekly basis based upon a percentage of franchisee gross revenues. The initial term of franchise agreements are typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee. The new franchisee will sign a current Franchise Agreement and continue running the franchise for the remaining franchise term as well as pay the transfer fee.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

3. Revenue recognition - Continued

Under the terms of the franchise agreements, the Company typically promises to provide franchise rights and pre-opening services such as site selection design and construction or renovation assistance, planning and ordering equipment and initial supplies, on-site assistance opening the franchise and initial marketing and advertising and provide the operating manual and initial training. Under ASC 605, initial franchise fees paid by franchisees for each arrangement were deferred until the location opened and were recognized as revenue in their entirety on that date. Upon adoption of Topic 606 and by electing the practical expedient in ASU 2021-02, the Company determined there are two performance obligations. One is the pre-opening activities and the second is the franchise rights and related ongoing services. Revenue allocated to franchise rights and ongoing services is deferred until the location opens, and then recognized on a straight line basis over the duration of the agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right. Revenue allocated to pre-opening costs is recognized when the location opens.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise location revenues occur. Adoption of ASC 606 will not change when the royalty revenue is recognized, this new guidance did not impact the recognition of royalty income.

There are two items involving revenue recognition of contracts that require management to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated stand-alone selling price of each obligation. In instances where the contract includes significant customization or modification services, the customization and modification services are generally combined and recorded as one distinct performance obligation.

Information about contract balances subject to ASC 606 is as follows:

	2020	(restated) 2019
Assets		
Accounts receivable	\$ 13,725	\$ 9,852
Total assets	\$ 13,725	\$ 9,852
Liabilities		
Deferred franchise revenue - current	\$ 2,975	\$ 2,975
Deferred franchise revenue – long-term	10,886	13,861
Total contract liabilities	\$ 13,861	\$ 16,836

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

3. Revenue recognition - Continued

Accounts receivable represent weekly royalty payments due as of December 31, 2020 and 2019. The balance of contract liabilities includes the initial franchise fees that have ongoing contract rights and the fees are being amortized straight lined over the contract life

	Accounts receivable	Contract liabilities
Balance at January 1, 2020	\$ 9,852	\$ 16,836
Revenue Recognized	(9,852)	(2,975)
Amounts invoiced	13,725	-
Balance at December 31, 2020	\$ 13,725	\$ 13,861

	Accounts receivable	(restated) Contract liabilities
Balance at January 1, 2019	\$ 6,270	\$ 14,115
Revenue Recognized	(6,270)	(17,279)
Amounts collected or invoiced	9,852	20,000
Balance at December 31, 2019	\$ 9,852	\$ 16,836

Transaction price allocated to remaining performance obligations:

Years ending December 31,	
2021	\$ 2,975
2022	2,252
2023	1,397
2024	1,350
2025	1,350
Thereafter	4,537
	\$ 13,861

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

3. Revenue recognition - Continued

The Company has elected to apply certain practical expedients as defined in ASC 606-10-50-14 through 606-10-50-14A, including (i) performance obligations that are a part of a contract that has an original expected duration of one year or less; (ii) the right to invoice practical expedient; and (iii) variable consideration related to unsatisfied performance obligations that is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and the terms of that variable consideration relate specifically to management's efforts to transfer the distinct service, or to a specific outcome from transferring the distinct service. As such, sales-based royalty is not included in the above transaction price chart.

Impact of the adoption of ASC 606

The adoption changed the timing of recognition of initial franchise fees.

In accordance with the new revenue standard requirements, the following tables summarize the effects of the new standard on the Company's Consolidated Balance Sheet and Statement of Income for year ended December 31, 2019.

	(restated) As reported December 31, 2019	Effect of change	Balance without ASC 606 adoption
Current liabilities			
Current portion of deferred franchise revenue	\$ 2,975	\$ (2,975)	\$ -
Long-term liabilities			
Deferred franchise revenue	13,861	(13,861)	-
Members' equity (deficit)			
Member's equity (deficit)	(60)	16,836	16,776

	(restated) As reported December 31, 2019	Effect of change	Balance without ASC 606 adoption
Initial franchise fee	\$ 17,279	\$ 2,721	\$ 20,000
Royalties	261,274		261,274
Total Revenue	278,553	2,721	281,274
Consolidated net income	\$ 70,151	\$ 2,721	\$ 72,872

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

4. Accounts receivable

At December 31, 2020 and 2019 accounts receivables are:

	<u>2020</u>	<u>2019</u>
Royalties	\$ 13,725	\$ 9,852
	<u>\$ 13,725</u>	<u>\$ 9,852</u>

5. Equipment and leasehold improvements

At December 31, 2020 and 2019, equipment and leasehold improvements consist of the following:

	<u>2020</u>	<u>2019</u>
Vehicle	\$ 30,507	\$ 30,507
Computer equipment	3,777	-
Leasehold improvements	3,506	-
Total	<u>37,790</u>	<u>30,507</u>
Accumulated depreciation	<u>(26,998)</u>	<u>(20,591)</u>
	<u>\$ 10,792</u>	<u>\$ 9,916</u>

6. Long-term debt

The long-term liability of the Company at December 31, 2020 and 2019, consist of the following:

Note payable, bank, payable in monthly installments of \$481 including imputed interest at 4.24% per annum, until its maturity on July 13, 2022, secured by the vehicle. This \$32,683 note payable is net of unamortized discount of \$3,675. The discount was calculated using the prevailing market rate for auto loans.	\$ 9,181	\$ 14,434
Less current portion	<u>5,481</u>	<u>5,253</u>
	<u>\$ 3,700</u>	<u>\$ 9,181</u>

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

6. Long-term debt - Continued

The following is a schedule by years of the future minimum principal payments on the Company's long-term debt:

Years ending December 31,	
2021	5,481
2022	<u>3,700</u>
	<u>\$ 9,181</u>

7. Business and credit concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and cash. The well-being of the Company is directly affected by the well-being of the healthcare industry, and the Company's ability to sell and open additional franchises.

The Company's cash balances in financial institutions at times may exceed federally insured limits.

8. Other income

The Company earns revenue from certain franchisee transactions. For the years ended December 31, 2020 and 2019, the Company earned commission of \$2,780 and \$1,183, respectively, from the franchisees using the credit card processing company TSYS/Transfirst. The Company earns revenue from sales of products, equipment and supplies to the franchisees. Total revenue earned from sales of products, equipment and supplies during the years ended December 31, 2020 and 2019 was \$5,250 and \$0, respectively. The Company has negotiated with a payroll company to provide discounted payroll and HR services to the franchisees, and also receives discounted payroll processing for the affiliate owned franchise.

9. Income taxes

The Company is a Limited Liability Company, and is classified as a partnership for Federal income tax purposes. The Company's profits and losses are reportable by the members on their respective income tax returns. Accordingly, no provision for income taxes has been reflected in these financial statements other than the annual minimum California LLC tax of \$800.

HEALTH ATLAST, LLC AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - Continued

9. Income taxes - Continued

The Company has no unrecognized tax benefits at December 31, 2020 and 2019. Currently, the Company's U.S. Federal income tax returns for 2018 through 2020 and state income tax returns for 2017 through 2020 are open and subject to examination by the taxing authorities.

The Company's policy for recognizing interest and penalties associated with tax matters is to record them as part of other expenses and include accrued interest and penalties with the related tax liability on the balance sheet.

10. Related party transactions

During the years ended December 31, 2020 and 2019, the Members' advanced \$3,132 and \$700, respectively to the HAL. This advance is noninterest bearing and due on demand.

During the year ended December 31, 2020, a company related through common ownership advanced \$3,225 to HAL. This advance is noninterest bearing and due on demand.

The Company leases office space on a month to month basis from a company related through common ownership. For the years ended December 31, 2020 and 2019 the monthly rent expense was \$11,000 and \$8,583, respectively. The total rent expense for the years ended December 31, 2020 and 2019 was \$132,000 and \$103,000, respectively.

The Company leases the Members' property on a month to month basis for meetings. For the year ended December 31, 2020 and 2019 total rent expense was \$0 and \$36,000, respectively.

11. Franchise information

The total investment necessary to open a Health Atlast Health Center Franchise and begin operation is:

Single Center Program ranges from \$111,800 to \$294,000

Conversion Program ranges from \$81,300 to \$274,000

The Company closed one affiliate-owned outlet in 2020. As of December 31, 2020 the Company had four open franchised outlets, one open affiliate-owned outlet, and two outlets sold but not yet opened

The Company sold one new franchise outlet in 2019. As of December 31, 2019 the Company had four open franchised outlets, two open affiliate-owned outlets, and two outlets sold but not yet opened

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE
ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE
FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT
OR FORM.**

Health Atlast, LLC

Balance Sheet

As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
Chase Checking -2985	42,492.00
1002 · WF Checking 5369	14,290.73
1004 · First Citizens-5247	55,900.12
Total Checking/Savings	112,682.85
Other Current Assets	
1210 · Royalty receivables	50,462.70
1300 · Due from HAL PROP	-20.00
1303 · Due from HALWLA	3,225.00
1350 · Prepaid Expenses	7,720.17
Total Other Current Assets	61,387.87
Total Current Assets	174,070.72
Fixed Assets	
1500 · Furniture and Equipment	7,283.77
1550 · Automobile	30,583.30
1700 · Accumulated Depreciation	-31,802.53
Total Fixed Assets	6,064.54
Other Assets	
Escrowed Franchise Fees	-40,000.00
Total Other Assets	-40,000.00
TOTAL ASSETS	140,135.26
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2100 · AMEX CC-7005	1,446.56
2110 · Chase CC-2282/1310/6820	3,106.66
Total Credit Cards	4,553.22
Other Current Liabilities	
2000 · Accrued Expenses	4,233.43
2210 · Deferred Franchise Revenue	47,536.63
2350 · Due to HALWLA	3,225.00
2401 · Due to Shareholder - WH/SH	14,413.16
2510 · Note Payable	2,258.08
2520 · Deferred Franchise Fees, L.T	124,771.77
Total Other Current Liabilities	196,438.07
Total Current Liabilities	200,991.29
Total Liabilities	200,991.29
Equity	
3200 · Members Capital	-103,741.02
3300 · Members Distributions	-10,200.00
Net Income	53,084.99
Total Equity	-60,856.03
TOTAL LIABILITIES & EQUITY	140,135.26

EXHIBIT D

HEALTH ATLAST OPERATIONS MANUAL

TABLE OF CONTENTS

I.	PREFACE FOR MANUAL	8
A.	The Manual Organization.....	8
B.	The Purpose of this Manual:	8
C.	The Importance of Confidentiality:	8
	D. Keeping the Health Atlas Franchise Operations Manual	
	Current:	8
E.	Submitting Suggestions to Health Atlas, Inc:	8
F.	Manual Disclaimer:	9
II.	CORPORATE PRACTICE OF MEDICINE	9
III.	INTRODUCTION	12
A.	Open Letter from the Founders:	12
B.	History of Health Atlas:	12
C.	Services Provided to the Health Atlas Franchisee:	14
D.	Responsibilities of the Health Atlas Franchisee:	14
E.	Visits from the Corporate Office:	14
F.	Paying Other Fees	14
	G. Your grand re-opening (conversion complete to health	
	atlast)	15
IV.	CONVERSION CHECKLIST:	15
V.	COMPLETION TIMELINE.....	18
A.	Post an ad for your new MD:	18
	B. Employment agreements and partnership agreements	
	created:	18
C.	New Entity formation:	19
D.	EIN/TIN (Employee ID Number/Tax ID Number):	19
E.	NPI number (National Provider Identification):	19
F.	Medical corporation accepted by medical board:	19
G.	Fictitious Name Permit:	19
H.	Medicare application:	19
I.	PTAN (Provider Transaction Access Number) and DME	19
	(Durable Medical Equipment) application:	19

J.	DEA license address matching the office address:.....	19
K.	Medical food ordering.....	19
L.	Order centrifuge and PRP kits	19
M.	Set up with local lab:	19
N.	Medical weight loss:	19
O.	Set up Rx pads for medical staff.	20
VI.	COUNTDOWN TO RE-OPENING	20
VII.	CONVERTING YOUR OFFICE SPACE	20
A.	Décor and Staff Attire Specifications:	21
B.	Remodeling Process:	21
C.	Lease Considerations When Converting:	21
D.	Required List of Equipment:.....	22
E.	Suggested List of Equipment.....	22
F.	Initial Inventory Required.	22
G.	Office Supplies and Forms:.....	23
H.	Office Equipment	23
I.	Medical Supplies	24
J.	Cleaning Supplies	25
K.	Items for Retail Sale	25
L.	Supplements:.....	26
VIII.	SIGNAGE AND LOGO SPECIFICATIONS.....	26
IX.	CONTRACTING WITH REQUIRED UTILITIES AND SERVICES.....	27
X.	OBTAINING REQUIRED LICENSES, CERTIFICATIONS, AND PERMITS:	27
XI.	SETTING UP NEW BANK ACCOUNTS:	27
XII.	PROCURING NEEDED INSURANCE POLICIES	28
XIII.	MEETING YOUR LEGAL OBLIGATIONS AND SET UP	29
XIV.	CREATING A MEDICAL CORPORATION.	30
XV.	MEETING YOUR TAX OBLIGATIONS	31
XVI.	CONDUCTING RE-OPENING ACTIVITIES	31
A.	Recommended Marketing and Promotion.....	31
1.	Press release.....	31
2.	Banners promoting the grand opening	32
3.	Letters and emails	32
4.	Existing Patient Files	32
B.	Recommended Events:.....	33
1.	Health events.....	33
2.	Corporate events	33

3.	Community events.....	33
4.	Farmers market	33
5.	Fundraising events	33
6.	Network marketing meetings	33
7.	Open House to invite patients, attorneys, local providers.....	33
XVII.	HUMAN RESOURCES	33
A.	Introduction:	33
B.	EEOC Guidelines in Hiring Employees	33
C.	Wage and Labor Laws	33
1.	You must comply with wage and labor laws.	33
2.	Paying Employee:	34
3.	Independent Contractors:.....	34
D.	Immigration Reform Act	34
E.	I-9 Form Requirement	34
F.	Profile of the Ideal Employee (for each position)	34
1.	Medical Director:.....	34
2.	Chiropractic Associate:.....	35
3.	Medical Doctor:.....	35
4.	Medical/Chiropractic Assistant:	35
5.	Receptionist:	35
6.	Medical Biller:	36
7.	Marketer:	36
8.	Massage Therapist:	36
G.	Recruiting Employees:	36
1.	Getting the Word Out- Sources for Recruitment	37
2.	Trade Schools:	38
H.	Professional Positions:	38
I.	Approved Advertising for Print:	39
J.	Approved Advertising for Web:	40
K.	The Interview Process:.....	40
L.	Planning for Interviews	41
1.	Sample Interview Questions	42
2.	Questions for Marketers:	42
3.	Questions for Receptionist:	42
4.	Questions for Billers:	43
5.	Questions for Doctors of Chiropractic:.....	43

M.	Completing the Interview Report:	43
N.	Testing Procedures	44
O.	Required Licenses.....	45
P.	Background/License/Reference Check Procedures	46
Q.	Making the Offer	46
R.	Job Descriptions:	48
1.	Chiropractor:	48
2.	Medical Doctor:.....	48
3.	Doctor of Osteopathy:	49
4.	Assistant (Medical):	49
5.	Assistant (Chiropractic):	49
6.	Massage Therapist:.....	49
7.	Operations/Business Manager	49
8.	Office Manager	50
9.	Patient Educator/Sales and Marketing	50
10.	Expeditor:.....	50
11.	Biller:	51
12.	Receptionist/Administrative Assistant:.....	51
13.	Marketer.....	51
S.	Hiring on a Trial Period.....	52
T.	Orienting New Employees:	52
U.	Establishing Personnel Files:.....	53
XVIII.	TRAINING.....	56
XIX.	DRESS CODE.....	57
XX.	CONDUCTING PERFORMANCE EVALUATIONS	58
XXI.	PROGRESSIVE DISCIPLINE PROCEDURES	58
XXII.	OFFICE PROCEDURES	61
A.	Introduction	61
B.	Suggested Hours of Operation	61
XXIII.	DAILY OFFICE PROCEDURES.....	62
A.	Opening Procedure for Office Manager	62
B.	Closing Procedure for Office Manager	62
C.	Opening Procedures for Reception	62
D.	Closing Procedure for Reception.....	64
E.	Opening Procedure for Chiropractor:	64

F.	Closing Procedure for Chiropractic Doctor	65
G.	Opening Procedure Chiropractic Assistant	65
H.	Closing Procedure Chiropractic Assistant	65
I.	Opening Procedure Patient Educator	66
J.	Closing Procedure Patient Educator	66
K.	Public Relations and Marketer Opening Procedure	66
L.	Public Relations and Marketer Closing Procedures.....	67
XXIV.	APPOINTMENTS	67
A.	Handling Appointments	67
B.	Making Appointments.....	67
C.	Scheduling Considerations	67
D.	Confirming Appointments.....	68
E.	Calling Missed Appointments.....	68
F.	Setting up New Patients	68
XXV.	REQUIRED PAPERWORK	69
XXVI.	ENTERING NEW PATIENT INFORMATION.....	69
XXVII.	BILLING PROCEDURES	70
A.	Software System	70
B.	File Management Procedures.....	71
XXVIII.	BANKING PROCEDURES:	71
XXIX.	FRANCHISE REPORTING REQUIREMENTS.....	72
A.	Generating Necessary Reports	72
XXX.	INVENTORY MANAGEMENT	72
A.	Ordering Products:	73
B.	Receiving Procedures:	73
C.	Storing Procedures:.....	73
D.	Conducting Physical Inventory:	74
XXXI.	REQUIRED OFFICE CLEANING AND MAINTENANCE	74
XXXII.	SECURITY.....	74
XXXIII.	SAFETY ISSUES	75
XXXIV.	SERVICE PROCEDURES.....	76
A.	Services Offered.....	76
B.	Products Offered	76
C.	Patient Service Procedures	76
1.	Handling Complaints:	77
2.	Handling Refund Requests	77

3.	Cancellation Policy	78
4.	Priority of Handling Patients Properly;	78
XXXV.	PREPARING FOR APPOINTMENTS	79
XXXVI.	PATIENT ORIENTATION	80
XXXVII.	NEW PATIENTS	81
A.	Medical Patient Flow	82
B.	Chiropractic Patient Flow	83
C.	Massage Patient Flow	83
D.	Acupuncture Patient Flow	84
E.	Role of the Expeditor Patient/Advocate in Handling Patient Flow	84
XXXVIII.	CARE PLANS.....	84
A.	Patient Follow Up	85
XXXIX.	MARKETING AND ADVERTISING	85
A.	Introduction	85
B.	Public Relations/Community Involvement	86
1.	Building Positive Word of Mouth.....	86
2.	Being active with the local community.....	86
3.	Marketing to Your Existing Clientele.....	86
4.	Asking for Referrals.....	86
5.	Recognizing Referrals.....	87
6.	Use of Media.....	88
7.	Advertising Expenditures	88
8.	Local Advertising	89
9.	Grand Opening Advertising.....	89
10.	Obtaining Advertising Approval.....	89
XL.	GUIDELINES FOR USING HEALTH ATLAST MARKS	89
XLI.	CLOSING REMARKS	89

TOTAL NUMBER OF PAGES – 89

EXHIBIT E

OUTLETS AS OF DECEMBER 31, 2021

CALIFORNIA	
Health Atlast Fountain Valley Dr. Karen Tafreshi, DC 10956 Warner Avenue Fountain Valley, California 92708 Phone: (714) 965-5145	Health Atlast Sherman Oaks Dr. Bryce Matthews, DC 4835 Van Nuys Blvd, Suite 105 Sherman Oaks, California 91403 Phone: (818) 486-5985
Health Atlast Long Beach Dr. Paul Newton, DC 2221 Palo Verde Avenue #1J Long Beach, California 90815 Phone: (562) 795-7007	
IDAHO	
Health Atlast Pocatello Dr. Shaloam Ofisa, DC 1800 Flandro Drive, Suite 130 Pocatello, Idaho 83202 Phone: (208) 242-3723	
KANSAS	
Health Atlast Wichita 10111 East 21 st Street Suite, 315 Witchita, KS 67206 Erica Davis and Jessika Cooks Phone: 316-807-0835	

Franchise Agreements Signed But Outlet Not Open as of December 31, 2021

Individual Contact	City/State	Phone
Anne Hutcheson	Mesa, AZ	928-605-6226
Jonisa Baylor	Dallas, Texas	214-347-6364
Dr. Adam Toulon	Seal Beach, CA	No U.S. phone number available
Dr. John Diaso, DC	Fresno, CA	-559- 906-5876
Albert Tefler	Perris, CA	619-417-0676
Diana Wilson	Fort Worth, TX	817-576-6500

Former Franchisees

The chart below contains the contact information for franchisees that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

None.

EXHIBIT F
STATE ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

The Department for Business Oversight for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.
3. The Special Risks Page is hereby amended to add the following Risk Factor:

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.
4. Item 3 is amended to add:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.
5. Item 17 is amended to state:
 - (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. § 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 financial performance representations do not reflect all costs or expenses that must be deducted from gross revenue figures to obtain your net income or profit. You should conduct

an independent investigation of the cost and expenses you will incur in operating your Health Atlas business. Franchisee or former franchisees, listed in the disclosure document, may be one source of this information.

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. You must sign a general release if you renew or transfer 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).

8. With respect to the practice of Medicine, Section 2052 of the California Business and Professions Code provides the following requirements:

(a) Notwithstanding Section 146, any person who practices or attempts to practice, or who advertises or holds himself or herself out as practicing, any system or mode of treating the sick or afflicted in this state, or who diagnoses, treats, operates for, or prescribes for any ailment, blemish, deformity, disease, disfigurement, disorder, injury, or other physical or mental condition of any person, without having at the time of so doing a valid, unrevoked, or unsuspended certificate as provided in this chapter or without being authorized to perform the act pursuant to a certificate obtained in accordance with some other provision of law is guilty of a public offense, punishable by a fine not exceeding ten thousand dollars (\$10,000), by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code, by imprisonment in a county jail not exceeding one year, or by both the fine and either imprisonment.

(b) Any person who conspires with or aids or abets another to commit any act described in subdivision (a) is guilty of a public offense, subject to the punishment described in that subdivision.

(c) The remedy provided in this section shall not preclude any other remedy provided by law.

Additionally, Section 2400 of the California Business and Professions Code provides the following additional restrictions regarding Corporate entities organized for the purpose of offering medical services as follows:

Corporations and other artificial legal entities shall have no professional rights, privileges, or powers. However, the Division of Licensing may in its discretion, after such investigation and review of such documentary evidence as it may require, and under regulations adopted by it, grant approval of the employment of licensees on a salary basis by licensed charitable institutions, foundations, or clinics, if no charge for professional services rendered patients is made by any such institution, foundation, or clinic.

The California Medical Board has interpreted the above requirements as precluding the Corporate Practice of Medicine as follows:

The policy expressed in Business and Professions Code section 2400 against the corporate practice of medicine is intended to prevent unlicensed persons from interfering with or influencing the physician's professional judgment. The decisions described below are examples of some of the types of behaviors and subtle controls that the corporate practice doctrine is intended to prevent. From

the Medical Board's perspective, the following health care decisions should be made by a physician licensed in the State of California and would constitute the unlicensed practice of medicine if performed by an unlicensed person:

- *Determining what diagnostic tests are appropriate for a particular condition.*
- *Determining the need for referrals to, or consultation with, another physician/specialist.*
- *Responsibility for the ultimate overall care of the patient, including treatment options available to the patient.*
- *Determining how many patients a physician must see in a given period of time or how many hours a physician must work.*

In addition, the following "business" or "management" decisions and activities, resulting in control over the physician's practice of medicine, should be made by a licensed California physician and not by an unlicensed person or entity:

- *Ownership is an indicator of control of a patient's medical records, including determining the contents thereof, and should be retained by a California-licensed physician.*
- *Selection, hiring/firing (as it relates to clinical competency or proficiency) of physicians, allied health staff and medical assistants.*
- *Setting the parameters under which the physician will enter into contractual relationships with third-party payers.*
- *Decisions regarding coding and billing procedures for patient care services.*
- *Approving of the selection of medical equipment and medical supplies for the medical practice.*

The types of decisions and activities described above cannot be delegated to an unlicensed person, including (for example) management service organizations. While a physician may consult with unlicensed persons in making the "business" or "management" decisions described above, the physician must retain the ultimate responsibility for, or approval of, those decisions.

The following types of medical practice ownership and operating structures also are prohibited:

- *Non-physicians owning or operating a business that offers patient evaluation, diagnosis, care and/or treatment.*
- *Physician(s) operating a medical practice as a limited liability company, a limited liability partnership, or a general corporation.*
- *Management service organizations arranging for, advertising, or providing medical services rather than only providing administrative staff and services for a physician's medical practice (non-physician exercising controls over a physician's medical practice, even where physicians own and operate the business).*
- *A physician acting as "medical director" when the physician does not own the practice. For example, a business offering spa treatments that include medical procedures such as Botox injections, laser hair removal, and medical microdermabrasion, that contracts with or hires a physician as its "medical director."*

In the examples above, non-physicians would be engaged in the unlicensed practice of medicine, and the physician may be aiding and abetting the unlicensed practice of medicine.

The Franchise Agreement contemplates the grant of a license by the Franchisor to the Franchisee, or, where applicable, to the independent licensed physician owner(s) of the Franchised Business. In cases where the

Franchisee is not a licensed medical physician or physicians that will own the Franchised Business but is instead a non-medical physician or unlicensed person or entity, it is anticipated that the Franchisee will be a management entity who will be licensed under the terms of the Franchise Agreement to offer the services and confidential information contained in the System to the licensed medical physician owners of the Franchised Business. In such a case, Franchisee understands and agrees that while it is appropriate to offer management and administrative services to the Franchise Business, the Franchisee may not compel the licensed medical physician owner(s) of the Franchised Business to accept any or all of the services and information offered and cannot compel the licensed medical physician owner(s) of the Franchised Business to run the Franchised Business in a manner that would constitute the Corporate Practice of Medicine. The licensed medical physician owner(s) of the Franchised Business, exercising independent medical judgment, must determine what, if any, of the services and information that Franchisee is licensed to provide under the terms of the Franchise Agreement to accept or implement and must also decide, exercising independent medical judgment, what types of services and products to offer to patients of the Franchised Business. Nothing in the Franchise Agreement should be construed in a manner that would create a violation of any California law, including the particular sections of the California Business and Professions Code referenced above, by either the Franchisee or, where applicable, the licensed medical physician owner(s) of the Franchised Business.

AMENDMENT TO THE HEALTH ATLAST, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., which govern the attached Health Atlast Franchise Agreement, the parties thereto agree as follows:

1. To the extent of any inconsistencies, Section 6.1 of the Franchise Agreement is hereby amended to add:

“Franchisor has established an escrow account with Chase Bank. In accordance with the State of California’s impound requirement, Franchisor will escrow the Initial Franchise Fee and other initial fees payable to the Franchisor in such account until Franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.”

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

HEALTH ATLAST, LLC

By: _____

Stephanie Higashi, President
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

EXHIBIT G

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) entered into this ___ day of ___, 20__ (the “Effective Date”), between: (i) Health Atlast, LLC, a California limited liability company, with its principal business address at 3030 Sawtelle Boulevard, Los Angeles, California 90066 (the “Franchisor”); and (ii) _____, a _____ with an address at _____ (the “Developer”).

Background

- A. Franchisor and its affiliates/principals own and have developed a proprietary system for the operation of a franchise that provides patients with a variety of services in integrative patient care including medical care, chiropractic care, physio-therapy, massage therapy nutritional care and acupuncture therapy, and other services and products (each location a “Franchised Business”).
- B. Each Franchised Business operates pursuant to our proprietary system (the “System”).
- C. Franchisor identifies the System by means of various trademarks and design marks, including the “Health Atlast®” trademark and design mark, and our trade dress, as well any other trademarks, trade names, logos, emblems, and indicia of origin Franchisor may now or in the future designate in connection with the system (the “Marks”).
- D. Franchisor grants qualified third parties the right to develop up to five (5) Franchised Businesses within a defined geographical area (the “Designated Marketing Area”) in accordance with a mandatory development schedule that must be strictly adhered to, with each Franchised Business within the Designated Marketing Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current franchise agreement (each, a “Franchise Agreement”).
- E. Developer has applied for the right to open and operate a certain number of Franchised Business within a Designated Marketing Area set forth in this Agreement below, and Franchisor has approved such application in reliance on Developer’s representations made therein.
- F. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor’s operations manual and other System standards and specifications are essential to the operation of all Franchised Businesses and our System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

1. Designated Marketing Area. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Franchised Businesses within the Designated Marketing Area described in the data sheet attached hereto as Exhibit “A” (the “Data Sheet”), provided Developer opens and commences operations of such Franchised Businesses in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the “Development Schedule”).

2. Development Fee. Developer agrees to pay Franchisor the development fee set forth in the Data Sheet immediately upon execution of this Agreement. The parties agree and acknowledge that, upon payment of the Development Fee required by this Section: (i) Developer will not be required to pay Franchisor an additional “Initial Franchise Fee” pursuant to any Franchise Agreement that Developer enters into to fulfill its development obligations under this Agreement within the Designated Marketing Area; and (ii) the Development Fee will be deemed fully earned by Franchisor and not refundable under any circumstances.

3. Initial Franchise Agreement. Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement for the first Franchised Business that Developer is required to open within the Designated Marketing Area.

4. Additional Franchise Agreements. Developer agrees and acknowledges that it must: (i) enter into Franchisor’s then-current form of Franchise Agreement for each additional Franchised Business that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the Development Schedule.

5. Development Obligations. Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the required number of new Franchised Businesses during each 12-month period from the Effective Date of this Agreement set forth in the Development Schedule described in the Data Sheet (each, a “Development Period”); and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer’s failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

6. Term and Termination.

6.1 This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by Franchisor, will end on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Designated Marketing Area other than the rights granted in connection with any

Franchised Businesses that Developer has opened and commenced operating as of the date this Agreement is terminated or expires.

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Designated Marketing Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Franchised Businesses within the Designated Marketing Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any one Development Period, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. Reservation of Rights. The parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein, including the right to open and operate, or license third parties the right to open and operate, Franchised Businesses at any location within or outside the Designated Marketing Area; provided, however, that Franchisor will not open or operate, or license a third party the right to open or operate, any Health Atlast Business (franchised or otherwise) within any "Exclusive Territory" that is granted to Developer under each Franchise Agreement that Developer enters into pursuant to this Agreement during the term of that Franchise Agreement.

8. Sale or Assignment. Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. Acknowledgment. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Marks or System.

10. Notices. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. Choice of Law. This Agreement will be governed by the laws of the State of California (without reference to its conflict of laws principals).

12. Internal Dispute Resolution. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President and Chief Executive Officer, after providing Franchisor with notice of and a reasonable opportunity to cure and alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. Mediation. At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to mediation, in Los Angeles, California under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

14. Injunctive Relief. Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. Jurisdiction and Venue. This Agreement is made in, and shall be substantially performed in, the State of California. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of California. Developer, except where specifically prohibited by law, hereby irrevocably submit itself to the sole and exclusive jurisdiction of the state and federal courts serving Los Angeles County, California. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision.

16. Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. Jury Trial Waiver. With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. Waiver of Punitive Damages. Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. Attorneys' Fees. If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. Successors. References to “Franchisor” or “Developer” include the respective parties’ successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. Additional Documentation. You must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer’s attorney-in-fact to execute any and all documents on Developer’s behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. No Right to Offset. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer’s initial Franchised Business is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

27. Entire Agreement. This Agreement contains the entire agreement between the parties concerning Developers’ development rights within the Designated Marketing Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY,
THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED
EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

DEVELOPER

By: _____
Name: _____
Title: _____

HEALTH ATLAST, LLC

By: _____
Stephanie Higashi, President

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following areas:

2. **Development Fee.** Immediately upon execution of this Agreement, Developer must pay Franchisor the Development Fee amounting to \$ [INSERT DEVELOPMENT FEE], which will be deemed fully earned and non-refundable upon execution of the Development Agreement.

3. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	Expiration Date	Number of New Franchised Businesses Developer Must Open in Development Area	Cumulative Number of Franchised Businesses Developer Must Have Open Within Development Area
First	___ Months from Effective Date	1	1
Second	___ Months from Effective Date	1	2
Third	___ Months from Effective Date	1	3
Fourth	___ Months from Effective Date	1	4
Fifth	___ Months from Effective Date	1	5

***[THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE]***

APPROVED AND AGREED TO BY:

FRANCHISOR

HEALTH ATLAST, LLC

By: _____
Stephanie Higashi, President

FRANCHISEE

[INSERT NAME]

By: _____
Name: _____
Title: _____

STATE EFFECTIVE DATES

The following states 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:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	pending
Maryland	pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Health Atlast, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Health Atlast, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is: () Dr. Stephanie Higashi, () Dr. Wayne Higashi, () Forrest Will, () Nick Zimmer, () Seth Watson, () Neo Jade, () Ralph Angel, all with an address of 3030 Sawtelle Blvd, Los Angeles, CA, and a phone number of 310-980-9108.

Issuance Date: April 19, 2022

I received a Disclosure Document dated April 19, 2022, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1 - 12
- EXHIBIT C: Financial Statements of Health Atlast, LLC
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: State Addenda
- EXHIBIT G: Development Agreement
- EXHIBIT H: Receipt

DATED: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Health Atlast, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Health Atlast, LLC, does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is: () Dr. Stephanie Higashi, () Dr. Wayne Higashi, () Forrest Will, () Nick Zimmer, () Seth Watson, () Neo Jade, () Ralph Angel, all with an address of 3030 Sawtelle Blvd, Los Angeles, CA, and a phone number of 310-980-9108.

Issuance Date: April 19, 2022

I received a Disclosure Document dated April 19, 2022, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments 1 - 12
EXHIBIT C: Financial Statements of Health Atlast, LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Outlets as of the date of this Disclosure Document
EXHIBIT F: State Addenda
EXHIBIT G: Development Agreement
EXHIBIT H: Receipt

DATED: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

Please return signed receipt to Health Atlast, LLC
3030 Sawtelle Boulevard
Los Angeles, California 90066