FRANCHISE DISCLOSURE DOCUMENT

The Source Chiropractic Franchise, PC

An Arizona Professional Corporation

3001 E Skyline Drive Suite 115
Tucson, AZ 85718

Phone: 520-344-9651

Website: www.thesourcechiropractic.com

Email: franchise@thesourcechiro.com

The Source Chiropractic offers a franchise for the operation of a clinic that offers skilled, professional, and personalized chiropractic services, as well as other additional related services to the general public.

The total investment necessary to begin operation of The Franchised Business ranges from $82,079 to $136,979. This includes $40,000 that must be paid directly to The Source Chiropractic Franchise, PC.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dr. Jordan Fairley, www.thesourcechiropractic.com, or franchise@thesourcechiro.com, at 3001 E Skyline Drive Suite 115 Tucson, AZ, 85718 or by phone at 520-344-9651.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all your 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 (the "FTC"). 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 26, 2023, as Amended October 31, 2023.

How to Use this Franchise Disclosure Document

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

QUESTION	**WHERE TO FIND INFORMATION**
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's discretion. 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 F 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 The Source Chiropractic clinic 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 franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a The Source Chiropractic 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 can 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 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 state 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 if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in the state in which the Franchisor's principal place of business is located (currently, Arizona). Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with Franchisor in its home state (currently, Arizona) than in your own state.

2. The franchise agreement states that Arizona law governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

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

TABLE OF CONTENTS

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean The Source Chiropractic Franchise, PC - the franchisor. "You" means the person who buys a "The Source Chiropractic" Franchised Business - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

The Franchisor

We are an Arizona Professional Corporation formed on September 14, 2021. Our principal place of business is at 3001 E Skyline Drive Suite 115 Tucson, AZ 85718. Our agents for service of process are disclosed on Exhibit B to this Disclosure Document. We do not do business under any names other than "The Source Chiropractic." Our only business is to offer and sell franchises for The Franchised Business. We do not offer and have not operated a business described in this disclosure document.

Our Parent and Affiliates

Except as disclosed above, we currently do not have any affiliates that offer, or have previously offered, franchises in this or any other line of business. Except as set forth in this Item 1, we do not have any affiliates that provide products or services to our franchisees. We do not have any predecessors.

Description of Franchised Business

We have developed a franchise system (the "System") relating to the development and operation of clinics that offer skilled, professional chiropractic services, and other related services (each a "Clinic").

We offer franchise opportunities for the right to open and operate a single Clinic to licensed chiropractors (each a "Licensed Chiropractor" and a "Managing Owner"). For reference purposes, a Clinic may be referred to in this Disclosure Document as a "Franchised Business".

Only a Licensed Chiropractor may directly offer and provide chiropractic care and chiropractic services. Accordingly, you must be a Licensed Chiropractor properly licensed to be eligible for the operation of a Clinic. **The medical practice/chiropractic services industry is heavily regulated, and it is critical that you investigate and understand applicable laws, rules and regulations before you invest in this franchise opportunity, and also at all times throughout the term.** Various federal and state laws applicable to the practice of medicine and it is critical that you do not engage in any practices or activities that are, or may appear to be, the practice of medicine. The Licensed Chiropractor is responsible for offering and providing chiropractic services in accordance with all applicable law, and securing and maintaining all required licenses, certifications, registrations and certifications.

We will grant you a license to use the logos, service marks and trademarks we designate in the operation of your Franchised Business (each a "Mark" and collectively, the "Marks"). Our current Marks include the service mark "The Source Chiropractic™". The "Marks" also include our distinctive trade dress used to identify the Franchised Business, whether now in existence or created in the future. We have the right to change, substitute, and otherwise alter any or all of the Marks at any time in our sole discretion.

You must sign a franchise agreement (the "Franchise Agreement") and operate your Franchised Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as Exhibit C. You must locate the Franchised Business at an approved location.

The Premises will be identified through our site selection and approval process, according to the terms of our Franchise Agreement. You will be responsible for securing a lease for the Premises in accordance with the requirements set forth in the Franchise Agreement.

The System is comprised of certain characteristics which may include a logo (which may be altered), confidential information; training and assistance; advertising and promotional programs; business formats, methods, procedures, standards and specifications and confidential manuals. Certain operational aspects of the Franchised Business are contained within our confidential Operations Manual and any other written or electronic materials or supplemental manuals provided to you or incorporated by reference into the Operations Manual (the "Manual"). The Manual may be provided in electronic format, as we determine appropriate in our sole discretion.

You will operate your Franchised Business as an independent business under the Marks and in accordance with the Franchise Agreement and the Manual.

Market and Competition

The target market for Franchise Business customers includes members of the general public. The market for the goods and services offered by Franchised Businesses is well developed and highly competitive. Franchised Businesses compete with other businesses, including franchised operations.

Laws and Regulations

You are responsible for operating the Franchised Business in full compliance with all applicable laws, rules and regulations. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your Franchised Business. The medical industry is heavily regulated.

Below are examples of potential healthcare regulatory issues that you should research to determine their application to the operation of your Franchised Business. It is entirely your responsibility to investigate and comply with 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 a Franchise Agreement with us in order to determine your legal obligations and evaluate the possible effects on your costs and operations. State laws and regulations vary greatly from state to state so it is critical that you evaluate the specific laws and regulations applicable to the geographic area in which you operate.

Regulations Related to Diagnosis and Treatment. Licensed Chiropractors can be employed by you, or the chiropractic practice being managed. However, state regulations and oversight boards determine how much power and ability each license grants the holder regarding certain procedures. It is critical that state law be determined for which Licensed Chiropractor can conduct a primary patient evaluation and diagnosis, develop the treatment plan, as well as who can perform the procedure. Generally, only a licensed chiropractor, physician, nurse practitioner (subject to proper supervision), or physician assistant (subject to proper supervision) may conduct the initial evaluation and diagnosis. State laws, chiropractic boards, medical boards, nursing boards, and other regulatory agencies will need to be analyzed to determine what procedures and policies need to be implemented through the creation of standard operating procedures. The concept of form and substance will be vital to compliance as your operations need to follow and adhere to the standard operating procedures as written.

Regulations Related to Delegation and Supervision. Following the primary consultation of a patient, analysis will need to be conducted regarding which Licensed Chiropractors can be delegated procedures and administer the treatment plan. States will vary on regulations such as medical director qualifications, NP and PA ability to practice independently, supervision and medical records review. Further distinctions will need to be made between medical and non-medical treatments. Based on the applicable delegation needed and requirements of the jurisdiction, delegation and supervision agreements may need to be prepared and entered into between the physician and non-physician providers, or other supervisor roles as outlined by the state. These agreements often are required in instances where prescriptive authority is being delegated by one party to another, which can be integral to the operation of the Franchised Business.

Anti-Kickback Regulations. Numerous federal and state "anti-kickback" regulations (including Medicare 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 payor 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 health care related services. Accordingly, you will need to structure your compensation arrangements with your licensed medical professionals carefully 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 licensed medical professional. Violations of federal or state fraud and abuse laws can result in serious criminal and civil penalties. At this time, you will not accept any patients paid by Medicare, Medicaid, TRICARE or other federally-funded government program patients in connection with the operation of the Franchised Business.

HIPAA Regulations. Various federal and state laws regulate the privacy and security of patient healthcare 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 professionals have certain legal obligations to keep patient healthcare information confidential, and are also required to disclose that information to patients and third parties when requests are properly submitted. In addition, you must ensure the privacy and security of patient healthcare information you share with any "business associate" as defined under the HITECH Act, such as service providers, attorneys, or third-party billing companies. The HITECH act requires that any practice subject to federal law must have a HIPAA compliance plan addressing the policies and procedures for security and privacy of patient health information. Many states also have laws regulating the privacy and security of patient healthcare information and these laws may impose even greater restrictions and obligations on your business regarding the privacy and security of patient healthcare information.

Your obligation to comply with all applicable laws includes compliance 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.

Some states also have laws regulating advertising and how you may advertise members' results and products in various media. Some states may also limit the trade names that you may use. You are strictly prohibited from publishing any advertising, testimonials, or claims without our prior written approval.

There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you consult with an attorney and to contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a Licensed Chiropractor, to determine your legal obligations, any applicable restrictions, and to evaluate the effects of such laws, rules, regulations and restrictions on your costs and operations before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Dr. Brett Jones: Chairman of the Board of Directors & Head Director of the Board of Education

Dr. Brett Jones is our Chairman of the Board of Directors and Head Director of the Board of Education. Brett has held this position since our inception. Brett concurrently serves as (a) the Managing Owner of The Source Chiropractic Tucson which he has held since August 2021and (b) CEO of Kairos Training Culture, the world's largest performance training system for chiropractors and chiropractic students, a position he has held since November 2014.

Lindsay Kolterman: Chief Executive Officer

Lindsay Kolterman is our Chief Executive Officer and has held this position since April 2023. Previously, Ms. Kolterman served as our Chief Financial Officer from the date of our inception through April 2023. Lindsay concurrently serves as Chief Financial Officer for MDCM Investment Brokerage Firm based out of Bandon, Oregon (since June 2016) and Lead Business Strategist at The Pari International based out of Cotati, California.

Dr. Jordan Fairley: Chief Operations Officer

Dr. Jordan Fairley is our Chief Operations Officer and has held this position since April 2023. Dr. Jordan Fairley served as our Chief Executive Officer from the date of our inception through April 2023. Jordan concurrently serves as the owner and CEO of The Source Chiropractic Oakland, positions he has held since January 2021. Previously, Jordan served as an Associate Chiropractor with The Source Chiropractic Oakland, based out of Oakland, California from June 2015 through December 31, 2020. Recently, Jordan opened his second location which he manages in Berkley, California in November of 2022.

Dr. Darren Murphy: Executive Director

Dr. Darren Murphy serves as our Executive Director, a position he has held since our inception. Darren concurrently serves as a Chiropractor for The Source Chiropractic based out of Denver, Colorado, a position he has held since October 2019. Previously, Darren served as an Associate Chiropractor for The Source Chiropractic from June 2017 through March 2019 based out of Oakland, California.

Dr. Dyllon Mawn: Executive Program Coordinator

Dr. Dyllon Mawn is our Executive Program Coordinator, a position he has held since our inception. Dyllon found chiropractic when he was 15 years old watching his dad begin to reverse diabetes with the help of chiropractic. From that moment on, he knew he wanted to empower others to heal naturally. After working as an Associate at The Source Chiropractic Oakland from March 2019 to March 2021, Dr. Dyllon became the Owner/Chiropractor of The Source Chiropractic St Petersburg FL in August 2021 and opened his second location in Dunedin, Florida in January of 2023.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement

Franchise Fee.

You must pay us a $40,000 initial franchise fee (“Franchise Fee”) immediately upon the signing of your Franchise Agreement. The Franchise Fee is deemed fully earned and non-refundable upon payment.

Except as provided in this Item, the Franchise Fee is uniform to all franchisees in our System.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	Year 1: $2,777/month Year 2: $4,777/month Year 3-5: $6,777/month	Due Monthly	Paid via EFT. First payment begins in month 4 of operation.
Brand Marketing Fund [3]	Year 1: $667/month Year 2: $1167/month Year 3-5: $1,667/month	Same as Royalty Fee	Paid via EFT. Paid at the same time and manner as the royalty.
Technology Fees[4]	Our then-current technology fees, which are currently $400 per month (the "Technology Fees") We reserve the right to increase or decrease the Technology Fees at any time upon 30 days' prior written notice to you.	Monthly	Paid at the same time and manner as the royalty. We may add, delete, or otherwise modify the products and services that are used in the Technology Fees. There is no cap on how much the Technology Fees can be increased.
Additional Training Fees[5]	Currently $1,500 per day, per person, plus travel and related expenses	As requested or required	Paid to us if you request and we agree to provide additional training above and beyond initial training, or if we require additional training during the term.
Transfer Fee	50% - 75% of then-current initial franchise fee $1,500 of internal transfers	At the time of the transfer	50% of the then-current franchise fee if the transfer is to an existing franchisee. 75% of the then-current initial franchise fee if the transfer is to a franchisee not currently in the system. $1,500 if you request us to approve a change in shares that do not impact the controlling interest in the franchisee entity.
Late Opening Fee	$1,500 per month	As invoiced	If you fail to open your Clinic on or before the opening deadline set forth in your Franchise Agreement, we may, at our option, impose a

Type of Fee	Amount	Due Date	Remarks
			fee of $1,500 per month, for each month thereafter that the Clinic is not open. This remedy is in addition to any and all other remedies we have under the Franchise Agreement and applicable law.
Relocation Fee	25% of then-current initial franchise fee (potentially an additional fee of 25% of then-current initial fee for additional help)	Upon our approval to relocate your business	If approved to relocate your facility.
System Modifications	All reasonable costs and expenses associated with system modification	As required	If we make changes to our franchise System, you must adapt your business to conform to the changes. Examples may include new equipment, software or construction materials. These may be paid to the franchisor or a third-party supplier that we designate.
Insufficient Funds	Currently $250	As required	An insufficient funds fee is due any time an EFT withdrawal is denied due to insufficient funds in your account.
Insurance Policies	Amount of unpaid premiums plus our expenses for obtaining the policies required	As required	Payable only if you fail to maintain the types and limits of insurance that the franchisor requires for your business.
Temporary Management Assistance	Currently $400 per day	Each week that it applies	If you breach your Franchise Agreement or following the death or incapacity of an owner of the franchise, the franchisor may temporarily manage your franchised business.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest & Late Fees	Lesser of the highest commercial interest rate permitted by law, and 15% per annum, plus a late fee of $100 per day of delinquency	From the date payments are due and continues until outstanding balance and accrued interest are paid in full	Charged on late payments of Royalty Fees, Brand Marketing Fund Fees and/or Technology Fees (the "Recurring Fees").
Annual Conference[6]	Registration Fee (our then-current registration fee)	Upon invoice, prior to conference	If we elect to hold an annual conference, you must attend and you must pay the registration fee.
Legal Costs and Attorneys' Fees	All legal costs and attorneys' fees incurred by us and our affiliates	As incurred	You must pay us an amount equal to all legal costs and attorneys' fees we and our affiliates incur in connection with enforcing your obligations or defending our rights under the Franchise Agreement and/or applicable law.
Indemnification	All damages and amounts (including attorneys' fees, costs and expenses) incurred by us and our affiliates	As incurred	You must indemnify us and our affiliates, owners and employees from all claims, liabilities, costs, expenses and liabilities asserted by third parties or us, related to your operation of the franchised business and/or your acts or omissions.

NOTES:

(1) All fees are imposed by and are payable to us except that we may collect the cooperative advertising fee and transfer these funds to the applicable advertising cooperative. All fees are non-refundable and uniformly imposed on franchisees who invest in this franchise opportunity under this Disclosure Document. You will be required to sign an ACH Authorization Form (in the form attached to the Franchise Agreement or as otherwise designated by us, permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

(2) "Gross Revenues" means the total selling price of all services and products sold at, from,

or through your Clinic, whether or not sold or performed at or from the Franchised Business, including the full redemption value of any gift certificate or coupon sold for use at the Franchised Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to the Business operation, whether for cash or credit and regardless of collection in the case of credit, including amounts received from the professional corporation and/or pursuant to the Management Agreement.

(3) We have established and maintain a brand development fund to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.

(4) You must pay to us our then-current technology fees for any technology that we invoice you for directly. We also reserve the right to develop proprietary software or technology that must be used by Franchised Businesses, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time

(5) Before you open, we will provide our initial training program for your Managing Owner, who must attend the entire initial training program, and up to one assistant, who may attend the week of initial training designated for administration related training, at our training clinic in Tucson, Arizona, or any other location we designate. You must pay us a training fee of up to $1,500 per person per day for: (i) each additional person that attends our initial training program after you open your Clinic; (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide or additional training that we conduct or require. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to the onsite training that is part of our initial training program).

(6) We may hold periodic national or regional conferences or conventions to discuss business and operational issues affecting Franchised Businesses. These conferences or conventions also present an opportunity for franchisees to interact with each other and benefit from continuing education. Attendance at these conferences is mandatory. We may charge you this fee for each person that is required to attend even if such person(s) fail to attend. You are also responsible for all expenses and costs that the conference attendees incur, including wages, travel and living expenses.

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ITEM 7 ESTIMATED INITIAL INVESTMENT

A. FRANCHISE AGREEMENT

	YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE[1]	**LOW RANGE**	**HIGH RANGE**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee[2]	$40,000	$40,000	Lump sum	At time you sign Franchise Agreement	Us
Utility and Security Deposits	$500	$4,500	As incurred	Before opening	Utility companies and government agencies
Leasehold Improvements[3]	$20,000	$40,000	As incurred	Before opening	Architects, contractors, suppliers
Signage[4]	$1,000	$5,000	Lump sum	Before opening	Approved Suppliers
Furniture and Fixtures [5]	$1,500	$3,000	As incurred	When ordered	Third Parties, Approved Suppliers
Chiropractic Equipment[6]	$3,000	$8,000	As incurred	When ordered	Suppliers
Office Equipment, Computers, Office Supplies[7]	$2,500	$6,000	As incurred	When order	Suppliers
CRM/Back Office System[8]	$500	$1,000	As incurred	When ordered	Suppliers
Business Licenses and Permits[9]	$500	$1,000	As incurred	As incurred	Third Parties
Professional Fees[10]	$800	$1,500	Lump sum	Before opening	Lawyers & accountants
Initial Inventory[11]	$500	$1200	Lump sum	Before opening	Approved Suppliers
Business Insurance[12]	$1,000	$1,500	As incurred	Before opening	Third Parties

Training Expenses[13]	$3,279	$7,279	As incurred	Before opening	Third Parties
Grand Opening Marketing[14]	$1,000	$5,000	As incurred	Before opening	Approved Suppliers, Third Parties
Additional Funds[15]	$5,000	$10,000	As incurred	As incurred	Employees, suppliers, utilities
Total Estimated Initial Investment[16]	**$82,079**	**$136,979**			

NOTES:

(1) We do not offer financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) You must pay to us an initial franchise fee of $40,000 at the time you sign the Franchise Agreement. The initial franchise fee is deemed fully earned and non-refundable upon payment.

(3) These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Franchised Businesses will be between 1,200 and 2,000 square feet. The low-end estimate for this item represents only the estimated cost of a security deposit and assumes no rent will be due or payable prior to commencing operations. The high-end estimate assumes payment of a security deposit prior to opening. Some franchisees may prefer to own their business. The costs of purchasing a facility vary so widely that we cannot reasonably estimate the cost.

The cost of leasehold improvements and build-out vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements. Please note that tenant improvement costs will be assessed in each unit prior to you signing a letter of intent or lease.

(4) The type and size of the signage you actually install will be based upon the zoning, property use requirements and any landlord-imposed restrictions. Price will largely be dependent on if you are to include backed lighting, or non-backed lighting; or window decals. There could be an occasion where signage is not permitted because of zoning or use restrictions.

(5) This estimate includes office furniture, lobby furniture, light fixtures, interior decorative items, and other items needed to decorate your Franchised Business.

(6) You must purchase a minimum of two adjusting tables plus an exam room table. Other recommendations include, pregnancy pillows, cervical traction, mini drop piece, spring loaded instrument, pelvis blocks.

(7) You must purchase office equipment, computer equipment and office supplies.

(8) This estimate includes the initial license fee for the required business software.

(9) You must obtain and maintain business licenses and permits necessary for the development and operation of the Franchised Business before you are permitted to open the Franchised Business. The Licensed Chiropractor must have and maintain all required state and local government certifications, permits and licenses, including for associated personnel. The estimates in the table do not include the costs of the Licensed Chiropractor to obtain their necessary licenses and certifications.

(10) We emphasize the importance and significance of consulting with experienced legal counsel before you invest in this franchise, including to advise you regarding all laws, rules and regulations applicable to the development, opening and operation of the Franchised Business. You should also consult with accountants, risk management and other business advisors.

(11) These estimates reflect the estimated costs of various supplies used in connection with the initial opening and launch of the Franchised Business. This may include products and goods to be sold in the business.

(12) You must obtain and maintain business malpractice insurance at all times during the term of the Franchise Agreement. This is an estimate for six months of insurance premiums. You must obtain and maintain, at your own expense, the insurance coverage that we periodically require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of The Franchised Business, your rates may be significantly higher than those estimated above. You must have general liability insurance, property insurance, business interruption insurance, professional liability insurance, automobile insurance, workers compensation coverage, employment practice liability insurance, cyber liability insurance, umbrella liability coverage and any other insurance required by your lease or any state or local municipality where your Franchised Business is located.

(13) You are solely responsible for paying all travel, lodging and meal expenses which you and all of the training attendees will incur, and your employees' wages and workers' compensation insurance while attending the initial 3-week training program. These ranges may vary and will depend on, among other factors, where you and your training team are traveling from and the types of accommodations you choose.

(14) You must conduct a grand opening marketing campaign commencing when you sign the lease and continuing through sixty (60) days after the opening of your Franchised Business. As part of the initial training program, we will provide you with marketing and promotion strategies to be used during grand opening.

(15) This estimates your expenses during the first three (3) months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital.

(16) These figures are estimates. You may have additional expenses starting your Business. Your costs may be higher than the estimates and will depend on a variety of factors, including: how closely you follow our methods and procedures; your management skills, experience and knowledge; the local real estate market; legal restrictions; the size of your Franchised Business and number of rooms in your Franchised Business; the prevailing wage rate; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Clinic before you invest in this franchise opportunity.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within thirty (30) days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, location, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within sixty (60) days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs that we incur in reviewing a proposed supplier and testing the products.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services from our designated suppliers as noted in the Operations Manual: adjustment and exam tables, chiropractic tools and equipment, supporting mobility/stability equipment, natural health supplementation, wellness syrups, apothecary items, patient management software and tax services. As of the issuance date of this disclosure document, you must purchase health supplementation products from us. As of the issuance date of this disclosure document, we have working relationships with recommended (but not currently required) suppliers of office supplies, and we anticipate these suppliers will provide discounted rates to System franchisees. We estimate that nearly 80% of the total purchases and leases that will be required to establish your Business and 10% of your ongoing operating expenses will consist of source restricted goods or services.

Site Selection, Real Estate and Project Development Services

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You are solely responsible for proposing the final site to us, which we will review for minimum compliance with system standards.

You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Lease Addendum (attached as Exhibit C to our current form of Franchise Agreement). You must ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises. We will provide you with current prototypical drawings so that you can adapt your Franchised Business to conform to our standards for the appearance of a The Source Chiropractic Franchised Business. You are solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at any approved leased location, and you must use an approved architect for your construction drawings.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. You must display a selection of local artwork as a part of the standard clinic décor. You must purchase these items from suppliers that we approve or designate.

Operating Equipment

All of your operating equipment must meet our standards and specifications and must be purchased from approved or designated suppliers.

Signage

All of your exterior and interior signage must meet our standards and specifications and must be purchased from a designated or approved supplier.

Computer Equipment and POS System

Your computer system and POS system must meet our standards and specifications and must be purchased from suppliers that we designate or approve.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. Some operating supplies must be purchased from suppliers that we designate or approve while other operating supplies may be purchased from any supplier of your choosing.

Accounting Services

You must purchase accounting and tax services from our designated supplier to ensure uniform reporting and accounting amongst our franchisees.

Inventory

All of your inventory must meet our standards and specifications. You must purchase these items only from approved or designated suppliers. You are allowed up to two local items to be sold in your business which must first be approved. You may not utilize any inventory items that we have not approved. You will not be permitted to sell products, such as supplements or nutritional elements, at wholesale in your Clinic.

Marketing Materials and Services

All of your marketing materials must comply with our standards and requirements. You must purchase all branded marketing materials only from suppliers that we designate or approve. You may not create your own marketing materials. We may also require that you utilize a designated marketing company to implement certain marketing activities, including social media services.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of "A" or better and the policies must meet all of our requirements (including that we are listed as an additional insured). The required coverage currently includes: comprehensive general liability insurance ($1,000,000 per occurrence); property insurance for 100% replacement cost; business interruption insurance to recover lost income in the event the franchised business is unable to operate for a period of time; professional liability insurance for all medical providers for errors and omissions ($1,000,000 per occurrence and $3,000,000 aggregate) (may be combined with general liability policy); automobile liability coverage ($1,000,000 combined single limit); workers compensation coverage at statutory limits; employment practice liability insurance ($1,000,000 aggregate); cyber liability insurance ($1,000,000 aggregate); umbrella liability coverage ($1,000,000); and any other insurance required by your lease or any state or local municipality where The Franchised Business is located. The required coverage and policies are subject to change. The details of the policies above are set forth in the Manual.

Purchase Agreements

We may, but are not required, to negotiate group purchasing agreements with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices or preferred terms. If we do so, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us).

Currently, we have negotiated purchase agreements (including price terms) with suppliers for the following items: adjustment and exam tables, chiropractic tools and equipment, supporting mobility/stability equipment, natural health supplementation, wellness syrups, apothecary items, patient management software and tax services. Pursuant to these purchase arrangements, these suppliers have agreed to pay us rebates ranging from 2% to 10% of revenues from franchisee purchases. We reserve the right to require you to purchase any and all items and services from designated or exclusive suppliers in the future, to the fullest extent permissible under applicable law.

Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a markup. There is no cap on this markup. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

You are not allowed to sell supplementation that is not on our approved supplier list or is not otherwise approved by us.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, neither we nor any of our affiliates are currently approved or designated suppliers for any other goods or services. However, we may designate ourselves and/or our affiliates as designated or approved suppliers for other goods or services at any time in the future without restriction. We and our affiliates may generate revenues and other material consideration from these purchases and/or leases. Except as disclosed above, there are no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments and/or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. We do not, as of the issuance date of this Disclosure Document, receive rebates from designated suppliers on account of required franchisee purchases or leases.

We first commenced offering franchise opportunities in June 2022 and we have not, as of the issuance date of this disclosure document, derived any revenue from rebates or consideration from our approved suppliers on account of our franchisees' required purchases from these suppliers, and we did not derive any in revenue as a result of our franchisees' required purchases and leases from us.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 3, 7.1, 7.2, and Attachment "B"	Item 7 & Item 11
b. Pre-opening purchases/leases	Section 7.3, 7.4, 12, and Article 16.1	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 7.1, 7.2, 7.3, 7.4, and 11.2	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Section 5 and 7.4	Item 6 & Item 11
e. Opening	Section 5, 7.1, 7.2, 7.3, 7.4, and 11	Item 11
f. Fees	Section 5, 11, 12.10, and 14	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	Section 3, 5, 6, 7, 12 and 16	Item 11
h. Trademarks and proprietary information	Section 12, 15, 18, and Attachment "F"	Item 13 & Item 14

i. Restrictions on products/services offered	Section 6, 7, 12, 18, and Attachment "F"	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Section 6, 8, 11, 12, 14, and 16	Item 8
m. Maintenance, appearance and remodeling requirements	Section 4, 7, 12, and 20	Item 11
n. Insurance	Section 7.4, 12, and 16.1	Item 6 & Item 7 & Item 8
o. Advertising	Section 11	Item 6, Item 7 & Item 11
p. Indemnification	Section 19	Item 6
q. Owner's participation/ management/staffing	Section 8	Item 11 & Item 15
r. Records/reports	Section 16.2, 16.3, 16.4, and 17	Item 6
s. Inspections/audits	Section 17	Item 6 & Item 11
t. Transfer	Section 20	Item 17
u. Renewal	Section 4	Item 17
v. Post termination obligations	Section 22	Item 17
w. Non-competition covenants	Section 15.3 and 15.4	Item 17
x. Dispute resolution	Section 23 and 25	Item 17
y. Personal Guarantee (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	Section 15, 20, Attachment "D", and Attachment "F".	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Clinic. Section 2 and 18

2. Approve the location, build-out and design of your Franchised Business. See Section below entitled "Site Development" for additional information. Section 3 and 7

3. Provide you with access to one (1) copy of the Manual, either in digital or printed form, which will help you establish and operate your Clinic. See Section below entitled "Manual" for additional information. Section 12.1 and 12.2

4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you are required to purchase although we may assist with the installation of certain equipment at our discretion. Section 12.2, 12.3, and 12.4

5. Review and discuss with you your grand opening marketing and promotions strategy. Section 6.2, 6.3 and 11

6. Provide an initial training program. See Section below entitled "Training Program" for additional information. Section 5

During the operation of your Business, we will:

1. Provide ongoing guidance and recommendations, as we determine appropriate or necessary, on ways to improve the marketing and operation of your Clinic. Section 6 and 11.4

2. Maintain a website that may include a list of all of the Franchised Businesses that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. Section 6.4 and 11.1

3. Administer (directly or through an affiliate or designee) the brand development fund. See Section below entitled "Brand Development Fund" for additional information. Section 6.3, 11.1, and 11.4

During the operation of your Business, we may, but need not:

1. Develop new products or services to be offered at Franchised Businesses. Section 6.6 and 12.3

2. Negotiate purchase agreements with suppliers, which agreements may allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost-plus shipping plus a markup. Section 6.5 and 12.4

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Franchised Businesses, including industry changes, new services and/or merchandise, marketing strategies and the like. Section 5.6

4. Create a franchise advisory council. See Section below entitled "Advisory Council" for additional information. Section 13

5. Provide periodic training programs. See Section below entitled "Training Program" for additional information. Section 5.3

6. Upon your request, provide additional training or assistance (either at our training clinic or at your Franchised Business). See Section below entitled "Training Program" for additional information. Section 5.4

<u>Training Program</u>

<u>Overview</u>

We will provide an initial training program for the Licensed Chiropractor (defined in Item 1) and up to one assistant (who may attend the administrative portion of the initial training program, as we designate). These individuals must successfully complete the initial training program to our satisfaction before you open your Business. You may send other owners to initial training, but it is not required. The initial training program includes up to three (3) weeks of training at our training clinic located in Tucson, Arizona at our corporate headquarters (or at any other location we designate). The initial training program also includes approximately one (1) to two (2) days of on-site training at your Franchised Business within the first ninety (90) days the Franchised Business is open.

<u>Training Topics</u>

The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
			Designated Training Facility which, as of the issuance date, may be any one of the facilities located in the following cities/states (as we designate) : Tucson, AZ, Oakland, CA, or St. Petersburg, FL
Day 1 New Patient Procedures	8	20	Online and In Person and Observation
Feeling States of Day 1/2	1	1	Online with workbook

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Day 2 Doctors Report Score & Process	4	6	Online and In Person and Observation
Pediatric Exams	2	0	Online
Pre-Launch Ideal Client and Market Selection	7	2	Workbook and Online
Office / Patient Flow	2	20	Online and In Person and Observation
Table Talk / Patient Communication Optimization	1	6	Online and In Person
Healing Essentials Workshop	1	1	Online
Progress Exam and Integrative Exams	1	4	Online with In Person Review
Screening & Event Marketing	2	0	Online
3 Month Pre-Launch and 1st Quarter Marketing Strategy	6	3	Online and In Person Strategy Session
Business Essentials Start Up Program	1	3	Online and In Person Review
Team Meetings and Yearly Goal Setting	1	6	Online
Hiring and Staff Essentials	1	0	Online
Chiropractic Assistant Basics For Owner Dr	1	8	Online (Training is supplemental to CA)
Online Marketing Plan	1	0	Online
Total	40	80	

Training Materials

The training materials may consist of the Manual, lectures, presentations, online videos, vendor slide training, and/or other materials. You will not be charged an additional fee for any of the training materials.

Instructors

As of the issuance date of this Disclosure Document, the individuals listed in Item 2 are the instructors for the initial training program. Please refer to Item 2 for a description of their experience.

Ongoing Training

Unless we designate otherwise, ongoing training will be required for franchisees. As of the issuance date of this disclosure document, we anticipate requiring the following ongoing training requirements: (a) Two (2) times a year, all franchisees will be required to attend an in-person workshop at a location selected by the Franchisor. These workshops will typically be Friday-Saturday and be focused on training and coaching, and (b) Two (2) times a year, all franchisees will be required to attend an all-day, virtual training summit provided by the Franchisor that is expected to last six (6) and eight (8) hours.

If you appoint a new Managing Owner (defined in Item 15), who themselves must be a licensed chiropractor, for your Franchised Business, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Clinic.

If we conduct an inspection of your Franchised Business and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Licensed Chiropractor and/or their managers attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate training clinic or at your Franchised Business). We are not required to provide this additional training.

Training Fees and Costs

There is no fee payable to us for you or your Franchised Business manager to attend the Initial Training Program. You must pay us a training fee of up to $1,500 per person per day for: (i) each additional person that attends our initial training program after you open your The Franchised Business (such as new managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide or additional training that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

Manual

We will provide you with access to our Manual in text or electronic form, as we designate, for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we deem necessary for System franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Franchised Business; (v) policies and procedures pertaining to any gift card program or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon thirty (30) days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of approximately 100 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as Exhibit D.

Site Development

You must locate and obtain our approval of the premises from which you will operate your Business within five months after your sign the Franchise Agreement. We generally do not own the premises and lease it to franchisees. The premises must be located within the Site Selection Area (as defined in the Franchise Agreement) and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and videos that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within thirty (30) days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement.

You must obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Lease Addendum (attached as Exhibit C to our current form of Franchise Agreement). If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Franchised Business.

You must remodel and make all improvements and alterations to your Franchised Business that we reasonably require from time to time to reflect our then-current image and appearance. We reserve the right to conduct a "brand refresh" throughout the system. We will not require significant remodeling more than once during any 5-year period except as a condition to renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval.

Computer System

You are required to purchase a computer system that consists of the following items: 3 computers, 2 iPads. Your computer system may also be used for general business purposes such as preparing financial reports. We will have independent unlimited access to the data collected on your computer system, subject to your and our compliance with HIPAA (the Health Insurance Portability and Accountability Act of 1996) and other applicable laws relating to confidentiality of patient records. There are no contractual limitations on our right to access your computer system for information and data.

We estimate the cost of your computer system will range from $1,500 to $5,000. You must license business software from our affiliate. The yearly license fees for this licensed software ranges from $3,000 to $5,000 and will be included as part of your technology fee. We may require you to pay license and software fees directly to the licensor of the software, or to us, as we designate. In exchange for this fee, the licensor will provide all required maintenance and support for the POS software.

Except as described above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer and POS hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you. If we sublicense the software from a third party, we will collect from you all amounts that we must pay the licensor based upon your use. If we license you the software that we develop or own, we may charge initial and ongoing licensing and support fees in the amount we determine.

Brand Development Fund

We intend to establish, and we, or our affiliate or designee, will continue to administer, a brand development fund to promote public awareness of our brand and to improve our System (the "Fund"). We may use the Fund however we determine appropriate in our sole discretion, including, without limitation, to pay for any or all of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the Fund; (xii) preparing and distributing financial accountings of the Fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs, and the cost for accounting for the Fund.

You must contribute to the fund the amount we specify on a monthly basis. We will deposit into the Fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees. Some franchisees may contribute to the fund on a different basis depending on when they signed their Franchise Agreement. Any company-owned Source Chiropractic business may, but need not, contribute to the fund on the same basis as our franchisees. We are not required, under the Franchise Agreement or elsewhere, to spend any amount of the Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures.

We expect that all monies deposited into the Fund that are not used in the fiscal year in which they accrue will be utilized in a subsequent fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit.

During our fiscal year ended December 31, 2022, we did not collect or expend any amount of the Brand Development Fund.

We will direct and have complete control and discretion over all advertising programs paid for by the Fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund. The Fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually. We will provide you with a copy of the annual unaudited accounting within a reasonable period of time following its issuance, provided that you submit a written request for the annual statement no later than March 30 (for the annual statement for the immediately preceding calendar year). There is no requirement that the Fund be audited.

Local Advertising

You must spend between $1,000 to $5,000 on an opening advertising program and the purchase of startup marketing materials commencing thirty (30) days prior to opening and continuing sixty (60) days after your opening. The exact amount and components of your opening advertising program will be detailed in the Initial Marketing Plan which we prepare and provide to you prior to opening. This opening advertising program may include, without limitation, social media purchases, Google AdWords, direct mail, a grand opening party, and/or other digital and traditional promotional expenses we deem appropriate in our sole discretion.

In addition to your opening marketing expenditure requirement, we suggest spending $750 each month on Local Marketing (your "Local Marketing Expenditure").

You have the option, but not the obligation, to spend additional funds on local marketing to promote your Franchised Business in excess of your Local Marketing Expenditure, however you must participate at your own expense in all advertising, promotional and marketing programs that we require.

From time to time we may, but are not contractually required to, establish relationships with vendors to reimburse you for portions of your local marketing that promotes the vendor's products.

We may provide you with a required marketing plan for your Clinic, or we may require you to prepare the plan and submit it to us for approval ("Marketing Plan"). The Marketing Plan must include details of your Local Advertising Expenditure as well as the details of your opening advertising program ("Initial Marketing Plan").

You may not prepare your own advertising materials. All advertising material must be purchased from us or a supplier that we designate or approve. We may create and make available to you advertising and marketing materials for your purchase. We may use the brand development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

Our affiliate and any third parties engaged thereby will coordinate and implement the marketing of your Clinic through social media channels. You may not establish or maintain a separate social media presence for your Franchised Business. We may, but are not required, to create a social media profile on your behalf. We reserve the right to require you to provide events, tailored posts and other information relevant to your local market that we will post on any websites or social media accounts. At all times, you must comply with any social media policy that we develop. If we revise our policy to allow you to establish a separate social media channel, you may not do so without our prior written approval which may be withheld or withdrawn at any point, and you must provide us with administrative rights and access to any such account.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Clinic that we deem appropriate. At this time, we do not allow our franchisees to maintain their own websites. Therefore, you may not maintain your own website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

Advertising Cooperatives

We may, but need not, form one or more advertising cooperatives for the benefit of all Source Chiropractic clinics located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay the cooperative advertising fee that we specify from time to time (not to exceed amount equal to your local advertising and Brand Fund Development Fund Fee). Any amount of advertising cooperative fees you pay will be credited towards you required Brand Development Fund Fee. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. Generally, the boundaries of an advertising cooperative will coincide with municipal boundaries or designated marketing areas.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Advisory Council

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Source Chiropractic clinic operated by us or our affiliates would also be a member of the Advisory

Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion. As of the issuance date of this Disclosure Documents, there are no Advisory Councils in effect.

Opening Requirements

You may not open your Franchised Business before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) you have complied with all medical regulatory requirements, including any professional licensing and credentialing mandates; (v) your website is live and your marketing program has begun; (vi) we provide our written approval of the construction, build-out and layout of your Franchised Business; (vii) you have submitted to us your ACH withdrawal form; and (viii) you have fulfilled all of your other pre-opening obligations.

We anticipate that a typical franchisee will open the Franchised Business within ninety (90) to one hundred and twenty (120) days after signing the Franchise Agreement. However, the maximum time to open the Franchised Business is five (5) months. Some of the factors that may affect this time are your ability to acquire a location through lease or purchase negotiations, your ability to secure any necessary financing, certifications, and licenses, the timing of the delivery of inventory, the time to complete training, and the time to hire and train your staff. Unless we agree to the contrary, your Business must be opened to the public within five (5) months after you sign the Franchise Agreement. Your failure to open within five (5) month period constitutes an event of default under your Franchise Agreement.

ITEM 12 TERRITORY

Location of Your Clinic

Each Franchise Agreement grants you the right to operate a single Source Chiropractic clinic at a single location that must be approved by us in advance. You will be required to identify a location for your Source Chiropractic clinic within the Site Selection Area described in Section 3 and 7.1 of your Franchise Agreement. You may relocate your Franchised Business with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you will not be permitted to locate your new Franchised Business site within the Protected Territory of any other System franchisee and you must: (i) locate your new Franchised Business within the Site Selection Area described in Section 7.1 to your Franchise Agreement; (ii) at our option, pay us a relocation fee that is equal to twenty-five (25%) of the then-current initial franchise fee; (iii) comply with all of our then-current site selection and development requirements; and (iv) open your new Source Chiropractic Franchise location and resume operations within thirty (30) days after closing your prior The Source Chiropractic Franchise location.

Franchise Agreement: Protected Territory

Once you have identified a site that we have approved, we will designate your "Protected Territory" and will send you an updated data sheet to your Franchise Agreement reflecting the Protected Territory. We do not find a site for you, but you may contract with one of our recommended project development services suppliers who can assist you in selecting a site.

Your Protected Territory will be the smaller of either (i) a population of 50,000 surrounding Franchised Business location or (ii) a two (2) mile radius around a Franchised Business location. These metrics are only estimates, and the size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Premises.

The boundaries of your Protected Territory may be described in terms of radii, zip codes, streets, landmarks (both natural and man-made) or county lines, drive time maps or otherwise delineated on a map attached to your Franchise Agreement. The sources we use to determine the population within your Protected Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Territorial Rights

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.

Although we do not grant exclusive territories, we do grant you certain territorial protections. Specifically, we will not operate or authorize a third party to operate a brick-and-mortar Franchised Business using our Marks that is physically located within your Protected Territory during the term of your Franchise Agreement except as otherwise permitted below. The licensed rights granted to you under the Franchise Agreement do not include the right to offer, sell or provide products or services virtually, including through the Internet, any social media platform, or any other method whether now in existence or developed in the future. We reserve the right to develop and offer a platform for the offer and provision of products and/or services virtually. If we do, we are not obligated to allow you to participate or share in such activities or any revenues associated therewith. We may permit you and/or other System franchisees to offer and sell products and/or services virtually according to the policies, procedures, conditions and specifications we determine in our sole discretion. If we chose to offer you the ability to participate, you must sign our designated form of addendum or agreement, as we specify, which may contain additional investment, payment, expenditure and other obligations and will contain a general release of claims. As stated above, we may permit other Franchised Business to solicit customers online or via other digital/electronic media notwithstanding the physical address of those customers, however other the Franchised Businesses may not physically advertise within your Protected Territory. Likewise, we may permit you to advertise online or via other digital/electronic media notwithstanding the physical address of customers, however you may not physically advertise outside of your Protected Territory.

Limitations on Your Rights

We, our parent and affiliates, reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Franchised Businesses and Franchised Businesses using the Marks and System at any location outside of your Protected Territory(ies); (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Protected Territory(ies); (iii) sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution; (iv) to develop and offer a platform for the offer and provision of products and/or services virtually, even if the customers are located in your Protected Territory; (v) establish and operate, and license any third party the right to establish and operate businesses offering the same services to "National/Regional Accounts" and at Non-Traditional Sites; and (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers from a Franchised Business location. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet, through virtual platforms, social media platforms, mobile applications, or through any other alternative means; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale. We may sell or license an affiliate and/or a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution. We reserve the right to and own and operate Franchised Business in "Non-Traditional Sites" including, but not limited to, military bases, college campuses, hospitals, airports, stadiums and casinos, both within or outside your Protected Territory(ies) and, if applicable. We also reserve the right to negotiate and enter into regional and/or national accounts with companies that wish to conduct business across multiple franchised or company-owned territories and to operate or license others to operate a business under the Marks offering the same services you will offer in connection with servicing such accounts. We may communicate the identification of national and/or regional accounts to you in the Manual or other written or electronic communications.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Franchised Business operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory, and if this occurs, you will not be entitled to any compensation for sales made by the business.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution. All of your marketing activities must be primarily directed towards customers within your territory although your marketing may extend outside of your territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory.

Minimum Performance Requirements

Your territorial protections do not depend on achieving a certain sales volume, market penetration, or other contingency.

Additional Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Franchised Business. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark "The Source Chiropractic" and certain other Marks in connection with the operation of your Franchised Business only at your premises and within your Protected Territory, provided you use these Marks as outlined in your Franchise Agreement and our Manuals. We have filed an application to register the below Mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	SERIAL NUMBER/REGISTRATION NUMBER	APPLICATION DATE/REGISTRATION DATE
THE SOURCE CHIROPRACTIC	6,444,584	July 27, 2020
THE SOURCE CHIROPRACTIC	6,444,584	August 10, 2021

We grant you the right to operate a franchise under the name “The Source Chiropractic” and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Franchised Business or the products or services sold at your Clinic. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense, and any reference to “The Source Chiropractic” in this Disclosure Document shall be understood to refer to the new trademark.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Marks with words, designs or symbols, except those that we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term “The Source Chiropractic” or any similar phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within 3 days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Marks. Our indemnification obligation will only apply if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. There are no agreements that materially affect our right to use or license the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Source Chiropractic business, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Clinic will be owned by us.

We have developed and we own certain confidential information and trade secrets, including methods of business management, training and recruiting techniques, know-how, knowledge of and experience in operating similar businesses. You will be privy to certain confidential information, including during training, in the Manual and generally in connection with the operation of the franchised business. You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. We have the right to regulate the form of agreements you use and to require provisions identifying us as third-party beneficiaries of those agreements with independent enforcement rights. You must keep copies of all confidentiality agreements and provide them to us as required under the Franchise Agreement and upon our request. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Business (the "Managing Owner"). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full-time efforts to your Clinic. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

You may hire a manager to assume responsibility for the daily on-site management and supervision of your Clinic, but only if: (i) the manager successfully completes the initial training program (and you pay us the associated training fee); (ii) the manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement; and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. We may, but typically do not, require that the manager own an equity interest in the franchise.

All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement, a sample form of which is attached to the Franchise Agreement. If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a personal guarantee, the form of which is attached to the Franchise Agreement.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any employees or other specialized/licensed personnel that must be independently licensed to perform certain of the chiropractic services at your Franchised Business. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are only permitted to offer the services items expressly permitted under the Franchise Agreement in connection with your operation of the Franchised Business and you must do so in accordance with all applicable laws, rules and regulations. You are not permitted to offer or sell at, from or in connection with the operation of the Franchised Business any services or products we have not approved in writing. It is your responsibility to ensure that the Licensed Chiropractor complies with the terms of the Management Agreement. Only Licensed Chiropractors are permitted to provide medical care and/or chiropractic services. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Clinic (subject to applicable restrictions imposed under applicable laws) at any time in our sole discretion, and you must comply with any such change. We may supplement, revise and/or modify our approved products and services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes may be outlined in our Manual or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4	Term is equal to five (5) years.
b. Renewal or extension of the term	Section 4	If you meet our conditions for renewal, you may be permitted to enter into two (2) consecutive successor franchise agreements. Each renewal term will be five (5) years.
c. Requirements for you to renew or extend	Section 4	You must: not be in default; not have received three or more default notices in prior 24-month period; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Personal Guarantee, Brand Protection Agreement, etc.); sign a general release; remodel or upgrade your premises to comply with our then-current standards and specifications; and maintain possession of your facility under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	Not applicable	Not applicable
e. Termination by us without cause	Section 21.1 and 21.2	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	Section 21.1 and 21.2	We can terminate if you default.
g. "Cause" defined - curable defaults	Section 21.1 and 21.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults").
h. "Cause" defined - non-curable defaults	Section 21.1 and 21.2	The following defaults cannot be cured: failure to successfully complete training; failure to secure lease or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Personal Guarantee by owner or spouse; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default.

i. Your obligations on termination/non-renewal	Section 22	Obligations include: complete deidentification; cease use of intellectual property; return of Manual and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information (subject to restrictions imposed under applicable law), contracts and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
j. Assignment of contract by us	Section 20.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 20.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	Section 20.2 , 20.3, and 20.5	If certain conditions are met, you may transfer to a newly-formed entity owned by you without our approval and your owners may transfer ownership interests amongst themselves (unless the transfer results in the Managing Owner no longer holding any ownership interest in the franchise). We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 12.6, 20.2 , 20.3, 20.5, and 22.1	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the Franchised Business to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release. We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	Section 20.5	We have the right to match any bona fide, arms-length offer for your Business.
o. Our option to purchase your business	Section 20.5 and 22	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
p. Your death or disability	Section 20.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
q. Non-competition covenants during the term of the franchise	Section 15.3	Neither you, your principals, guarantors, owners or managers, nor any immediate family member of you, your principals, guarantors, owners or managers, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); or (ii) divert, or attempt to divert, any prospective customer to a Competing Business.

r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, managers, nor any immediate family member of you, your principals, guarantors, owners, or managers, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or franchising, or establishing of joint ventures for the operation, of any Competing Business. For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with and Competing Business: (i) at the Premises or within your Protected Territory; (ii) within a 15 mile radius of (a) the Protected Territory, or (b) any other The Source Chiropractic business that is open, under lease or otherwise under development as of the date the Franchise Agreement expires or is terminated. During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; or (ii) contacting any of our suppliers/vendors for a competitive business purpose.
s. Modification of the agreement	Section 25.9	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 25.9	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.

u. Dispute resolution by arbitration or mediation	Section 23	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. If not resolved internally, all such disputes must be submitted to non-binding mediation to be conducted in Pima, Arizona (or, if we move our principal business address, within the city in which our principal business is located), with the parties splitting the mediator's fees. If not resolved through internal dispute resolution, or through mediation, except for certain claims (as explained more fully in the franchise agreement), we and you must arbitrate all disputes in Pima, Arizona (or, if we move our principal business address, within the city in which our principal business is located) (subject to state law) before a single arbitrator with the American Arbitration Association.
v. Choice of forum	Section 25.2	Subject to the mediation and arbitration provisions in the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be brought in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the District of Arizona (subject to state law) (or, if we move our principal business address, the District Court in which our principal business is located).
w. Choice of law	Section 25.1	The Franchise Agreement is governed by the laws of the state of Arizona (or, if we move our principal business address, the state in which our principal business is located), without reference to this state's conflict of laws principles (subject to state law).

ITEM 18 PUBLIC FIGURES

We do not 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 the Disclosure Document 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.

HISTORIC FINANCIAL PERFORMANCE REPRESENTATION

The financial performance information provided in this Item 19 must be read in conjunction with the notes set forth immediately following the table below, the disclosures set forth in this FDD, and the terms and conditions of the Franchise Agreement. Investing in a franchise comes with great responsibility. You are strongly encouraged to do your independent due diligence and to work with an accountant, attorney and/or professional advisor to assist and advise you in connection with your potential investment in a Franchised Business. Written substantiation for this financial performance representation will be made available to you upon reasonable request.

As of December 31, 2022, there were four (4) Clinics in operation, all of which are owned and operated by our affiliate (the "Affiliate Clinics"). This Item 19 includes certain performance information for all of the Affiliate Clinics as provided to us by the Affiliate Clinics through sales records and reports. We have not audited this information, nor independently verified this information.

Table #1: The Source Chiropractic St. Petersburg

Opening Month / Year	Number of Chiropractic Tables	Average # of Chiropractors	2022 Annual Gross Revenue	Average New Patients Per Month
November 2021	3	2	$562,149.44	53[1]

1. The lowest number of new patients per month for the 2022 Average New Patients Per Month calculation was 24, the highest number of new patients per month in this data set was 50, and the median was 37.

Table #2: The Source Chiropractic Denver

Opening Month / Year	Number of Chiropractic Tables	Average # of Chiropractors	2022 Annual Gross Revenue	Average New Patients Per Month
September 2019	5	3	$693,838.63	45[1]

1. The lowest number of new patients per month for the 2022 Average New Patients Per Month calculation was 27, the highest number of new patients per month in this data set was 58, and the median was 45.

Table #3: The Source Chiropractic Tucson

Opening Month / Year	Number of Chiropractic Tables	Average # of Chiropractors	2022 Annual Gross Revenue	Average New Patients Per Month
August 2021	6	4	$733,449	43.4[1]

1. The lowest number of new patients per month for the 2022 Average New Patients Per Month calculation was 27, the highest number of new patients per month in this data set was 70, and the median was 45.

Table #4: The Source Chiropractic Oakland

Calendar Year	Annual Gross Revenues
2015	$293,502.26
2016	$471,470.75
2017	$639,663.29
2018	$1,017,100.14
2019	$1,068,634.84
2020	$970,865.96
2021	$1,185,778.52
2022	$1,186,576.12

Opening Month / Year	Average New Patients Per Month (2020)	Average New Patients Per Month (2021)	Average New Patients Per Month (2022)
August 2014	54.75[1]	61.66[2]	55.25[3]

1. The lowest number of new patients per month for the 2020 Average New Patients Per Month calculation was 17, the highest number of new patients per month in this data set was 90, and the median was 62.
2. The lowest number of new patients per month for the 2021 Average New Patients Per Month calculation was 44, the highest number of new patients per month in this data set was 83, and the median was 58.5.
3. The lowest number of new patients per month for the 2022 Average New Patients Per Month calculation was 23, the highest number of new patients per month in this data set was 84, and the median was 58.

General Notes:

1. "Gross Revenue" means the total selling price of all services and products sold at, from or through the Affiliate Clinics, whether for cash or credit and regardless of collection in the case of credit.

2. The financial performance representation disclosed in this Item 19 does not contain any information about any operating costs or expenses that must be deducted from the Gross Revenue figures to obtain a net income or profit. Operating costs and expenses may vary substantially. You should conduct an

independent investigation of the costs and expenses you will incur in operating your franchised business before you sign a franchise agreement. We strongly encourage you to consult with an attorney and business advisor before purchasing a franchise.

3. Clinic performance will be directly affected by many factors, which may include, without limitation: (a) geographic location; (b) competition from other similar businesses in the vicinity of the Clinic; (c) advertising effectiveness; (d) whether you will hire a general manager to operate the Clinic; (e) employee salaries and benefits; (f) insurance costs; (g) member loyalty; and (h) force majeure events.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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. Jordan Fairley; drjordanfairley@gmail.com, 3825 MacArthur Blvd. Oakland, CA 94619 and 510-328-1381, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	2	2	0
	2021	2	4	+2
	2022	4	5	+1
Total Outlets	2020	2	2	0
	2021	2	4	+2
	2022	4	5	+1

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED* OUTLETS FOR YEARS 2020 TO 2022							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1

California	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
Colorado	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	2	0	0	0	0	2
	2021	2	2	0	0	0	4
	2022	4	1	0	0	0	5

*The Company Owned Outlets are each owned and operated by one or more of the individuals listed in Item 2 of this Franchise Disclosure Document, all of whom own an interest in the franchisor entity.

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	0	1	0
Texas	0	1	0
Total	0	2	0

<u>Notes to Tables</u>:

A list of current franchisees as of December 31, 2022, is attached to this FDD as <u>Exhibit E</u>. A list of the franchisees that had their franchise terminated, not renewed, or cancelled, as well as franchisees that left the system or otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in 2022 or who have not communicated with us within the 10 weeks prior to the date of this FDD is included in Exhibit E. If you buy this franchise, your contact information may be disclosed when you leave the franchise system. As of the date of this FDD, we do not have any trademark-specific franchisee organization or association.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit F are the following financial statements:

1. Our audited balance sheet and profit and loss statement as of February 22, 2022;

2. Audited financial statements for our fiscal year ended December 31, 2022.

3. Unaudited interim financial statements from within ninety (90) days of the issuance date of this disclosure document.

Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibit C	Franchise Agreement
Exhibit G	Franchisee Disclosure Questionnaire
Exhibit H	Sample General Release
Exhibit I	State Specific Addenda

ITEM 23 RECEIPT

Exhibit K to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT A TO THE SOURCE CHIROPRACITC FRANCHISE, PC
FRANCHISE DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

California Department of Financial Protection and Innovation
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

San Diego Office
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
One Sansome St., Suite 600
San Francisco, CA 94104
(415) 972-8565

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Kentucky Office of the Attorney General Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1600

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota, Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-2017
(605) 773-3563

EXHIBIT B TO THE SOURCE CHIROPRACITC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

FRANCHISORS AGENT FOR SERVICE OF PROCESS

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

Commissioner of the Department
of Financial Protection and
Innovation
One Sansome St., #600
San Francisco, California 94104

Commissioner of the Department
of Financial Protection and
Innovation
2101 Arena Boulevard
Sacramento, CA 95834

Commissioner of Securities of
the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street,
Room E-111
Indianapolis, IN 46204

Maryland Securities

Minnesota Department of
Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

New York Department of
State
One Commerce Plaza
99 Washington Avenue, 6th
Floor
Albany, NY 12231
(518) 473 2492

North Dakota Securities
Commissioner
State Capitol – 5th Floor
600 E. Boulevard Avenue
Bismarck, ND 58505

Director, Department of
Business Regulation
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-3185

Clerk of the State
Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

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

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546 Mercantile Way
Lansing, MI 48909

Washington Department of Financial Institutions
Securities Division
150 Israel Road, Southwest
Tumwater, WA 98501

Wisconsin Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT C TO THE SOURCE CHIROPRACITC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

THE SOURCE CHIROPRACTIC FRANCHISE, PC

FRANCHISE AGREEMENT

FRANCHISEE: ______________________________
DATE OF AGREEMENT: ______________________________
LOCATION ADDRESS: ______________________________

TABLE OF CONTENTS

ATTACHMENTS

THE SOURCE CHIROPRACTIC FRANCHISE AGREEMENT

This The Source Chiropractic Franchise Agreement (this "Agreement") is entered into as of ____________, 20__ (the "Effective Date") between The Source Chiropractic Franchise, PC a Professional Company with a principal business address at 3001 E Skyline Drive, Suite 115, Tucson, Arizona 85718 ("we" or "us") and ___________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. Subject to the terms and conditions of this Agreement, we hereby grant you a license to develop and operate the Franchised Clinic of the type identified on the Data Sheet at the Premises under the System and the Marks for the Initial Term, unless sooner terminated as provided under this Agreement. You hereby agree to operate the Franchised Clinic in accordance with the terms of this Agreement for the duration of the Term. We and our affiliates reserve all rights not expressly granted to you. You acknowledge and agree that only an Authorized Care Provider may directly offer and provide medical services. Accordingly, you must be an Authorized Care Provider properly licensed to be eligible for the development and operation of The Source Chiropractic.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory consisting of the geographic area identified in ATTACHMENT "B" (your "Protected Territory"). By protected, we mean that we will not operate, or grant a franchise or license to a third party to operate, a The Source Chiropractic franchised clinic that is physically located within your Protected Territory during the Term, except as otherwise provided in this Section with respect to Alternative Channels of Distribution, Virtual Operations, and Acquisitions. We, our parent and affiliates reserve the exclusive right to conduct the following activities under this Agreement: (i) establish and operate, and license any third party the right to establish and operate, other The Source Chiropractic Franchised Clinics using the Marks and System at any location outside of your Protected Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Clinic under a different trademark or trademarks at any location, within or outside the Protected Territory; (iii) sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through alternative channels of distribution; (iv) to develop and offer a platform for the offer and provision of products and/or services virtually, even if the customers are located in your Protected Territory; (v) establish and operate and to license any third party the right to establish and operate a clinic offering the same or substantially similar products and services through virtual formats, including through the Internet, social media applications and through other existing and future developed virtual platforms, and (vi) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in this Agreement. We reserve the right to and own and operate The Source Chiropractic Clinics in "Non-Traditional Sites" including, but not limited to, malls, military bases, college campuses, hospitals, airports, stadia and casinos, both within or outside your Protected Territory.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire five (5) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Clinic, you may enter into another successor franchise agreement ("Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting The Source Chiropractic franchises as of the expiration of the Term. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. The renewal term will be two (2) subsequent five (5) years terms, for a maximum total of ten (10) years. You will have no further right to operate your Clinic following the expiration of the renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than one hundred and eighty (180) days nor more than two hundred and seventy (270) days before the expiration of the Term; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) not have received two (2) or more notices of default from us within the 24-month period preceding the expiration of the Term; (iv) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (v) sign a General Release; (vi) remodel your The Source Chiropractic to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (vii) take any additional action that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with thirty (30) days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Clinic following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program

(a) The Managing Owner and up to one of your chiropractic assistants must attend and successfully complete our initial training program before you open your Clinic.

5.2. Initial Training For New Owners/Managers. If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program before assuming any management responsibilities relating to the Clinic.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for your Owners and managers. Attendance at these training programs may be designated by us as optional or mandatory.

5.4. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. Remedial Training. If we conduct an inspection of your Clinic and determine that you are not operating your Clinic in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies.

5.6. Conferences. We may hold periodic national or regional conferences or conventions to discuss various business issues and operational and general business concerns affecting the Clinic franchisees. Attendance at these conferences is mandatory.

5.7. Training Fees and Expenses. We will provide our initial training program for your Managing Owner and up to one chiropractic assistant. There is no fee payable to us for you or your Clinic Franchise manager to attend the Initial Training Program. If you request additional training above our normal training offerings or if we require additional training in the event your location is operating below required standards, we will charge you an Additional Training Assistance Fee. The fee is currently $1,500 per person per day. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees and expense reimbursements are due ten (10) days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will provide you with access to our confidential Operations Manual (the "Manual"), either in digital or printed form. The Manual will help you establish and operate your Clinic. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. General Guidance. Based upon our periodic inspections of your Clinic or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Clinic.

6.3. Marketing Assistance. As further described in Section 11.1 and Section 11.4, we will administer the brand development fund and provide you with other marketing assistance during the Term.

6.4. Website. We will maintain a website for the Clinic franchisees that will include the information about your Clinic that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. As part of the Local Marketing Fee, we will also create for you a local webpage that will be linked to our main website. Your webpage will include certain localized information about your Clinic that we designate or approve. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.5. Purchase Agreements. We may, but are not required to, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a markup. There is no cap on the markup we may impose.

6.6. New Products and Services. We may, but need not, develop and create new or modified products or services for sale at your Clinic. If we develop any products or retail items, you agree to maintain a reasonable inventory of these items at your Clinic at all times.

7. ESTABLISHING YOUR CLINIC

7.1. Site Selection. You agree to locate and obtain our approval of the premises from which you will operate your Clinic within one hundred and eighty (180) days after the Effective Date. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within thirty (30) days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a clinic. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. **Lease**. If you will lease the premises for your Clinic, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Clinic. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. We may require that you obtain our approval of the real estate professional that you hire to assist you in finding a site and negotiating your lease.

7.3. **Construction.** You must comply with all of our standards and specifications related to the build-out, remodeling, and/or construction of your Franchised Clinic at the Premises. We will provide you with prototype plans for a clinic. We reserve the right to require you to obtain our approval of the architects, contractors and other suppliers you use to design and construct your Clinic. You are solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at any approved leased location, and we may require you to use an approved architect for your construction drawings. It is your obligation to ensure that all legal requirements pertaining to your build-out, remodeling, and/or construction are met. Accordingly, you must hire an architect in order to modify the prototype plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises in accordance with the approved plans and the specifications contained in the Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. You must purchase all equipment and supplies that we require. You must also display a selection of local artwork in your Clinic as a part of the standard clinic décor. Before you open, you must submit to us for our review and approval, the proposed layout of your Clinic. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise.

7.4. **Opening**. You must open your Clinic to the public within five (5) months after the Effective Date. If you fail to open the Clinic within this five (5) month period, we may, at our option, impose a fee of One Thousand Five Hundred Dollars ($1,500) per month, for each month thereafter that the Clinic is not open. This remedy is in addition to any other right or remedy we have under this Agreement. You may not open your Clinic before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits, and other governmental approvals; (iv) you have complied with all medical regulatory requirements, including any professional licensing and credentialing mandates; (v) your website is live and your marketing program has begun; (vi) we provide our written approval of the construction, build-out and layout of your Clinic; (vii) you have submitted to us your ACH withdrawal form; and (viii) you have fulfilled all your other pre-opening obligations. We may conduct a pre-opening inspection of your Clinic and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR CLINIC, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.5. **Relocation.** You may relocate your Clinic with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area; (ii) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new Clinic (excluding the 12-month opening period); (iii) pay us equal to twenty-five percent (25%) of the then-current initial franchise fee at the time we approve your requested relocation; and (iv) open your new Clinic location and resume operations within thirty (30) days after closing your prior Clinic location.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You acknowledge that a major requirement for the success of your Clinic is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Clinic on a full-time basis and provide on-site management and supervision unless you delegate management functions to a manager. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. Managers. You may hire a manager to assume responsibility for the daily on-site management and supervision of your Clinic, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Clinic if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. We may, but typically do not, require that the manager own an equity interest in the franchise.

8.3. Employees. You must determine appropriate staffing levels for your Clinic to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Clinic. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. Designated Manager. We have the right, but not the obligation, to designate an individual of our choosing (a "Designated Manager") to manage your Clinic if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within thirty (30) days; or (ii) you are in material breach. The Designated Manager will cease to manage your Clinic at such time that you hire an adequate replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint a Designated Manager, you agree to compensate the Designated Manager at a rate that we establish in our commercially reasonable discretion. The Designated Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of a Designated Manager unless we are grossly negligent in appointing the Designated Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. PERSONAL GUARANTEE. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Personal Guarantee, the current form of which is attached as ATTACHMENT "D".

11. ADVERTISING & MARKETING.

11.1. Brand Development Fund.

(a) Administration. We have established and maintain a brand development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs, and the cost for accounting for the Fund.

(b) Contributions. On each royalty fee payment due date, you must contribute to the fund the amount that we specify. Currently, you must pay $677 per month for year 1 of operation; $1,167 for Year 2 of operation; and $1,667 per month for Years 3-5 of operation. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees. If we increase the required contribution, we will provide you with at least thirty (30) days' prior written notice. We are not required, under the Franchise Agreement or elsewhere, to spend any amount of the Fund contributions in your Protected Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures.

11.2 Your Marketing Activities

(a) Local Marketing Expenditure. You must spend a minimum of $750 on monthly Local Marketing expenditures ("Local Marketing Expenditures"). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.3. The exact amount and components of your opening advertising program will be detailed in the Initial Marketing Plan which we prepare and provide to you prior to opening. This opening advertising program may include, without limitation, social media purchases, Google AdWords, direct mail, a grand opening party, and/or other digital and traditional promotional expenses we deem appropriate in our sole discretion. You have the option, but not the obligation, to spend additional funds on local marketing to promote your The Source Chiropractic Franchise in excess of your Local Marketing Expenditure.

(b) Opening. You must spend a between $3,000 to $5,000 on an opening marketing campaign spent over a time period that starts thirty (30) days prior to opening and ending sixty (60) days after the opening of your Clinic. The requirements of your opening marketing campaign, including the required expenditure and marketing platforms, will be detailed in your Initial Marketing Plan.

(c) Restrictions on Advertising Material. You may only use advertising and marketing materials that we have created or that you purchase from a supplier that we designate or approve. You are not permitted to create your own advertising material without first securing our prior written consent.

(d) Internet and Websites. You may not establish or maintain a separate social media presence for your Clinic. We may, but are not required, to create a social media profile on your behalf. We reserve the right to require you to provide us with information regarding events, tailored posts and other information relevant to your local market that we will post on any websites or social media accounts. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.3. **Advertising Cooperative.** We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the cooperative advertising fee set by the cooperative on the same day as each royalty payment due date. We may collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. Any amount of advertising cooperative fees you pay will be credited towards you required Brand Development Fund Fee. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

11.4. **Marketing Assistance From Us.** We will provide you with assistance in preparing an initial marketing plan for your Clinic ("Marketing Plan"). Prior to opening, you must provide to us your initial marketing plan that includes your Local Advertising Expenditure as well as the details of your opening advertising program ("Initial Marketing Plan"). We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase.

12. OPERATING STANDARDS.

12.1. **Generally.** You agree to operate your Clinic: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. **Operating Manual**. You agree to establish and operate your Clinic in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Clinic; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we deem necessary for The Source Chiropractic franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Clinic; (v) policies and procedures pertaining to any gift card program or membership program, if established; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Clinic and a list of any designated or approved suppliers for these goods or services. The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding thirty (30) days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. **Authorized Goods and Services.** You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Clinic without our prior written permission. You may not use your Clinic or permit your Clinic to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of The Source Chiropractic clinics, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within sixty (60) days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 60-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within ten (10) days after invoicing.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your The Source Chiropractic Clinic that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require significant remodeling more than once during any five (5) year period, except as a condition to renewing or transferring your franchise. There are no limitations on the cost of these remodeling obligations. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your Clinic in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the clinic at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the clinic as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.7. Gift Cards, Memberships and Loyalty Programs. Subject to restrictions imposed under applicable laws and regulations, we may require that you participate in a gift card, membership or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card, membership or loyalty program, we have the right to determine how the amount of the gift cards, membership fees or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time. You must offer and sell service packages to your The Source Chiropractic Clinic (each a "Membership") as we require. You must comply with our System standards regarding Memberships. All Memberships must be evidenced by a written agreement and may not be for a term that extends beyond the expiration of your Franchise Agreement (a "Membership Agreement"). Subject to applicable law, we reserve the right to require you to use a form of Membership Agreement we provide.

12.8. Hours of Operation. You must keep your Clinic open to the public during the minimum days and hours of operate set forth in the Manual.

12.9. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.10. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms who will inspect The Source Chiropractic clinics for quality control purposes. These inspections may address a variety of issues, including customer service, sanitation, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which you must pay your proportional share of the total fee based on the number of open clinics owned by you as compared to the total number of all open clinics at the time of the program (including company and affiliate-owned clinics). You agree to pay us this fee within ten (10) days after invoicing.

13. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a $40,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2. Royalty Fee. Every month, you agree to pay us a royalty fee equal to: $2,777 per month for the first year of operation; $4,777 per month in the second year of operation; and $6,777 per month for years 3-5 of operation.

14.3. Technology Fee. You must pay to us our then-current technology fees, as we designate, for any technology that we invoice you for directly (the "Technology Fee"). The Technology Fee is not refundable under any circumstances. Franchisor reserves the right to increase the rate and/or payment frequency of the Technology Fee at any time. We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by The Source Chiropractic franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology.

14.4. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.5. <u>Late Fee</u>. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us a late fee equal to $100 for each day of the delinquency period, plus interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.6 if, but only to the extent that sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 16.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. We may also charge an insufficient funds fee of $250 for each occurrence where a check or EFT payment is rejected due to insufficient funds, stop payment or any similar event. You acknowledge that this Section 14.5 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Clinic.

14.6. <u>Method of Payment</u>. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Clinic. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.5.

14.7. <u>Application of Payments</u>. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. BRAND PROTECTION COVENANTS.

15.1. <u>Reason for Covenants</u>. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2. <u>Our Know-how</u>. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Clinic pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. <u>Unfair Competition During Term</u>. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

15.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Clinic who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

15.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other The Source Chiropractic franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Clinic; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other The Source Chiropractic franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. Not later than sixty (60) days prior to opening of your Clinic, you must obtain in full force and effect during the term of this Agreement, at your expense, an insurance policy or policies with the minimum limits as contained below. You must purchase these policies from a carrier with an A.M. Best's rating of "A" or better and the policies must meet all of our requirements (including that we are listed as an additional insured). The required coverage currently includes: comprehensive general liability insurance ($1,000,000 per occurrence); property insurance for 100% replacement cost; business interruption insurance to recover lost income in the event the franchised business is unable to operate for a period of time; professional liability insurance for all medical providers for errors and omissions ($1,000,000 per occurrence and $3,000,000 aggregate) (may be combined with general liability policy); automobile liability coverage ($1,000,000 combined single limit); workers compensation coverage at statutory limits; employment practice liability insurance ($1,000,000 aggregate); cyber liability insurance ($1,000,000 aggregate); umbrella liability coverage ($1,000,000); and any other insurance required by your lease or any state or local municipality where The Franchised Business is located. The required coverage and policies are subject to change. The details of the policies above are set forth in the Manual.

16.2. Books and Records. You agree to prepare and maintain at your Clinic for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Clinic. You must maintain, and upon our request furnish to us by e-mail, mail or facsimile, a written list of all of your customers. You must send us copies of your books and records within seven (7) days of our request. We may require that you utilize our designated supplier to provide all bookkeeping and accounting services for your Clinic.

16.3. Reports. Upon our request, you must prepare and provide to us weekly statements of your Gross Revenues for the prior week's operations. We may waive this obligation if we are able to automatically generate reports from your POS system. You must also prepare and provide to us monthly statements of your expenditures on local advertising required by Section 11.2 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Clinic.

16.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Clinic (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant if you have previously submitted materially inaccurate financial statements. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Clinic (including all required professional licenses) and operate and manage your Clinic in full compliance with all applicable laws, ordinances, rules and regulations. You understand that federal and state laws may regulate you and your Clinic and you agree to comply with all such laws, including, without limitation, laws regulating the corporate practice of medicine, fraud and abuse concerning health care providers, privacy and security of patient records, and trade name and advertising restrictions. State law may require that you hire a medical director or otherwise enter into an arrangement with a licensed healthcare professional. We strongly recommend that you hire local counsel to review these laws to ensure the operation of your Clinic, and your performance of your obligations under this Agreement, comply with such laws. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Clinic or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Clinic, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include watching or participating in treatments and contacting your landlord, customers and employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Clinic, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 14.5. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least two percent (2%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten (10) days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Clinic during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within thirty (30) days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

18.3. Use of Marks. You agree to use the Marks as the sole identification of your Clinic; provided, however that you must identify yourself as the independent owner of your Clinic in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.4. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Clinic. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Clinic during the Term.

18.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by a The Source Chiropractic clinic (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a The Source Chiropractic franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a The Source Chiropractic clinic.

18.6. Notification of Infringements and Claims. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Clinic or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within ten (10) days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Agreement and the Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

20. TRANSFERS

20.1. <u>By Us</u>. This Agreement and the franchise are fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. <u>By You</u>. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a The Source Chiropractic clinic and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Clinic;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your Clinic to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a transfer fee equal to (a) fifty percent (50%) of the then-current initial franchise fee if the transfer is to an existing franchisee, (b) seventy-five percent (75%) of the then-current initial franchise fee if the transfer is to a transferee who is not currently in the system, or (c) $1,500 if you request us to approve a change in shares or ownership interest in you if you are a legal entity and the change in ownership does not result in a change in control (either directly or indirectly) to defray expenses that we incur in connection with the Transfer;

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) we do not elect to exercise our right of first refusal described in Section 20.5; and

(xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten (10) days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

20.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within one hundred and eighty (180) days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Clinic in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have thirty (30) days after receipt of the offer to decide whether we will purchase the interest in your Clinic or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional thirty (30) days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within one hundred and twenty (120) days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION

21.1. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this

Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7.2;

(iii) if you fail to open your Clinic within the time period required by Section 7.4;

(iv) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(v) if your Clinic, or a substantial portion of the assets associated with your Clinic, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for thirty (30) days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Clinic, and it is not discharged within five (5) days of the levy;

(vi) if you abandon or fail to operate your Clinic for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(vii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Clinic, even if you or the Owner still maintain appeal rights;

(viii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Clinic;

(ix) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(x) if you manage or operate your Clinic in a manner that presents a health or safety hazard to your customers, employees or the public;

(xi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiii) if you underreport any amount owed to us by at least two percent (2%), after having already committed a similar breach that had been cured in accordance with Section 21.2;

(xiv) if you make an unauthorized Transfer;

(xv) if you make an unauthorized use of the Intellectual Property;

(xvi) if you breach any of the brand protection covenants described in Section 15;

(xvii) if any Owner, or the spouse of any Owner, breaches a Personal Guarantee;

(xviii) if the lease for your premises is terminated due to your default; or

(xix) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

21.2. Additional Conditions of Termination. In addition to our termination rights in Section 21.1, we may, in our sole discretion, terminate this Agreement upon thirty (30) days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 21.2, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.3. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a The Source Chiropractic clinic, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) provide us with a list of all of your current, former and prospective customers;

(vii) assign all customer contracts and accounts to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Clinic;

(ix) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Clinic; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Clinic and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Clinic in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within thirty (30) days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within thirty (30) days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Clinic, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within sixty (60) days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least sixty (60) days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

23. DISPUTE RESOLUTION. At our option, all claims or disputes between Franchisee and The Source Chiropractic Franchise, PC (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and The Source Chiropractic Franchise, PC (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 sent forth in Section 21(B) above, will be submitted first to mediation to take place in Pima, Arizona (or, if Franchisor's corporate headquarters is no longer in Pima, Arizona the county where Franchisor's corporate headquarters is then-located). Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elect to exercise our option to submit such claim or dispute to mediation. Franchisee may not commence any action against The Source Chiropractic, PC, or its affiliates with respect to any such claim or dispute in any court unless we fail to exercise our 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 us. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party will bear its own cost of mediation and The Source Chiropractic, PC, and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 23 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE CLINIC CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE CLINIC CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE CLINIC CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS

25.1. **Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. **Venue**. Subject to Section 23 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Pima, Arizona (or, if Franchisor's corporate headquarters is no longer in [county, state], the county where Franchisor's corporate headquarters is then-located) or, if appropriate, the United States District Court for the District of Arizona (or the United States District Court with jurisdiction over the county of Franchisor's then-current corporate headquarters), unless settled by the parties after such action is initiated. You acknowledge that this Agreement has been entered into in the State of Arizona and that Franchisee is to receive valuable and continuing services emanating from our headquarters in Arizona, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Arizona as set forth in this Section.

25.3. **Relationship of the Parties.** You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Clinic. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.4. **Severability and Substitution**. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.5. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other The Source Chiropractic franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.6. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.7. Force Majeure. If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, terrorism, war, explosion, unavoidable calamity or other act of God (a "Force Majeure"), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship upon any party, all parties shall be excused from their respective obligations under this Agreement for the duration of the Force Majeure, but otherwise this Agreement shall continue in full force and effect. However, such delays or events do not excuse payments of amounts owed at any time, including, without limitation Franchisee's continuing fee payment obligations.

25.8. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 19, respectively.

25.9. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.4, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

25.10. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.11. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.12. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.13. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.14. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.16. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first-class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU:	As set forth below your signature on this Agreement
US:	The Source Chiropractic Franchise, PC 3001 E Skyline Drive, Suite 115 Tucson, Arizona 85718
WITH A COPY TO:	Lane Fisher Fisher Zucker, LLC 21 South 21st Street Philadelphia, Pennsylvania 19103

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, e-mail or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

THE SOURCE CHIROPRACTIC
FRANCHISE, PC

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are an entity): **YOU (If you are not an entity):**

____,
a(n)______________________________________

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

____
Name:______________________________________

____
Name: _____________________________________

____
Name: _____________________________________

____
Name: _____________________________________

Franchisee’s Principal Business Address:
____
____
____
____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 14.6.

"Acquisition" means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"Acquired Assets" is defined in Section 22.2.

"Agencies" is defined in Section 22.1(ix).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales made to customers from a The Source Chiropractic clinic, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale.

"Appraisal Date" is defined in Section 22.2.

"Appraised Value" is defined in Section 22.2.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

"Clinic" is defined in Section 2.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) or that provides genomics-based personalized medicine to the general public.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow The Source Chiropractic franchisees to use, sell or display in connection with the marketing and/or operation of a The Source Chiropractic clinic, whether now in existence or created in the future.

"Designated Manager" is defined in Section 8.4.

"Dispute" is defined in Section 23.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Revenues" means the total selling price of all services and products sold at or sold from or through your

Clinic, and all other income related to the operation of your Clinic, whether for cash or credit and regardless of collection of credit. Gross Revenues do not include: (i) amount of any tax imposed by any federal, state, municipal, or other governmental authority directly on sales and collected from customers, provided the amount of any such tax is shown separately and paid by Franchisee to the appropriate governmental authority; and (ii) all customer refunds, discounts and coupons authorized by us, and credits made by the Clinic (exclusions will include no reductions for credit card user fees, returned checks, or reserves for bad credit or doubtful accounts). Gross Revenues shall be deemed received by you when the services or products from which they were derived are delivered or rendered, or when the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) has been received by you. Gross Revenues from products or services bartered shall be valued at the retail prices applicable and in effect when they are received.

"Improvements" is defined in Section 18.5.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a The Source Chiropractic clinic, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Clinic.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a The Source Chiropractic clinic, including "The Source Chiropractic" and any other trademarks, service marks or trade names that we designate for use in a The Source Chiropractic clinic. The term "Marks" also includes any distinctive trade dress used to identify a The Source Chiropractic clinic, whether now in existence or hereafter created.

"Marketing Campaign" is defined in Section 11.1.

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that causes the Managing Owner to no longer hold any ownership interest in the franchise or franchisee Entity, as applicable; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement.

"Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 15.3.

"Protected Territory" is defined in Section 3.

"Qualified Appraiser" is defined in Section 22.2.

"Restricted Territory" means the geographic area within: (i) a 15 mile radius from your Clinic (and including your Clinic itself); and (ii) a 15 radius from all other The Source Chiropractic clinics that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 15 mile radius from your Clinic (and including your Clinic itself).

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct system for the operation of a Clinic, the distinctive characteristics of which include logo, trade secrets, distinct products and services, confidential manuals and operating system. The System also includes a template version of medical protocols that have been developed by our medical director that you (if a licensed healthcare professional) or your medical director must review, modify and adopt for your location.

"Term" is defined in Section 4.1.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Clinic (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

SITE SELECTION AND PROTECTED TERRITORY

A. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

[____]

* The Site Selection Area is not your territory and there are no protections associated with this area.

B. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your The Source Chiropractic clinic.

Approved address:

____
____

By signing below, you and we agree that the address identified in Part C above shall be deemed your approved site for your Clinic established and operated pursuant to the Franchise Agreement.

Franchisor	Franchisee
THE SOURCE CHIROPRACTIC FRANCHISE, PC	________________________________
By:_______________________________	By:_______________________________
Name: ___________________________	Name: ___________________________
Its:_______________________________	Its:_______________________________
Date: _____________________________	Date: _____________________________

C. Protected Territory.

The Protected Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached on the following page):

[____]

*** If there are any changes to the zip codes or other boundaries that define your Protected Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Protected Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

***If the Protected Territory is not identified seven days before this Agreement is signed, then we will issue a Protected Territory following our approval of your site.

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this ___ day of _____________, 20__ among The Source Chiropractic Franchise, PC an Arizona Professional Company, with principal offices at 3001 E Skyline Drive, Suite 115, Tucson, Arizona 85718 (the "Franchisor"), ____, a(n)__________________________, with principal offices located at ____ (the "Landlord"), and ___________________________________, a(n)______________________, with principal offices located at ____ (the "Tenant/Franchisee").

Introduction

A. On ________________, the Tenant/Franchisee and the Franchisor entered into a The Source Chiropractic Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a The Source Chiropractic franchised clinic (the "Franchised Clinic") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within fifteen (15) days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another The Source Chiropractic franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another The Source Chiropractic franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

THE SOURCE CHIROPRACTIC FRANCHISE, PC

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

LANDLORD:

__________________________, (a)n _________
____

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

TENANT/FRANCHISEE:

__________________________, (a)n _________
____

By:_______________________________________
Name:_____________________________________
Its:_______________________________________

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

____

____

____

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

PERSONAL GUARANTEE

[See Attached]

PERSONAL GUARANTEE

This Personal Guarantee (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of The Source Chiropractic Franchise, PC an Arizona Professional Company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) or that provides genomics-based personalized medicine to the general public.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow The Source Chiropractic Clinic franchisees to use, sell or display in connection with the marketing and/or operation of a The Source Chiropractic clinic, whether now in existence or created in the future.

"Franchise Agreement" means the The Source Chiropractic Franchise Agreement executed by Franchisee with an effective date of ____________________.

"Franchised Clinic" means the The Source Chiropractic clinic operated by Franchisee pursuant to the Franchise Agreement.

"Franchisee" means _____________________.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a The Source Chiropractic clinic, (ii) the method of operation of a The Source Chiropractic clinic or (iii) any marketing or promotional ideas relating to a The Source Chiropractic clinic, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a The Source Chiropractic clinic, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a The Source Chiropractic clinic

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a The Source Chiropractic clinic, including "The Source Chiropractic" and any other trademarks, service marks or trade names that we designate for use in a The Source Chiropractic clinic. The term "Marks" also includes any distinctive trade dress used to identify a The Source Chiropractic clinic, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be

an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"Restricted Territory" means the geographic area within: (i) a ____ mile radius from Franchisee's Franchised Clinic (and including the Franchised Clinic premises itself); and (ii) a ____ mile radius from all other The Source Chiropractic clinics that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a ____mile radius from Franchisee's Franchised Clinic (and including the Franchised Clinic premises itself).

"System" means our distinct system for the operation of a The Source Chiropractic clinic, the distinctive characteristics of which include logo, trade secrets, distinct products and services, confidential manuals and operating system. The System also includes a template version of medical protocols that have been developed by our medical director that you (if a licensed healthcare professional) or Franchisee's medical director must review, modify and adopt for your location.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Clinic operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Clinic pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other The Source Chiropractic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Kentucky and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: ______________________________

Name: ____________________________

Date: _____________________________

OWNER / SPOUSE

By: ______________________________

Name: ____________________________

Date: _____________________________

OWNER / SPOUSE

By: ______________________________

Name: ____________________________

Date: _____________________________

OWNER / SPOUSE

By: ______________________________

Name: ____________________________

Date: _____________________________

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

	☐ Checking ☐ Savings	
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes [Franchisor] ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:______________________________ Date:______________________________

Name:______________________________

Its:______________________________

Federal Tax ID Number:______________________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

<u>BRAND PROTECTION AGREEMENT</u>

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of The Source Chiropractic Franchise a Arizona Professional Company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) or that provides genomics-based personalized medicine to the general public.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow The Source Chiropractic franchisees to use, sell or display in connection with the marketing and/or operation of a The Source Chiropractic clinic, whether now in existence or created in the future.

"Franchisee" means the The Source Chiropractic franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a The Source Chiropractic clinic, (ii) the method of operation of a The Source Chiropractic clinic or (iii) any marketing or promotional ideals relating to a The Source Chiropractic clinic, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a The Source Chiropractic clinic, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a The Source Chiropractic clinic.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a The Source Chiropractic clinic, including "The Source Chiropractic" and any other trademarks, service marks or trade names that we designate for use in a The Source Chiropractic clinic. The term "Marks" also includes any distinctive trade dress used to identify a The Source Chiropractic clinic, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

"Restricted Territory" means the geographic area within: (i) a ___ mile radius from Franchisee's The Source Chiropractic Clinic (and including the center premises itself); and (ii) a ____ radius from all other The Source Chiropractic clinics that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the

"Restricted Territory" means the geographic area within a ___ mile radius from Franchisee's The Source Chiropractic Clinic (and including the center premises itself).

"System" means our distinct system for the operation of a The Source Chiropractic clinic, the distinctive characteristics of which include logo, trade secrets, distinct products and services, confidential manuals and operating system. The System also includes a template version of medical protocols that have been developed by our medical director that Franchisee's medical director must review, modify and adopt for your location.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the The Source Chiropractic clinic operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other The Source Chiropractic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of [State] and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

This Brand Protection Agreement is executed as of the date or dates set forth below.

RESTRICTED PARTY

By: ______________________________

Name: ____________________________

Date: _____________________________

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: ______________________________

Name: ____________________________

Date: _____________________________

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of The Source Chiropractic Franchise, PC an Arizona Professional Company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow The Source Chiropractic franchisees to use, sell or display in connection with the marketing and/or operation of a The Source Chiropractic clinic, whether now in existence or created in the future.

"Franchisee" means the The Source Chiropractic franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a The Source Chiropractic clinic, (ii) the method of operation of a U The Source Chiropractic clinic or (iii) any marketing or promotional ideals relating to a The Source Chiropractic clinic, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a The Source Chiropractic clinic, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a The Source Chiropractic clinic.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a The Source Chiropractic clinic, including "The Source Chiropractic," and any other trademarks, service marks or trade names that we designate for use in a The Source Chiropractic clinic. The term "Marks" also includes any distinctive trade dress used to identify a The Source Chiropractic clinic, whether now in existence or hereafter created.

"System" means our distinct system for the operation of a The Source Chiropractic clinic, the distinctive characteristics of which include logo, trade secrets, distinct products and services, confidential manuals and operating system. The System also includes a template version of medical protocols that have been developed by our medical director that Franchisee's medical director must review, modify and adopt for your location.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the The Source Chiropractic clinic operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other The Source Chiropractic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(e) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(f) This Agreement will be governed by, construed and enforced under the laws of Kentucky and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(g) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

RESTRICTED PARTY

By: ______________________________

Name: ____________________________

Date: _____________________________

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: ______________________________

Name: ____________________________

Date: ___________________________

EXHIBIT D TO THE SOURCE CHIROPRACITC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

SECTION A: INTRODUCTION

SECTION B: PRE-OPENING PROCEDURES

<u>SECTION C: HUMAN RESOURCES</u>

SECTION D: ADMINISTRATIVE PROCEDURES

SECTION E: PROVIDING THE SOURCE CHIROPRACTIC EXPERIENCE

SECTION F: MARKETING AND PROMOTION

APPENDICES:

EXHIBIT E TO THE SOURCE CHIROPRACITC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchises as of December 31, 2022

None.

Franchise Agreements Signed but not Opened as of December 31, 2022

None.

List of Former Franchisees

(As of December 31, 2022)

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

Below is a list of names, city and state and business (or, if unknown, home) telephone numbers of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, not renewed within the last fiscal year, or who has not communicated with the franchisor within 10 weeks of the issuance date.

None.

EXHIBIT F TO THE SOURCE CHIROPRACITC FRANCHISE, PC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

THE SOURCE CHIROPRACTIC FRANCHISE, PC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

THE SOURCE CHIROPRACTIC FRANCHISE, PC
FOR THE YEAR ENDED DECEMBER 31, 2022

Table of Contents

Citrin Cooperman & Company, LLP
Certified Public Accountants

225 Broadhollow Road, Suite 401
Melville, NY 11747
T 631.930.5000 **F** 516.349.2190
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
The Source Chiropractic Franchise, PC

Opinion

We have audited the accompanying financial statements of The Source Chiropractic Franchise, PC which comprise the balance sheet as of December 31, 2022, and the related statements of operations and shareholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

CITRINCOOPERMAN®

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
April 25, 2023

THE SOURCE CHIROPRACTIC FRANCHISE, PC
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

Current assets:		
Cash	$	4,440
Other current assets		120
TOTAL ASSETS	$	4,560

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$	990
Shareholders' equity		3,570
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	4,560

See accompanying notes to financial statements.

THE SOURCE CHIROPRACTIC FRANCHISE, PC
STATEMENT OF OPERATIONS AND SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Revenues	$ -
Operating expenses:	
Selling, general and administrative expenses	19,976
Loss from operations	(19,976)
Other income (expense):	
Interest expense	(293)
Interest income	239
Other expense, net	(54)
Net loss	(20,030)
Shareholders' equity - beginning	-
Shareholders' contributions	23,600
SHAREHOLDERS' EQUITY - ENDING	$ 3,570

See accompanying notes to financial statements.

THE SOURCE CHIROPRACTIC FRANCHISE, PC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Net loss	$ (20,030)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Other current assets	(120)
Accounts payable	990
Net cash used in operating activities	(19,160)
Cash provided by financing activities:	
Shareholders' contributions	23,600
Net increase in cash	4,440
Cash - beginning	-
CASH - ENDING	$ 4,440

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

The Source Chiropractic Franchise, PC (the "Company") was formed on September 14, 2021, as an Arizona professional corporation to sell franchises and collect royalties and other fees from franchisees. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Source Chiropractic" name and system for the operation of a clinic that offers skilled, professional, and personalized chiropractic services, as well as other additional related services to the general public. The Company has not had significant operations and has not executed any franchise agreements as of December 31, 2022, or through the date on which these financial statements were available to be issued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Estimates are used in accounting for, among other items, uncertain income tax positions. Actual results may ultimately differ from these estimates.

Concentration of Credit Risk

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

Revenues and Cost Recognition

The Company will recognize revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, when revenue-generating activities commence. The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise revenue, advertising fund revenue, royalties and transfer fees. No such franchise agreements have been executed as of the date the accompanying financial statements are available to be issued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Franchise Fees and Royalties

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, multi-unit agreement ("MUA") fees, sales-based royalties, sales-based marketing fund fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company expects to also enter into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company intends to collect an up-front fee for the grant of such rights. The initial franchise fees and up-front MUA fees are nonrefundable and collectable when the underlying franchise agreement or MUA is signed by the franchisee. Sales-based royalties and marketing fund fees will be payable on a weekly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights will be deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement will be recognized as revenue in the same manner as the initial and renewal franchise fees. Initial and renewal franchise fees related to the MUAs will be recorded as contract liabilities at their contract transaction price.

Royalties will be earned based on a percentage of franchisee gross sales ("sales-based royalties). Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible. Franchises will be charged a royalty fee in the fixed amounts of $2,777/month in Year 1, $4,777/month in Year 2, and $6,777/month in Years 3-5, in accordance with the Company's standard franchise agreement.

System Brand Fund

The Company reserves the right to establish a marketing fund to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Franchisees will be charged a brand fund fee in the fixed amounts of $667/month in Year 1, $1,167/month in Year 2, and $1,667/month in Years 3-5, in accordance with the Company's standard franchise agreement. As of April 25, 2023, the Company has not yet established a marketing fund. The Company has determined that it acts as a principal in the collection and administration of the marketing fund and therefore will recognize the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the marketing fund represent the right to access the Company's intellectual property, which will be recognized as monthly franchisee sales occur. When marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing fund revenues recognized.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Other Revenues

The Company will recognize revenues from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

Incremental Costs of Obtaining a Contract

The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and will amortize them over the term of the franchise agreement.

Income Taxes

The Company, with the consent of its shareholders, has elected to be treated as an S corporation under applicable federal and certain state statutes. Since an S corporation is a pass-through entity for income tax purposes, the Company's assets, liabilities, and items of income deduction and credit are combined and included in the income tax returns of its member based on their pro-rata share of the taxable income. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022.

Subsequent Events

The Company has evaluated subsequent events through April 25, 2023, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. BRAND DEVELOPMENT FUND

Advertising Cooperative

The Company reserves the right to establish one or more advertising cooperatives ("Cooperative") for the benefit of all facilities located within a particular region and will collect a yet to be determined fee. Any contributions to a Cooperative will be credited towards a franchisee’s required brand fund. As of December 31, 2022, there were no Cooperatives established.

THE SOURCE CHIROPRACTIC FRANCHISE, PC

FINANCIAL STATEMENT

FEBRUARY 15, 2022

THE SOURCE CHIROPRACTIC FRANCHISE, PC
FEBRUARY 15, 2022

Table of Contents

Citrin Cooperman & Company, LLP
Certified Public Accountants

225 Broadhollow Road, Suite 401
Melville, NY 11747
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citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
The Source Chiropractic Franchise, PC

Opinion

We have audited the accompanying balance sheet of The Source Chiropractic Franchise, PC as of February 15, 2022, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of The Source Chiropractic Franchise, PC as of February 15, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
June 1, 2022

THE SOURCE CHIROPRACTIC FRANCHISE, PC
BALANCE SHEET
FEBRUARY 15, 2022

ASSETS

Cash	$ 8,586
TOTAL ASSETS	$ 8,586

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	$ 8,586
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 8,586

See accompanying notes to financial statement.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Franchise Fees and Royalties (Continued)

transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

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The Company will recognize revenues from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

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The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and will amortize them over the term of the franchise agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company, with the consent of its shareholders, has elected to be treated as an S corporation under applicable federal and certain state statutes. Since an S corporation is a pass-through entity for income tax purposes, the Company's assets, liabilities, and items of income deduction and credit are combined and included in the income tax returns of its member based on their pro-rata share of the taxable income. Accordingly, the accompanying financial statement does not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at February 15, 2022.

Recently Issued but not yet Effective Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheet and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statement and related disclosures.

Subsequent Events

The Company has evaluated subsequent events through June 1, 2022, the date on which this financial statement was available to be issued. There were no material subsequent events that required recognition or additional disclosure in this financial statement.

NOTE 3. BRAND DEVELOPMENT FUND

Advertising Cooperative

The Company reserves the right to establish one or more advertising cooperatives ("Cooperative") for the benefit of all facilities located within a particular region and will collect a yet to be determined fee. Any contributions to a Cooperative will be credited towards a franchisee's required brand fund. As of December 31, 2021, there were no Cooperatives established.

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

The Source Franchise

Balance Sheet

As of November 29, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
BofA Checking #0149	5,278.44
Total Bank Accounts	**$5,278.44**
Other Current Assets	
Due From Shareholders	120.00
Total Other Current Assets	**$120.00**
Total Current Assets	**$5,398.44**
TOTAL ASSETS	**$5,398.44**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Capital One #6382	10,687.98
Total Credit Cards	**$10,687.98**
Total Current Liabilities	**$10,687.98**
Total Liabilities	**$10,687.98**
Equity	
01) Shareholder Equity - Brett Jones 51%	28,015.00
02) Shareholder Equity - Jordan Fairley 30%	14,550.00
03) Shareholder Equity - Darren Murphy 15%	8,175.00
04) Shareholder Equity - Dyllon Mawn 4%	2,180.00
Retained Earnings	-20,030.40
Shareholders’ equity	-144.30
Net Income	-38,034.84
Total Equity	**$ -5,289.54**
TOTAL LIABILITIES AND EQUITY	**$5,398.44**

The Source Franchise

Profit and Loss

January 1 - November 29, 2023

	TOTAL
Income	
Services	606.20
Total Income	**$606.20**
GROSS PROFIT	**$606.20**
Expenses	
Advertising & marketing	298.53
Social media	2,686.77
Website ads	2,673.00
Total Advertising & marketing	**5,658.30**
Commissions & fees	633.70
Dues & Subscriptions	197.93
General business expenses	
Bank fees & service charges	472.07
Fees & Licenses	425.00
Total General business expenses	**897.07**
Interest paid	
Credit card interest	819.32
Total Interest paid	**819.32**
Legal & accounting services	
Accounting fees	17,632.50
Legal Fees	7,656.55
Total Legal & accounting services	**25,289.05**
Meals	
Travel meals	21.89
Total Meals	**21.89**
Office expenses	
Office supplies	105.91
Shipping & postage	211.00
Software & apps	4,650.87
Total Office expenses	**4,967.78**
Utilities	
Phone service	156.00
Total Utilities	**156.00**
Total Expenses	**$38,641.04**
NET OPERATING INCOME	**$ -38,034.84**
NET INCOME	**$ -38,034.84**

EXHIBIT G TO THE SOURCE CHIROPRACITC FRANCHISE, PC
FRANCHISE DISCLOSURE DOCUMENT

PRE-CLOSING FRANCHISEE QUESTIONNAIRE

DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE IF YOU RESIDE IN, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI

As you know, The Source Chiropractic, PC ("we", "us"), and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the right to open and operate one (1) or more THE SOURCE CHIROPRACTIC® franchises (each, a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee. You acknowledge that we are relying on the truthfulness of your answers to this questionnaire in deciding whether or not to counter-sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the THE SOURCE CHIROPRACTIC® mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es)?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated at our then-current headquarters?

Yes____ No ____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement, if not resolved through mediation, must be arbitrated, at our option, at our then-current headquarters?

Yes____ No ____ 11. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes____ No ____ 13. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 14. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 15. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 16. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 17. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the actual, average or projected revenues, profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 21. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes____ No ____ 22. Is it true that you understand that the approval of any location for a Center does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Center at the location?

Yes____ No ____ 23. Is it true that you understand that our approval of a financing plan for operation of a Center does not constitute any representation or assurance that such financing plan is favorable, or not unduly burdensome, or that a Center will be successful if the financing plan is implemented?

Yes____ No ____ 24. Is it true that you understand that the estimated initial investment expenditures disclosed in Item 7 of the FDD are only estimates of the costs and expenses you may incur in opening a Center and that the disclosed ranges are not assurances that your costs and expenses will fall within the disclosed ranges?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

________________________________	________________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
________________________________	________________________________
Name (please print)	Name (please print)
Dated: _______________, 20_______	Dated: _______________, 20_______

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBE

EXHIBIT H TO THE SOURCE CHIROPRACITC FRANCHISE, PC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE

SAMPLE RELEASE

In consideration for the consent of The Source Chiropractic Franchise, PC (the "Franchisor"), to the assignment by ________________ ("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated ___________________ (the "Franchise Agreement"), Franchisee, guarantors, Franchisee's owners, Franchisee's principals and all persons and entities claiming by, through or under any such person or entity, hereby remises, releases, acquits, and forever discharges Franchisor, its affiliates, parents, subsidiaries, principals, officers, members, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from any and all debts, covenants, claims, demands, contracts, promises, agreements, judgments, costs, liabilities, attorneys' fees, actions, and causes of action whatsoever, of every kind and nature, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or in any way related to, the offer, sale, and/or operation of the Center, the parties' rights or obligations under the Franchise Agreement and Guarantee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of ____________________, 20____

FRANCHISEE:

By: ____

Print Name:__________________________________

By: ____

Print Name:__________________________________

EXHIBIT I TO THE SOURCE CHIROPRACTIC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA

ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT

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.

Neither the franchisor nor any person 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.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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.

The franchise agreement contains covenants not to compete that extend beyond the termination of the franchise and the area development franchise. These provisions may not be enforceable under California law.

The franchise agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees and area developers are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement or an area development agreement restricting venue to a forum outside the State of California.

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

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

Unless the transaction is exempt, Section 31125 of the California Corporations Code requires us to give you a special disclosure document, approved by the Commissioner of Financial Protection and Innovation, before asking you to consider a proposed material modification of an existing franchise.

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

WASHINGTON

ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.
Dated this _______________ day of ____________________________________ 20______.

___________________________________ ___________________________________
FRANCHISOR FRANCHISEE

EXHIBIT J TO THE SOURCE CHIROPRACTIC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES:

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

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

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Pending
Wisconsin	Not Registered

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 K TO THE SOURCE CHIROPRACTIC FRANCHISE, PC FRANCHISE DISCLOSURE DOCUMENT

<u>RECEIPTS</u>

THE SOURCE CHIROPRACTIC FRANCHISE, PC RECEIPT
(FRANCHISEE'S COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Source Chiropractic Franchise, PC ("Company") 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 company or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If the Company does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit D to this Franchise Disclosure Document.

The Issuance Date of this Disclosure Document is: April 26, 2023, as Amended October 31, 2023.
A list of franchisor's agents registered to receive service of process is also included in Exhibit D to this Franchise Disclosure Document.
I received a Disclosure Document dated April 26, 2023, as Amended October 31, 2023, that included the following exhibits:

EXHIBIT A:	STATE AGENCIES AND ADMINISTRATORS
EXHIBIT B:	FRANCHISORS AGENT FOR SERVICE OF PROCESS
EXHIBIT C:	FRANCHISE AGREEMENT
EXHIBIT D:	TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
EXHIBIT E:	LIST OF CURRENT AND FORMER FRANCHISEES
EXHIBIT F:	FINANCIAL STATEMENTS
EXHIBIT G:	FRANCHISEE DISCLOUSRE QUESTIONNAIRE
EXHIBIT H:	GENERAL RELEASE
EXHIBIT I:	STATE SPECIFIC ADDENDA
EXHIBIT J:	STATE EFFECTIVE DATES
EXHIBIT K:	RECEIPTS

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

______________________________ ______________________________
____
____
____

____
____

Date:________________

Prospective Franchisee:
By:____
Name:__________________________________
Individually and on behalf of the following entity:
Company Name: ________________________________
Title: ____

THE SOURCE CHIROPRACTIC FRANCHISE, PC RECEIPT
(FRANCHISOR'S COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Source Chiropractic Franchise, PC ("Company") 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 company or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If the Company does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit D to this Franchise Disclosure Document.

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EXHIBIT J: STATE EFFECTIVE DATES
EXHIBIT K: RECEIPTS

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

____________________________ ____________________________
____________________________ ____________________________
____
____

____
____

Date:________________

Prospective Franchisee:
By:____
Name:___________________________________
Individually and on behalf of the following entity:
Company Name: ________________________________
Title: ____