

FRANCHISE DISCLOSURE DOCUMENT



NuSpine Franchise Systems, LLC
a Delaware limited liability company
14000 N. Hayden Rd., Ste. 101
Scottsdale, AZ 85260
(402) 975-2500
franchise@nuspinechiropractic.com
www.nuspinefranchise.com

This disclosure document is for the right to own and operate a unit franchise (“Unit Franchise”) in which you will be responsible for operating and/or managing chiropractic clinics (“NuSpine Chiropractic® Clinic(s)” or “Clinic(s)”) that specialize in providing chiropractic services to the general public at a specific location under the trademarks “NuSpine Chiropractic®, and other marks we authorize (“Proprietary Marks”). Each Unit Franchise will report to and receive support directly and indirectly from our corporate headquarters, or from one of our Area Representatives where the Unit Franchise is located.

The total investment necessary to begin the operation of a NuSpine Chiropractic® Unit Franchise ranges from \$175,450 to \$550,250. This includes \$51,000 that must be paid to the franchisor or its affiliate.

This disclosure document (“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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us 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 Jon Jones, Director of Clinic Operations, NuSpine Franchise Systems, LLC, 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260, (402) 975-2500.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

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

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

Issuance Date: May 7, 2025

How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|--|---|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit 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 NuSpine Chiropractic® business in my area? | Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What’s it like to be a NuSpine 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 could buy on your own.

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchise by mediation, arbitration, and/or litigation only in Arizona. Out-of-state mediation, arbitration, and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, and/or litigate with the franchise in Arizona than in your own state.
2. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that mediation and arbitration be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation or arbitration, to conduct mediation or arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire

the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

TABLE OF CONTENTS

| <u>Item</u> | <u>Page</u> |
|--|------------------------------|
| 1. The Franchisor and any Parents, Predecessors, and Affiliates..... | 1 |
| 2. Business Experience..... | 5 |
| 3. Litigation..... | 6 |
| 4. Bankruptcy..... | 6 |
| 5. Initial Fees..... | 6 |
| 6. Other Fees..... | 6 |
| 7. Estimated Initial Investment..... | 10 |
| 8. Restrictions On Sources Of Products And Services..... | 12 |
| 9. Franchisee's Obligations..... | 16 |
| 10. Financing..... | 17 |
| 11. Franchisor's Assistance, Advertising, Computer Systems And Training..... | Error! Bookmark not defined. |
| 12. Territory..... | 25 |
| 13. Trademarks..... | 26 |
| 14. Patents, Copyrights And Proprietary Information..... | 28 |
| 15. Obligation To Participate In The Actual Operation Of The Franchise Business..... | 29 |
| 16. Restrictions On What The Franchisee May Sell..... | 30 |
| 17. Renewal, Termination, Transfer And Dispute Resolution..... | 31 |
| 18. Public Figures..... | 36 |
| 19. Financial Performance Representations..... | 37 |
| 20. Outlets And Franchisee Information..... | 37 |
| 21. Financial Statements..... | 40 |
| 22. Contracts..... | 40 |
| 23. Receipt..... | 41 |

EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement
 - Exhibit 1 Designated Search Area; Approved Site
 - Exhibit 2 Statement Of Ownership Interest
 - Exhibit 3 Personal Guaranty
 - Exhibit 4 Collateral Assignment Of Lease
 - Exhibit 5 Confidentiality Agreement
 - Exhibit 6 Waiver Of Management Agreement
 - Exhibit 7 Intentionally Deleted
 - Exhibit 8 Telephone, Internet Websites And Listing Agreement
 - Exhibit 9 State-Specific Addenda
- C. Management Agreement
- D. Amendment to Waive Management Agreement
- E. List of Franchisees
- F. Financial Statements
- G. Table of Contents of Operations Manual
- H. Form of General Release
- I. Form of Transfer Agreement
- J. Disclosures Regarding Area Representatives
- K. State Effective Dates
- L. Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company. To simplify the language in this Disclosure Document, NUSPINE FRANCHISE SYSTEMS, LLC, will be referred to as “we” or “us”. “You” means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

The Franchisor, Parent, Predecessor and Affiliate

We are a Delaware limited liability company, created on August 23, 2019.

We have no parents or affiliates. Our predecessor is NuSpine Franchise Systems, Inc., a Nebraska corporation which is located at 3245 Pioneers Blvd., Lincoln, NE 68502. From October 2013 until December 2019, our predecessor offered franchises for businesses that are the same type as are being franchised.

Our principal business and mailing address is 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260. Our telephone number is (402) 975-2500. We do not maintain a sales office at any location other than our principal places of business. We operate under our corporate name, NuSpine Franchise Systems, LLC. We do not do business or intend to do business under any other names. Our agent for service of process is disclosed in Exhibit A to this Disclosure Document. Our predecessor began offering Unit Franchises in October 2013. In January 2020, we began offering Unit Franchises and Area Representative Businesses. We do not operate any businesses that are the same type as are being franchised.

Agent for Service of Process

Our agent for service of process is identified in Exhibit A to this Disclosure Document.

Our Business

We currently offer two types of businesses: 1) Unit Franchises; and 2) Area Representative Businesses (“Area Representative(s)”). We began offering both types of franchise in January 2020. Our predecessor offered Unit Franchises from October 2013 until January 2020, when we assumed all franchise operations. Area Representative Businesses are offered under a separate disclosure document (“FDD for Area Representatives”). We are not actively soliciting new Area Representatives. However, if your Unit Franchise is located in an area where we have an Area Representative, an Area Representatives will provide, on our behalf, certain franchise sales and support services to you. We have not conducted business in any other line of business or offered franchises in other lines of business.

We grant the right to own and operate a unit franchise (“Unit Franchise”) in which franchisees will be responsible for operating and/or managing chiropractic clinics (“NuSpine Chiropractic® Clinic(s)” or “Clinic(s)”) that specialize in providing affordable chiropractic services through licensed chiropractic professionals to the general public at a specific location under the trademarks “NuSpine Chiropractic® and other marks we authorize (“Proprietary Marks”). A Unit Franchise as used in this Disclosure Document is sometimes referred to as a “Franchised Business”. If you are not a licensed person, you may own and operate a NuSpine Chiropractic® Clinic only if permitted under applicable law. Otherwise, you may only manage a NuSpine Chiropractic® Clinic for a licensed person that is authorized to own and operate a Clinic.

NuSpine franchises operate under our unique system relating to the establishment, development and operation of the NuSpine Chiropractic® Clinic system (the “System”). The System includes the Proprietary Marks, IT platforms, recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how, training techniques, trade secrets; uniform specifications of products and services; marketing, advertising; quality control procedures; and procedures for operation and/or management of NuSpine Chiropractic® Clinics. We may periodically make changes to the System, including System standards, facility location requirements and design, signage, equipment, trade dress and fixture requirements.

The Proprietary Marks include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademark “NuSpine Chiropractic®” or any Proprietary Marks we have designated or may in the future designate for use in connection with the System.

Professional Corporation/Management Company Structure

Unless applicable state law permits a non-licensed person to own and operate a Clinic, each Clinic must be owned and operated by one or more licensed professionals (typically chiropractors) that will provide chiropractic services in the state in which the Clinic is located. In those states that require a Professional Corporation (“P.C.”) (or similar entity, such as a professional limited liability company structure) to own and/or operate a chiropractic clinic, you as a potential franchisee will, in those circumstances, supply management and general business services to the P.C. who will in turn, own and operate the Clinic. We expect that these licensed professionals (typically chiropractors) will form a “P.C.”, and will operate the P.C. with or as permitted under local and state laws. In the state of California, even if you are a licensed professional, neither you nor your P.C. may not act as a Unit Franchise. Instead, you will be required to form a separate legal entity which will own and operate the Unit Franchise, which will act as the Management Company to a P.C. or P.L.L.C. that owns and operates the Clinic.

If you are not a licensed person, you will be required to sign the Franchise Agreement with us (attached as Exhibit B to this Disclosure Document) and enter into a Management Agreement with the P.C. A copy of our form Management Agreement is attached as Exhibit C to this Disclosure Document. Under the Management Agreement, you will provide the P.C. with management, administrative, general business support and other non-medical services. Our prior written approval of the final Management Agreement is required prior to you executing it. Subject to applicable state law, if you are a licensed person and/or have your own P.C., we may not require you to execute the Management Agreement.

We must also approve the P.C., who must remain in regulatory good standing at all times during the operation of the Clinic. The P.C. is responsible to employ and control chiropractors and any other chiropractic professionals and staff of the Clinic who provide actual chiropractic services to be delivered at the Clinic. If you are not a licensed chiropractor, you may not provide nor direct the administering of any actual chiropractic services, nor supervise, direct, control or suggest to the P.C. or its licensed chiropractors the manner in which the P.C. provides or administers actual chiropractic services to its patients. The P.C. is responsible for, and must offer all chiropractic services in accordance with all applicable law and regulations.

Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic clinics and health care businesses that provide chiropractic services, it is critical that any unlicensed persons do not engage in practices that are, or may appear to be, the practice of chiropractic medicine.

You must also ensure that your relationship with the P.C. for which you manage the Clinic complies with all laws and regulations. The P.C. who owns the Clinic must comply with all laws and regulations and secure and maintain in force all required licenses, permits and certificates relating to the operation of a Clinic. Franchisees may assist the P.C. in its effort to comply with such laws and regulations, but must do so under the direction of the P.C.

Ownership and Operation of Clinics By Unlicensed Persons

In certain states, it may be permissible under the existing laws that may be applicable to chiropractic professionals and/or practices, such as chiropractic clinics, for a non-chiropractor to both own and operate a NuSpine Chiropractic® clinic, including hiring chiropractic and other professional personnel and providing chiropractic services to patients at the Clinic. If you determine that the laws that would apply to a Clinic in your state would permit you to do so, you may request that we waive certain of the requirements of the Franchise Agreement related to separating the operation of the chiropractic aspects of the Clinic from the management aspects. In particular, you (i) may not need to enter into a Management Agreement with a P.C. that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) you would not be restricted from hiring and supervising chiropractic professionals. Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations.

If we agree to do a waiver, you must enter into an Amendment to Waive Management Agreement (“Waiver Agreement”) (Attached as Exhibit D to this Disclosure Document). Under the Waiver Agreement, you agree that, instead of entering into the Management Agreement with a separate P.C., you will (a) operate the Clinic, including performing all responsibilities and obligations of the “P.C.” under the Management Agreement, and (b) manage the Clinic as required in the Franchise Agreement and by performing all the responsibilities and obligations of the “Company” under the Management Agreement in conformity and compliant with all applicable laws and regulations.

You are responsible for operating in full compliance with all laws that apply to the Clinic, and you must make your own determination as to your legal compliance obligations. Additionally, the laws applicable to your Clinic may change, and if there are any chiropractic regulations or other laws that would render your operation of the Clinic through a single entity (or otherwise) in violation of any chiropractic regulation or law, you must immediately advise us of such change and of your proposed corrective action to comply with chiropractic regulations and law, including (if applicable) entering into a Management Agreement with a P.C. Similarly, if we discover any such laws, upon providing you notice of such laws, you agree to make such changes as are necessary to comply with medical regulations, including (if applicable) entering into a Management Agreement with a P.C.

Regardless of whether you are licensed or an unlicensed person or entity, you, as a franchisee, must not engage in the practice of chiropractic medicine, nursing, or any other profession that requires specialized training or certification, unless you are properly licensed to do so.

It will be your responsibility to research all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a P.C., to determine your legal obligations and evaluate the possible effects on your costs and operations.

Applicable Industry-Specific Laws and Regulations

You are responsible for operating in full compliance with all laws that apply to your Franchised Business and any Clinics that you own, operate and/or manage. The medical industry is heavily regulated. These laws may include federal, state and local regulations relating to: the practice of chiropractic medicine and the operation and licensing of chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and chiropractors and clinicians on the other, including anti-kickback laws (including the Federal Medicare Anti-Kickback Statute and similar state laws); restrictions or prohibition on fee splitting; physician self-referral restrictions (including the federal “Stark Law” and similar state laws); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996); use of medical devices; and advertising of medical services. While not all of these laws and regulations will be applicable to all Clinics, depending on location and services provided, it is important to be aware of and compliant with the

regulatory framework. You should ensure that all employees that will work with patients in your Franchised Business undergo a background check.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to Clinics. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files and displayed as may be required. You must comply with all state and local laws and regulations regarding the management of any Clinic.

You must also ensure that your relationship with any P.C. for which you manage Clinics complies with all laws and regulations, and that the P.C. complies with all laws and regulations and secures and maintains in force all required licenses, permits and certificates relating to the operation of a Clinic. Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as chiropractors and chiropractic assistants in the state where the Clinic is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. If a state or jurisdiction has such a law or regulation, these laws and regulations are likely to vary from state to state, and these may change from time to time.

Based on our review of the laws of the various states, we expect that you will be required to work with a P.C. in the following states: Arkansas, California, Colorado, District of Columbia, Florida, Hawaii, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia, and Wyoming. However, you may be required to work with a P.C. in other states, depending on how those states interpret their own laws.

Some states have not explicitly stated whether an unlicensed person can own and/or operate a chiropractic clinic in their state. You understand that it is your responsibility to operate your Franchised Business and Clinic in compliance with the laws and regulations of your state. This may mean that you may have to alter the structure of your franchise and begin working with a P.C., if the state you operate in does not allow, or decides to no longer allow, an unlicensed person to own and/or operate a chiropractic clinic.

Some states may permit an unlicensed person from owning and operating a chiropractic clinic but require you to first obtain a license or permit (i.e., Alabama, Massachusetts). You understand that it is your responsibility to obtain all necessary licenses or permits to operate your Franchised Business.

In addition, you must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, HIPAA, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You agree to execute all documents, including documents with us, our agents, affiliates, etc., or others, to ensure compliance with any applicable laws, whether such laws are applicable now or in the future. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

While we provide you a generic form of Management Agreement, you are responsible for ensuring that it complies with the laws and regulations of your state. If needed, you may negotiate the monetary terms and certain other discretionary business terms of your relationship as a management company for the P.C. who owns and operates the chiropractic Clinic and who delivers chiropractic services for your Franchised Business.

You should consult with your attorney about laws and regulations that may affect the Franchised Business and investigate the application of those laws further.

Market and Competition

The market for the products and services provided by a NuSpine Chiropractic® clinic are individuals seeking chiropractic care and treatment. You will compete directly with other chiropractors and other licensed professionals that offer similar services, including other chiropractic clinics, physical therapy specialists, hospitals and other medical facilities and franchises. Your Franchised Business may also face competition from businesses or professionals who operate multi-disciplinary medical and/or health practices, which offer chiropractic care along with other medical and health services to their clients or patients. This business is year-round.

ITEM 2

BUSINESS EXPERIENCE

Jon Jones – Director of Clinic Operations

Mr. Jones has been our Director of Clinic Operations since January 2023. Prior to that time, he served as the General Manager for Pace Joint Interests in Las Vegas, Nevada from November 2019 to November 2022. He served as the Franchise Development Manager of ActionCOACH Global located in Las Vegas, NV from August 2017 to November 2019.

Brooke Rogers – Director of Operations

Ms. Rogers has been our Director of Operations since January 2024. Prior to that time, she served as the Director of Product Development for Worldwide, Inc in Novato, California from February 2018 to December 2023.

Dr. Gerard Hinley – Director of Clinic Excellence

Dr. Hinley has been our Director of Chiropractic Excellence since October 2021. From February 1990 to December 2020, he owned and operated Lifesource Health and Wellness Center LLC located in Glendale Heights, IL.

Dr. Marc Ott – Member of Board of Managers

Dr. Ott has been a member of our Board of Managers since March 2022. Dr. Ott was our CEO from March 2022 until December 2022. Dr. Ott has served as the CEO of Complete Care Centers, LLC located in Maitland, Florida, from August 2005 until the present.

Dr. Bret Scheuplein – Member of Board of Managers

Dr. Scheuplein has been a member of our Board of Managers since March 2022. Dr. Scheuplein has served as the CMO of Complete Care Centers, LLC located in Maitland, Florida, from August 2005 until the present.

Michael Carlin – Member of Board of Managers

Mr. Carlin has been a Member of our Board of Managers since September 2019. From February 2005 to the present, he has been the President of Henry & Horne Wealth Management in Scottsdale, Arizona.

ITEM 3

LITIGATION

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

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

You must pay an initial franchise fee of \$49,000. If you are an existing franchisee and we award you a subsequent franchise, the initial franchise will be reduced to \$39,000 for the second license and \$35,000 for each additional license. Otherwise, the initial franchise fee is uniform to all franchisees and must be paid in full when you sign the Franchise Agreement. The initial franchise fee is fully earned and is not refundable. We use the initial franchise fee to cover, among other things, the cost to provide the initial training program, the costs to evaluate proposed sites and the costs to help you develop and open the Franchised Business.

Prior to opening the Franchised Business, you will also be required to utilize our “NuSpine Software” for an initial setup fee of \$500. This fee is uniform to all franchisees and is not refundable. Additionally, you currently pay approximately \$1,500 of your grand opening expenses directly to us for certain items and support that we provide in connection with your grand opening.

ITEM 6

OTHER FEES

| <u>Fee</u> | <u>Amount</u> | <u>Due Date</u> | <u>Remarks</u> |
|---------------------------|--|---|---|
| Royalty Fee | 7% of weekly Gross Sales. | Collected weekly on Tuesdays | Royalties are paid to us. Gross Sales is defined in Note 1. |
| Brand Development Fund | 1% of weekly Gross Sales but may be increased up to 2% | Payable to the Fund at the same time and in the same manner as you pay the Royalty Fee. | See Note 2. |
| Advertising Cooperatives | As determined by Cooperatives, up to 1% of Gross Sales | As incurred | See Note 3. |
| Minimum Local Advertising | \$3,000 per month, or 4% of monthly Gross | Paid to approved vendors before the | Based on monthly Gross Sales. |

| <u>Fee</u> | <u>Amount</u> | <u>Due Date</u> | <u>Remarks</u> |
|--|--|---|---|
| | Sales, whichever is greater | 10th day of the month following the month of reference. | |
| Transfer Fee | 50% of our then current initial franchise fee | Prior to transfer | Transfer Fee is paid to us. The transfer fee does not apply to transfers where the transferee is an entity controlled and owned by the Franchisee. |
| Technology Fee | \$549/month but may be increased up to \$699/month | Payable on or before the 10 th day of each month. We reserve the right in our sole discretion to increase the frequency of collection. | This fee allows you to access our proprietary software necessary to operate your Franchise. This includes the cost of our approved vendor to continually update your clinic's microsite, provide search engine optimization services on behalf of your clinic microsite, as well as providing you with access to our vendor's customer relationship management (CRM) tools. |
| Renewal Fee | The lesser of 25% of the then-current initial franchise fee, or \$10,000 | Prior to renewal | |
| Insurance | Cost of insurance plus a 25% administrative fee. | As incurred | We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses. |
| Audit | All of our costs and expenses, but not less than \$500. | Upon invoice | See Note 4. |
| Collection Costs, Attorneys' Fees and Interest | All of our costs relating to collection, including attorneys' fees. | As incurred | See Note 5. |
| Bank Charges and Administrative Costs | \$100 per incident. | Upon invoice | We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid. |
| Indemnification | Amount of loss or damages plus costs. | As incurred | See Note 6. |

| <u>Fee</u> | <u>Amount</u> | <u>Due Date</u> | <u>Remarks</u> |
|---|---|---|---|
| Initial and Additional Training | \$500 per person per day plus expenses | \$500 prior to training, balance upon invoice | See Note 7. |
| De-Identify Premises | Costs plus reasonable administrative fee. | As incurred | If you do not de-identify your Franchised Business following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee. |
| Product Testing and Supplier Evaluation | \$500 plus our out-of-pocket expenses. | Upon invoice | Payable if you request that we evaluate a potential product, supplier, or professional that is not on our list of approved suppliers for our System. We will reimburse this fee, if we approve the product, supplier or professional for the entire System. |
| Relocation Fee | \$2,500 | As incurred | Payable if we permit you to relocate your Franchised Business. |
| Delayed Opening Fee | \$500/month | As incurred | If you fail to open your Franchised Business by the deadline outlined in your Franchise Agreement, we reserve the right to charge a fee of \$500/month for each additional month you fail to open in lieu of termination. |

Notes:

General: Unless otherwise stated, all fees are paid to us and are non-refundable. All fees are imposed uniformly. We reserve the right to collect any and all fees due to us through ACH. You may only have one bank account for the Franchised Business and in addition to the ability to ACH funds owed to us from that account, we must be permitted “view-only” access.

1. The Gross Sales are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by, or on account of, the operation of the Franchised Business, at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, or customer refunds or adjustments. Gross Sales are calculated on a cash basis when a sale is made, not on an accrual basis.

For franchisees that operate as the management company for a P.C. and any of its clinics under a Management Agreement, “Gross Sales” includes all revenues and receipts of the P.C. and any of its clinics, even if those revenues are not recognized on the books of the franchisee.

If you do not report Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, once we have been able to determine

your true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

2. We have established a Brand Development Fund (“Brand Fund”) to be administered for the common benefit of System franchisees. You must participate in and contribute the amount that we require (1% of weekly Gross Sales) to the Brand Fund.
3. We reserve the right to create a regional advertising cooperative and require you to contribute an amount determined by the cooperative, up to 1% of your monthly Gross Sales. Amounts contributed to a cooperative will be credited against monies you are otherwise required to spend on local advertising or required to contribute to the Brand Fund.
4. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your business records during normal business hours. We utilize a software called ProfitKeeper to collect and analyze business records that you are required to complete monthly. If any audit reveals that you have understated Gross Sales by 5% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Sales, including interest from the date when the Gross Sales should have been reported.
5. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial proceeding is initiated), you must pay all reasonable attorneys’ fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim or judicial proceeding is initiated), you must pay all reasonable attorneys’ fees, arbitration costs, court costs and litigation expenses.
6. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys’ fees) arising from your ownership, operation or occupation of your Franchised Business, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.
7. The franchise fee includes our initial training program for up to three people including you or your Operating Principal (if you are an entity) and your staff, which will be conducted digitally or at a location of our choosing. However, you will be required to pay personal expenses, including transportation, lodging, meals and salaries for yourself and all of your employees. If additional members of your staff need training, or if we determine in our sole discretion that they need additional training, we will charge you for such training. Additional Initial training will be charged at our then-current rate, which is currently \$500 per person per day. All other training will be charged at our then-current rate for additional on-site training, which as of the date of this Disclosure Document is between \$500 per person per day, which includes the fee for the training and our reasonable costs including travel, lodging and meals. The total amount will be determined based on your need, your location and the level of assistance required.

ITEM 7

ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT | | | | | |
|---|------------------|------------------|--------------------------|-----------------------------------|--|
| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
| | Low | High | | | |
| Initial Franchise Fee ¹ | \$35,000 | \$49,000 | Lump sum | At signing of Franchise Agreement | Us |
| Construction, Leasehold Improvements ² | \$60,000 | \$300,000 | As incurred | Before opening | Contractor/Third-party providers |
| Furniture, Fixtures and Equipment ³ | \$20,500 | \$26,000 | As incurred | Before opening | Third-party providers |
| Signage ⁴ | \$6,000 | \$12,000 | As incurred | Before opening | Third-party providers |
| Computer, Software and Point of Sales System ⁵ | \$5,500 | \$12,500 | Lump Sum | Before opening | Third-party providers/Us |
| Initial Inventory ⁶ | \$500 | \$2,000 | As incurred | Before opening | Third-party providers |
| Rent (3-months) and Security Deposits ⁷ | \$2,500 | \$19,500 | As incurred | Before opening | Landlord |
| Utility Deposits ⁸ | \$300 | \$500 | As incurred | Before opening | Utility providers |
| Insurance Deposits and Premiums ⁹ | \$550 | \$1,500 | As incurred | Before opening | Insurance company |
| Pre-opening Travel Expense ¹⁰ | \$0 | \$4,000 | As incurred | Before opening | Airline, hotel, restaurants |
| Grand Opening Advertising ¹¹ | \$17,500 | \$17,500 | As incurred | Before opening | Third parties/Us |
| Professional Fees ¹² | \$7,000 | \$15,000 | As arranged | Before opening | Attorneys, accountants, architects/engineers |
| Business Permits and Licenses ¹³ | \$100 | \$250 | As incurred | Before opening | Licensing Authorities |
| Dues & Subscriptions | \$0 | \$500 | As incurred | Before opening | Approved Architect/Engineer |
| Additional Funds – 3 Months ¹⁴ | \$20,000 | \$90,000 | As incurred | After opening | Various |
| TOTAL¹⁵ | \$175,450 | \$550,250 | | | |

Notes:

1) The low end of the range assumes you are an existing franchisee. The high end of the range assumes that this is your first franchise. This fee is fully earned and is not refundable when paid by you.

2) This estimate is for the costs for the development of a Clinic with approximately 1,000 to 1,500 square feet of space. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of

electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any location, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart. These figures do not include any tenant improvement reimbursements from the landlord. We have historically seen tenant improvement reimbursements from \$15,000 to \$100,000.

3) These figures represent the purchase of the necessary furniture, fixtures and equipment from suppliers to operate your Franchised Business. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

4) This estimate is for the cost to produce one exterior sign to be mounted to the outside of the building.

5) This estimate is for the cost to purchase the required computer equipment and software (including purchasing the NuSpine Software). This includes a \$500 set up fee for the “NuSpine Software.”

6) Initial Inventory includes apparel, ice packs, therapy tools, or other promotional items.

7) This estimate represents a three (3) month of rent plus the security deposit for a Clinic that is between 1,000 and 1,500 square feet. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. The amount of rent will depend on local market conditions. This estimate assumes you will be leasing space and that you will not be purchasing real property.

8) A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

9) This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

10) This estimate is for the cost for two (2) people, including you or your Operating Principal (if you are an entity), and your staff, to attend our training programs virtually and/or at designated Franchise Location. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees. The low end of the estimate assumes that all training is done virtually.

11) You are required to spend a minimum of \$17,500 in advertising and promotions during the period 60 days before you open for business through 60 days after your Clinic is open. Some of this amount will be paid to us for items and support that we provide in connection with your grand opening, and we may collect additional amounts that are paid to third-party vendors. We will provide you with the print and signage bundle that you use in connection with your grand opening.

12) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and the Management Agreement. It is also advisable to consult

these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

13) You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate the Franchised Business.

14) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

15) This total amount is based upon the historical experience of our franchisees. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business.

None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in accordance with System Standards and the Operations Manual. During the term of the Franchise Agreement:

- the Franchised Business will provide all of the management services that we specify to the Clinic;
- the Clinic, through the PC, will provide various levels of patient care services provided by a chiropractor or other professionally licensed persons;
- the Franchised Business will offer and sell approved services and products only in the manner we have prescribed, and you will ensure that the PC operating the Clinic offers and sells only those services and products that we have approved and in compliance with the Management Agreement;
- you will not offer for sale or sell at or from the Franchised Business or any other location, any services or products we have not approved;
- you will discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing, and you will be responsible for ensuring that the PC operating the Clinic discontinues selling and offering for sale any services or products that we disapprove. Without limiting the previous requirement, you must not provide any chiropractic, medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval.

Required Purchases

We have spent considerable time, effort and money to develop the NuSpine System. In order to ensure the NuSpine Chiropractic® brand maintains its high-quality image, your Franchised Business must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service and must be operated according to our System. We anticipate that our System standards will change over time. You are required to adhere to these changes. System standards and specifications may regulate required signs, letterhead, business cards and other promotional materials, computer hardware and software, insurance providers and coverage, types and models of authorized equipment and supplies to be used in providing management services to the Franchised Business, and designation of approved suppliers and vendors of these items, including approved advertising agencies, contractors and technology vendors.

You must purchase all furniture, fixtures, decorations, equipment, items and products containing the Proprietary Marks and other specified items exclusively in accordance with our standards and specifications that will be disclosed to you in the Operations Manual or otherwise. You must also use our designated vendor in connection with real estate brokerage services and your grand opening marketing plan. You also must pay us directly for certain items you must purchase in connection with your grand opening marketing plan, including the print and signage bundle used in your grand opening.

Otherwise, neither we nor any affiliate are the only supplier of any other goods or services. We reserve the right to designate ourselves or an affiliate as the only approved supplier for items that we require you to purchase. We reserve the right to designate ourselves or an affiliate as suppliers for other items you are required to purchase in the future. There are no approved suppliers in which any of our officers or directors own an interest. You cannot be a supplier to other franchisees without our express written permission.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so.

We estimate that the current required purchases in accordance with our standards and specifications and designated suppliers are approximately 30% to 50% of the cost to establish your Franchised Business and approximately 5% to 25% of the ongoing operating expenses of your Franchised Business.

Approval of New Suppliers or Items

In connection with providing management services to the Clinic, if we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item for which approval is required from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request.

Before approving any supplier, we may take into consideration: a) consistency of products and/or name brands, b) economies of scale achieved by larger volumes, c) delivery frequency and reliability, and d) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. Your request is considered denied unless and until you hear otherwise from us. You must reimburse us for our reasonable costs of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the product or item. The fee will be \$500 plus any expenses incurred by us for the testing of the products or items. The cost of testing and expenses will be refunded to the franchisee if the product or item is approved for use for the entire System.

We may withdraw our approval of a supplier at any time, in our sole discretion.

Revenues of Franchisor and Affiliates

We, and our affiliate, may derive income or revenue from franchisee purchases. We and/or our affiliate have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate.

During our 2024 fiscal year, we received approximately \$2,602 in rebates from Sidmar Manufacturing on tables purchased by Unit Franchisees, and \$4,708 in rebates from Paysafe on credit card processing paid by Unit Franchisees. Our rebate with Sidmar Manufacturing is currently 10% but may vary depending on the pricing of the tables. Our rebate with our credit card processor is up to 10% of revenue generated. In the year ending December 31, 2024, revenues from sale of required products and services to Unit Franchisees was \$7,310 or approximately 0.52% of our total revenues of \$1,405,178.

Approved Site

We must approve the location of your Franchised Business and any applicable lease for the premises. Our approval of the lease will be conditioned upon your execution, and your landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 4 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease.

We will provide you with a sample layout and specifications for a NuSpine Business. You must hire a licensed architect to prepare your plans and make any necessary changes to our standard layout and specifications.

You must obtain certain items for the opening of your Franchised Business through vendors that we have approved. Only marketing materials that we approve are permitted at your Franchised Business. No outside solicitations are permitted. You must display a sign at all times that states, "Independently owned and operated." You must accept all major credit cards for patient services. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

Computer Purchase

You must purchase our specified computer system or an alternative system we approve and must purchase software and/or subscribe to any internet-based programs we require. We reserve the right to designate ourself or an affiliate as the sole supplier of required software or subscription services. We also reserve the right to designate other exclusive technology vendors.

Advertising

All advertising and promotion of your Franchised Business must conform to our specifications and standards and must be approved by us in advance. You must submit to us, for our approval, at least thirty (30) days in advance of placement deadline, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance we require in the Confidential Operations Manual or otherwise. You currently must maintain the following insurance coverage: (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, (iii) Workers Compensation coverage as required by state law, (iv) Errors and Omissions insurance coverage of not less than \$1,000,000 single limit per occurrence; (v) any other insurance that we may require in the future or that may be required according to the terms of your lease; and (vi) Malpractice insurance for each chiropractor working at each clinic on an occurrence-type policy in an amount of not less than \$1,000,000 single limit per occurrence and \$3,000,000 aggregate limit where the Franchisor is listed as an additionally insured party. Defense costs cannot erode policy limits.

If the lease for your Franchised Business premises requires you to purchase insurance with higher limits than those we require, the lease insurance requirements will take precedence. All insurance policies must contain a separate endorsement naming us and our affiliates as additional insureds using ISO form CG2029 or an equivalent endorsement (no blanket additional insured language is acceptable) and must be written by an insurance carrier accepted by us in writing with an A. M. Best and Standard and Poor’s rating of at least “A-“ or better. You must provide us with all information requested by us to assist us in determining whether a carrier is acceptable. We may require that you obtain insurance from a carrier we designate. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days’ prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements upon 30 days’ prior written notice to you, and you must comply with any modification. We may obtain insurance coverage for your business if you fail to do so, at your cost.

If you are engaging in any construction, renovation or build-out of the premises for the Franchised Business, either you or your third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker’s Compensation and Employer’s Liability insurance in the amounts listed above as well as Builder’s Risk insurance in an amount approved by us.

Purchasing or Distribution Cooperatives

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. There are currently no purchasing or distribution cooperatives related to the NuSpine System.

Material Benefits

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Franchise Agreement | Disclosure Document Item(s) |
|--|---------------------------------------|------------------------------------|
| a. Site selection and acquisition/lease | 3; 5.1 | Items 6 and 11 |
| b. Pre-opening purchases/leases | 3.3 | Items 7 and 8 |
| c. Site development and other pre-opening requirements | 5 | Items 6, 7 and 11 |
| d. Initial and ongoing training | 5.3 | Items 6, 7 and 11 |
| e. Opening | 6.1 | Item 11 |
| f. Fees | 4 | Items 5, 6 and 7 |
| g. Compliance with standards and policies/Operating Manual | 5.5; 6.2; 6.9 | Items 8 and 11 |
| h. Trademarks and proprietary information | Background Section B; 6.7 | Items 13 and 14 |
| i. Restrictions on products/services offered | 6.9 | Items 8 and 16 |
| j. Warranty and customer service requirements | 6.12 | Item 11 |
| k. Territorial development and sales quotas | Not Applicable | Item 12 |
| l. Ongoing product/service purchases | 6.2; 6.9 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | 6.36 | Items 6 and 11 |
| n. Insurance | 7.6 | Items 6, 7 and 8 |
| o. Advertising | 4.3 | Items 6, 7 and 11 |
| p. Indemnification | 7.2 | Item 6 |
| q. Owner's participation/management/staffing | 6.3.5 | Items 11 and 15 |
| r. Records and reports | 4.3.1; 4.7; 4.8 | Item 6 |
| s. Inspections/audits | 4.8; 6.7 | Items 6 and 11 |

| Obligation | Section in Franchise Agreement | Disclosure Document Item(s) |
|---------------------------------|---|-----------------------------|
| t. Transfer | 8 | Item 17 |
| u. Renewal | 2.2 | Item 17 |
| v. Post-termination obligations | 10 | Item 17 |
| w. Non-competition covenants | 7.4 | Item 17 |
| x. Dispute resolution | 12.2; 12.3; 12.4; 12.11; 12.12; 12.13; | Item 17 |
| y. Liquidated damages | Not applicable | Not applicable |
| z. Guaranty | Exhibit 3 | Item 1 |

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

1. Before you open your Franchised Business, we are obligated under the Franchise Agreement to:
2. Review and approve or disapprove proposed sites for the location of your Franchised Business and review and approve or disapprove the proposed lease or purchase agreement for the premises. (Sections 3.1 and 3.2 of the Franchise Agreement). When evaluating a potential site, we will consider factors such as general location and neighborhood, anchor tenant, parking capacity, distance from neighboring franchisees, proximity to major roads, residential areas and commercial businesses, traffic patterns, lease terms, and demographic characteristics of the area. It is your responsibility to locate a site that satisfies our site selection criteria, and you must use our designated real estate broker. Site selection assistance provided by us does not relieve you of primary responsibility to locate an acceptable site in the required timeframe. We do not anticipate owning the Clinic site and then leasing it to you.
3. Provide you a copy of a floor plan design for a prototypical Franchised Business. (Section 5.2 of the Franchise Agreement). We do not guarantee that the recommended design conforms to applicable laws and regulations. You must hire an architect to prepare your plans and make any necessary changes to our standard floor plan design. We will not be liable for the architect's performance or the architect's compliance with professional design standards or adherence to local codes.
4. Provide initial tuition-free training for up to three (3) people, including you or your Operating Principal (if you are an entity), and your staff to attend our initial training program virtually and/or at designated

Franchised Location (Section 5.3.1 of the Franchise Agreement). We will also provide you continuing consultation and advice as we deem advisable before your Franchised Business opens for business. (Section 5.3.2 of the Franchise Agreement).

5. Provide you with information regarding the selection of suppliers of products, initial inventory, supplies, signs, fixtures, equipment, computer hardware and software and other merchandising needs of your Franchised Business (Section 6.2 of the Franchise Agreement). We will make available to you, a list of required, approved and recommended suppliers for these items and you will contract directly with said suppliers.
6. Loan you or otherwise provide you with access to a specification, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, referred to collectively as the "Operations Manual," containing mandatory and suggested standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operations Manual as we deem necessary and reasonable; however, no change to the Operations Manual will materially alter your fundamental rights under the Franchise Agreement. We may provide the Operations Manual solely through our website(s), and/or intranets, or other electronic means without any need to provide you with a paper copy or other physical format (Section 5.5 of the Franchise Agreement). Attached, as Exhibit G, is a copy of the table of contents of our Operations Manual as of the issuance date of this Disclosure Document. There are 81 pages in our Operations Manual.
7. If you request, we will review your pre-opening business plan and financial projections.
8. We will provide guidelines and requirements regarding the planning and execution of your grand opening marketing plan, including the use of our designated vendor and mandated program.
9. We will have a representative provide support for at least two days in connection with your clinic launch.

Site Selection and Opening

You must acquire an acceptable site and open your Clinic within twelve months of signing your Franchise Agreement. If you fail to acquire an acceptable site within 90 days of signing your Franchise Agreement, we will grant you a 90-day extension so long as you are actively pursuing an acceptable location for your Clinic. If you fail to open within twelve months or you are not actively pursuing a location for your Clinic we may terminate the Franchise Agreement. If you fail to open within twelve months, we reserve the right charge you a penalty fee of \$500 per each additional month you fail to open as an alternative to termination.

We anticipate that franchisees will typically open for business within 180 to 360 days after they sign the Franchise Agreement or pay any consideration for the franchise. The actual length of time it will take you to open your Clinic will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies.

Prior to opening, you must obtain our prior written approval for the Approved Site and our prior written approval for a lease (which complies with our lease requirements). There is no contractual limit on the time it takes us to accept or reject your proposed site. Generally, we do not take more than 15 days from the time we receive the information requested by us, to accept or reject your proposed site.

You may not open for business until: (i) you pay the initial franchise fee and other amounts due to us or our affiliate; (ii) we notify you in writing that your Franchised Business meets our standards and specifications; (iii) you and your staff have successfully completed initial training to our satisfaction; (iv) you have provided us with certificates of insurance for all required insurance policies; (v) you have received our written approval; and (v) you have met the pre-opening marketing requirements set forth in our Operations Manual.

Continuing Obligations

During the operation of your Franchised Business, we are obligated under the Franchise Agreement to:

1. Provide periodic assistance we deem appropriate and advisable. Subject to availability of personnel and at your request, we will make personnel available to provide additional on-site assistance at your location, at our then current fee. (Section 5.3.2 of the Franchise Agreement).
2. Provide, in addition to the assistance rendered to you prior to opening and in connection with your opening, continuing consultation and advice as we deem advisable regarding merchandising, inventory, sales techniques, personnel development and other business, operational and advertising matters that directly relate to the Franchised Business. This assistance may be provided by telephone, facsimile, email, postings to our intranet, periodically through on-site assistance by appropriate personnel, and/or other methods. (Section 5.4 of the Franchise Agreement).
3. Approve the type of products and services offered in your Franchised Business, as we may periodically modify. (Section 6.9 of the Franchise Agreement).
4. Permit you to use our confidential information. (Section 6.5 of the Franchise Agreement).
5. Permit you to use our Proprietary Marks. (Section 6.6 of the Franchise Agreement).
6. Administer, contributions to the Brand Fund. (Section 4.3.3 of the Franchise Agreement).

Advertising Programs

We have established a Brand Fund to be administered for the common benefit of System franchisees. Under the Franchise Agreement, we have the right to require you to contribute 1% of your weekly Gross Sales to the Fund and may increase this amount to 2% upon thirty (30) days' prior written notice (Section 4.3.4.1 of the Franchise Agreement).

We and any company-owned Clinics will be required to contribute to the Brand Fund in the same manner as our franchisees. We have the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.4.3 of the Franchise Agreement). We have the right to use Brand Fund contributions, in our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media social sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering promotions and "mystery shopper" programs; implementation and use of Customer Relationship Management software and solutions; and providing promotional and other marketing materials and services to the

NuSpine Chiropractic® clinics operating under the System. Our decisions in all aspects related to the Brand Fund will be final and binding. We may charge the Brand Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the Brand Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Brand Fund. (Section 4.3.4.2 of the Franchise Agreement).

We do not anticipate that any part of your contributions to the Brand Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.4.2 of the Franchise Agreement). We also reserve the right to require you to place a “franchises available” sign (which signage will be provided by us) at a location we designate at your Franchised Business.

We may also establish special promotional programs. You are required to participate in special promotional programs, and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs. You must participate in all rebate programs and must offer all discounts required by us. (Section 4.3.4.4 of the Franchise Agreement).

Advertising to be used by the Brand Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.4.2 of the Franchise Agreement).

Although we anticipate that all Brand Fund contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Brand Fund. The Brand Fund may spend more or less than the total Brand Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Brand Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Brand Fund expenditures. (Section 4.3.4.2 of the Franchise Agreement). We may incorporate the Brand Fund or operate it through a separate entity if we deem appropriate.

For the year ending December 31, 2024, there were \$176,920 in Brand Fund contributions. During fiscal year 2024, the Brand Fund contributions were spent as follows: 0% on media placement, 41% on production expenses, and 57% on administrative and miscellaneous expenses. The remaining portion of the amounts collected (2%) will be rolled over for the 2025 calendar year.

There is currently no advertising council in place for the System.

Local Advertising

In addition to your required Brand Fund contributions, you are required to spend \$3,000 per month, or 4% of monthly Gross Sales, whichever is greater, to advertise the Franchised Business. You may use your own advertising material so long as you have received prior written permission from us. You must use our approved vendor to handle all your local advertising. (Section 4.3.3 of the Franchise Agreement). If you propose to use any advertising which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose clinics are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to us at least 30 days before the placement deadline. We are not contractually obligated to approve or reject any advertising submitted to us within the 30 days, but we will attempt to do so. You may not use the advertising unless we give you approval in writing. At our request you must include

certain language in your local advertising materials, including “Franchises Available” and/or “Each Franchise Location Independently Owned and Operated”, our website address and telephone number. Section 4.3.2 of the Franchise Agreement). We are not required under the Franchise Agreement to spend any amount on advertising in your local area or your Territory. You may not establish a website using or displaying any of the Proprietary Marks, and you may not advertise your Franchised Business or the sale of products or services offered by your Franchised Business on the Internet or through social media accounts operated by you or by others, except as we permit. We may host and give you access to a separate web page for your Franchised Business on our website(s). However, your webpage may be removed and all mention of your Franchised Business location may be removed from our website and/or social media accounts anytime you are found to not be in compliance with the System or anything required under the Franchise Agreement. Access will be reinstated only once violations are deemed cured, in our sole discretion. Any electronic materials you propose to use must be approved in advance by us before publication to any site. (Section 4.3.5 of the Franchise Agreement). You may not advertise your Franchised Business, or the sale of products or services offered by your Franchised Business outside of your Territory, without our prior written consent.

Grand Opening Advertising

You must spend \$17,500 in advertising and promotions during the period 60 days before you open for business through 60 days after your Clinic is open. This must be spent in accordance with our mandated program, and you must pay certain amounts to us and/or our designated vendor. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. (Section 4.3.1 of the Franchise Agreement).

Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Franchised Business is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 1% of your monthly Gross Sales. Amounts contributed to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned businesses will have no obligation to participate in any such advertising cooperatives. (Section 4.3.6 of the Franchise Agreement).

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative’s franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative’s finances, if we so choose. Your Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative.

We reserve the right to approve all of a cooperative’s marketing programs and advertising materials. On 30 days’ written notice to affected franchisees, we may terminate or suspend a cooperative’s program or operations. We may form, change, dissolve or merge any advertising cooperative.

Computers and Point of Sale Systems

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement). We may provide you with an e-mail address, and we expect you to check your

e-mail regularly and conduct all NuSpine business using any supplied e-mail. We own all NuSpine e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses.

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Franchised Business (subject to compliance with HIPAA and other requirements). You must allow us to access the information remotely and we shall have the right to disclose the information and data contained therein to the System. There is no contractual limitation on our right to access this information and data. (Sections 4.6 and 6.9.5 of the Franchise Agreement).

Currently, we are requiring you to purchase a Windows based computer system which meets the minimum specifications outlined in our Operations Manual. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. We also require you to have a printer, scanner, and copier. You must accept all major credit cards for patient services. This requirement may require that you invest in additional equipment.

You will be required to purchase a subscription to and/or license software, including QuickBooks Accounting Pro Software, required management software and NuSpine Software. We estimate that your initial cost will be \$500 to \$1,500 with anticipated monthly fees of \$549.

We estimate that your cost to purchase a designated computer system, consisting of four tablet devices, two PCs or laptop computers and an all-in-one printer/scanner/copier will range from \$5,000 to \$12,000.

You must upgrade or update your computer equipment and software to comply with our current requirements within thirty days of a change in our requirements. There is no contractual limitation on the frequency or cost of required updates or upgrades. In addition to any charges imposed by computer hardware and software vendors, we may charge you a reasonable systems fee for modifications and enhancements we or our vendors or representatives make to proprietary software and for other maintenance and support services that we may furnish to you. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

Training Programs

INITIAL FRANCHISE TRAINING

| Subject | Description | Hours of Classroom/Virtual Training | Location |
|-------------------------------|--|-------------------------------------|--|
| Franchise Unit Administration | Manuals Review, Vendors and Operational Supplies, Business Practices and Responsibilities | 2 | Virtually and/or a designated franchise location |
| Clinic Operations | Clinic Operations Procedures, Roles and Responsibilities, New Patient Experience, First Month Operations | 6 | Virtually and/or a designated franchise location |
| Website, IT, Software | Website Overview, Dashboard Resource, Software Application, Patient Interaction, Employee Interaction, Franchise Interaction | 3 | Virtually and/or a designated franchise location |

| Subject | Description | Hours of Classroom/Virtual Training | Location |
|--------------------------|---|-------------------------------------|--|
| Marketing & Sales | Marketing Programs and Practices, Sales Scripting, Lead Generation and Conversion | 2 | Virtually and/or a designated franchise location |
| Question & Answer Review | Question & Answer Review | 6 | Virtually and/or a designated franchise location |
| Total | | 19 | |

Our initial franchise training program is conducted under the direction of our Director of Clinic Operations, Jon Jones. Jon Jones developed all training materials, authored our manuals, and currently provides training in our NuSpine Franchise system, and he has over 1 year of experience with us and 7 years of experience in the industry.

The initial franchise training program is designed to provide training in the operation and management of a Franchised Business. Our training program does not include any chiropractic or medical training. The initial training program will be held virtually. Training is expected to last 3 to 4 days. Training for up to three (3) people is included in the initial franchise fee. You (or your Operating Principal if you are an entity), your Chiropractor and staff (if applicable) are required to complete the training. Each of your additional and/or replacement staff must attend, and complete the initial training program to our satisfaction before assuming management responsibility at our then-current cost for additional initial training (currently \$500 per person per day). Training must be completed a minimum of thirty days prior to the opening of your Franchised Business.

We will host our initial franchise training on an “as needed” basis, at least once a month, depending on the number of franchisees and their employees needing training.

As the next step toward operating a NuSpine Franchise, you will be provided access to our online learning management system NuSpine University. The online training program is designed to continue educating our owners on the operating procedures. You are responsible for completing all assigned courses a minimum of 5 days prior to your opening date. It is recommended that each franchise owner complete their assigned course modules prior to hiring their clinic staff. The NuSpine University training consists of the following:

NUSPINE UNIVERSITY

| Subject | Description | Hours of Online Training | Location |
|------------------------------------|--|--------------------------|----------|
| Franchise Operations & Development | Facilities Orientation, Development Worksheet, G-Suite, Doctor Recruitment, MalPractice Insurance | 3 | Online |
| Clinic Operations | New Patient Process, First Month Operations, Clinical Operations, Software, Patient Examination Overview | 6 | Online |
| Marketing & Sales | Review Marketing Plan and Practices, Sales | 1.5 | Online |

| Subject | Description | Hours of Online Training | Location |
|----------------|---|--------------------------|----------|
| | Scripting, Lead Generation and Conversion | | |
| Module Quizzes | Multiple Choice Questions | 2.5 | Online |
| Total | | 13 hours | |

All franchisee clinic staff are required to complete all assigned online training a minimum of 5 days prior to their slated opening date. The hired staff will also be required to complete pre-opening training tasks provided by the corporate team in preparation for pre-opening training. Once all assigned course modules have been completed along with the pre-opening training tasks in the timeframe provided, the corporate team will schedule the franchise locations pre-opening training. The pre-opening training consists of the following:

PRE-OPENING TRAINING

| Subject | Description | Hours of Training | Location |
|---------------------------|--|-------------------|---|
| Introduction | Clinic Introductions, NuSpine Mission & Culture, Serviceship, Franchise Location Overview | 1 | Virtual and/or at a Franchised Location |
| Clinic Operations | New Patient Process, First Month Operations, Clinic Operations, Patient Examination Overview | 4.5 | Virtual and/or at a Franchised Location |
| Website, IT, Software | Website Overview, Dashboard Resource, Software Application, Patient Interaction, Employee Interaction, Franchise Interaction | 1.5 | Virtual and/or at a Franchised Location |
| Marketing | Review Marketing Plan and Practices | 1 | Virtual and/or at a Franchised Location |
| Questions & Answer Review | Question & Answer Review | 1 | Virtual and/or at a Franchised Location |
| Total | | 9 Hours | |

If additional training is otherwise required you must pay us our then-current tuition for additional on-site training (currently, \$500 per trainer per day). In addition, you will be responsible to pay for any travel, lodging and meal costs of our trainers (if any).

You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your employees will receive a salary during training, you are solely responsible for paying their salary.

We reserve the right to hold periodic refresher training programs, which we expect to hold at least annually, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel. We reserve the right to require you to pay our then-current cost for the training in addition to all

expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages. We also reserve the right to require that refresher training be conducted outside of the regular operating hours of your Franchised Business.

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We may designate that attendance at a franchisee meeting by you and/or certain of your personnel is mandatory. We do not expect that a franchisee meeting will last longer than three days in any calendar year. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products or services, and/or to provide training. We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees). We reserve the right to charge a fee for the franchisee meeting, and you must pay all expenses incurred by you, your staff and/or any other attendees at the franchisee meeting, including travel, lodging, meals, applicable wages and meeting materials.

ITEM 12

TERRITORY

The Franchise Agreement gives you the right to operate a NuSpine Chiropractic® Unit Franchise at a site we accept as meeting our site selection guidelines. You must select the site for your Unit Franchise from within the non-exclusive "Designated Search Area" identified in Exhibit 1 to your Franchise Agreement. The Designated Search Area will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Designated Search Area other than the right to identify a proposed site for your Unit Franchise, but after you locate a site acceptable to us, we will grant you a "Protected Area" around that site as described below.

We will grant you a protected territory ("the Protected Territory"). We will define the Protected Territory in an addendum to the Franchise Agreement after you select and we approve the site for your Unit Franchise. Typically, the Protected Territory will include between 10,000 to 30,000 households as defined by the natural traffic and trade patterns of your Approved Site. We will describe the Protected Territory using either a two-mile radius or a map that will show in general terms the fixed geographical boundaries (such as rivers, streets or highways). The geographic size of the Protected Territory will vary based upon population density and a variety of demographic factors. In dense urban areas, the Protected Territory may encompass a city block or less, and at Non-Traditional Sites we might limit your Protected Territory to the site of your Unit Franchise. We would expect to grant franchises for Non-Traditional Sites in self-contained locations such as college or university campuses, airports, hospitals, or sports arenas. For purposes of this Disclosure Document, a "Non-Traditional Site" means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. In less dense suburban areas, the Protected Territory could include an entire municipality.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control. However, if you are in full compliance with the Franchise Agreement, then during the Franchise Agreement's term, neither we nor our affiliates will operate or grant a franchise for the operation of another NuSpine Chiropractic® Unit Franchise or Company-owned NuSpine Chiropractic® outlet within your Protected Territory (except for NuSpine Chiropractic® Unit Franchises at Non-Traditional Sites) that offer the same or similar goods or services under the same or similar trademarks.

You cannot relocate your Unit Franchise without our consent. If you lose possession of your Unit Franchise through no fault of your own, you may apply to us for our approval to relocate your Unit Franchise to another site within your Territory. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of Unit Franchise at

your Approved Site. We will allow relocation of your Unit Franchise if the newly proposed site meets the requirements, we impose on other new unit franchises, and unless you are in default of your Franchise Agreement or the proposed site adversely impacts an existing or proposed unit franchise. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other unit franchisees. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

The continuation of your right to operate in the Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency. You have no right to distribute any services or products offered in the Unit Franchise through any alternate channels of distribution, including but not limited to, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery System (collectively, the “Electronic Media”); or through telemarketing, catalogs or other mail order devices. We and our affiliate, parent and predecessor are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Territory.

You are unrestricted as to the geographic area from which you may obtain business as a NuSpine Chiropractic® Unit Franchisee. However, except as we otherwise approve, you may not offer services or take part in any sales from a location other than the site of your Unit Franchise. You are strictly prohibited from selling any product at wholesale.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories.

We and/or our affiliate and predecessor reserve all other rights with respect to your Territory, which include but are not limited to: (i) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Unit Franchise and regardless of location, and the right to convert those locations to NuSpine Chiropractic® franchises or businesses; (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of franchised businesses; (iii) to establish and operate, and allow others to establish and operate, businesses that may offer products and services which are identical or similar to products and services offered by the Unit Franchise, under other trade names, trademarks, service marks and commercial symbols different from the Proprietary Marks, at any location; and (iv) the right to distribute products and services in alternative channels of distribution whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our affiliate or predecessor own or license, through any distribution method we or our affiliate may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with your Unit Franchise (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods).

We and/or our affiliate, parent and predecessor retain the right to use and to license others to use the System for the operation and licensing of other System franchisees at any locations outside of the Territory.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise (the “Proprietary Marks”). Our

primary service mark is “NuSpine Chiropractic®”. We have registered or applied for registration of the Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) as listed below. We intend to file all affidavits when required. You may not sublicense the Proprietary Marks without our permission. This below list may not be an exhaustive list of all Proprietary Marks owned by us, or our affiliate.

We also own and claim common law trademark rights in the trade dress used in the Franchised Business. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. We are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols, unless authorized by us. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute, add or change the Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution, addition or change of the Proprietary Marks will be beneficial to the System. If we substitute, add or change any of the Proprietary Marks, you must bear the cost and expense at your business (for example, changing signage, business cards, etc.).

The following Proprietary Marks are registered with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register. At the appropriate times, we intend to renew the registrations and to file all appropriate affidavits.

| Mark | Serial Number | Application Date | Registration Number | Registration Date | Register |
|---------------------------|---------------|------------------|---------------------|-------------------|-----------|
| NuSpine Chiropractic® | 87216768 | October 26, 2016 | 5274681 | August 29, 2017 | Principal |
| NUSPINE | 90870491 | August 6, 2021 | 6827207 | August 23, 2022 | Principal |
| NuSpine Chiropractic logo | 90870510 | August 6, 2021 | 6827210 | August 23, 2022 | Principal |

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the Operations Manual and other manuals, advertising and promotional materials, training materials and programs, videos, proprietary computer software and applications, architectural plans and designs, web sites and web pages, and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

The Operations Manual is our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement. We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. The Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement (subject to compliance with HIPAA and other requirements). Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other NuSpine franchises; (5) the Operations Manual; (6) training materials and programs; (7) chiropractor and employee recruitment and retention techniques; (8) specifics regarding any computer software, applications and similar technology that is proprietary to us or the System; and (9) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees);

All data that you collect from the management of the Franchised Business (subject to compliance with HIPAA and other requirements) or through marketing is deemed to be owned exclusively by us and/or our affiliate. You must install and maintain security measures and devices necessary to protect patient data from unauthorized access or disclosure, and you may not sell any personal or aggregated information concerning any patients.

The Franchise Agreement provides that you acknowledge that your entire knowledge of the operation of the NuSpine System, including the specifications, standards and operating procedures of the NuSpine System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You and, if you are a corporation, partnership or limited liability company, your officers, directors, shareholders, partners, members, managers, employees and members of those persons' immediate families and their heirs, successors and assigns are prohibited from using and/or disclosing any confidential information in any manner other than as we permit in writing. You and all your principal owners must execute the Confidentiality, Non-Disclosure, and Non-Compete Agreement attached to our Franchise Agreement. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. Each employee having access to Confidential Information must execute our then-current form of Confidentiality, Non-Disclosure, and Non-Compete Agreement, which will be in our Manual. A copy of all such agreement executed by your employees must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee that relate to the management of the Franchised Business, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Franchised Business. The Operating Principal must be an equity owner of at least 10% of the Franchised Business and have the authority to bind you in all operational decisions regarding the Franchised Business. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single purpose entity and you cannot operate any other business using your entity name. If you operate more than one Franchised Business, you will be required to establish a separate entity for each Franchised Business.

If you or your Operating Principal do not participate in the day-to-day operation of the Franchised Business, you will need a Manager to be responsible for the direct on-premises supervision of the Franchised Business at all times during the hours of operation. Your Manager must be approved by us. However, you are still responsible for the operations of the Franchised Business. You or your Operating Principal (if you are an entity) and your Manager must satisfactorily attend and complete our training program.

At all times, you will keep us advised of the identity of your Manager. We must be advised of any change within seventy-two hours. Your Manager need not have any equity interest in the franchise. You will disclose to your Manager only the information needed to operate the Franchised Business and the Manager will be advised that any confidential information is our trade secret.

In addition, your staff and all persons affiliated with you, including your officers, directors, partners, shareholders, members, managers and employees are required to execute a Confidentiality Agreement in the form attached as Exhibit 5 to the Franchise Agreement. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit 5 to the Franchise Agreement.

All management personnel and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all mandatory licensing and certification requirements.

You must sign and maintain during the term of your Franchise Agreement, a Management Agreement with a PC (unless you and we sign an Amendment to Waive Management Agreement). Our criteria for a PC include requirements that the chiropractors of the PC be duly licensed, and board certified as required in their respective states. You must use our applicable standard form of Management Agreement attached hereto as Exhibit C; however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC. You must obtain our written approval of the final Management Agreement prior to signing it with the PC. The PC will employ and control the chiropractors and the other professionals who will provide the chiropractic services required to be delivered at and through the Clinic. You must ensure that the PC offers all chiropractic services in accordance with the Management Agreement and the System and does not offer any services or products that we have not authorized to be provided in connection with the Clinic.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide all management services to the Clinic that we specify to support the PC and its delivery of chiropractic services to patients at a Clinic, consistent with all applicable laws and regulations. You must also ensure that the PC provides at the Clinic the services and products that we specify. You must offer and sell approved services and products only in the manner we have approved. You must not offer for sale or sell at or from the Franchised Business any services or products we have not approved, and you will ensure that the PC operating the Clinic offers and sells only those services and products that we have approved, and you will be responsible for ensuring that the PC operating the Clinic discontinues selling and offering for sale any services or products that we disapprove. You will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing.

The PC for the Clinic will employ and control its chiropractors. You may not provide any actual chiropractic or medical services, nor will you supervise, direct, control or suggest to, the PC or its chiropractors or employees the manner in which the PC provides or may provide chiropractic services to its patients.

If you determine that it is permissible (or not prohibited) in your state, you and we may enter into an Amendment to Waive Management Agreement. Under this Amendment, you will both operate the Clinic (including performing all responsibilities and obligations of the “PC”) and manage the Clinic as required by the Franchise Agreement and the Management Agreement. Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations.

We generally do not restrict the persons you solicit, or the methods by which you promote the Franchised Business and the Clinic you manage.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in Franchise Agreement | Summary |
|----|---|--------------------------------|--|
| a. | Length of the franchise term | 2.1 | 10 years |
| b. | Renewal or extension | 2.2 | You have the right to renew the franchise for one (1) additional 10-year term, if you meet certain requirements. |
| c. | Requirements for you to renew or extend | 2.2 | You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 5 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our parent, affiliate or predecessor and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our parent, affiliate or predecessor; (vi) have executed our then-current form of Franchise Agreement; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed our form of General Release, releasing us and our parents, affiliates or predecessor, and their officers and directors, from all claims arising out of or related to the Franchise Agreement or any related agreement (Exhibit H). If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights. |
| d. | Termination by Franchisee | 9.1 | You must give us 90 days' written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90- |

| | Provision | Section in Franchise Agreement | Summary |
|----|---|--------------------------------|---|
| | | | day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach. |
| e. | Termination by Franchisor without cause | No Provision | Not applicable |
| f. | Termination by Franchisor with cause | 9.2.1 | We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description. |
| g. | “Cause” defined - curable defaults | 9.2.1 | We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks; (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our parent, affiliate or predecessor; or (iii) after a 30 day cure period upon your failure to maintain required licenses, pay any sums owed to a third party other than us or our parent, affiliate or predecessor or upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach. |
| h. | “Cause” defined - non curable defaults | 9.2.2 | We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business, or goodwill of the Proprietary Marks; (ii) you are convicted or plea of guilty or nolo contendere of a felony; (iii) you commit fraud in the operation of your Franchised Business; (iv) you misrepresent yourself in any way (including through omission of information) |

| | Provision | Section in Franchise Agreement | Summary |
|----|---|--------------------------------|--|
| | | | <p>in connection with your franchise application; (v) you file for bankruptcy or are adjudicated a bankrupt; (vi) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (viii) you become insolvent; (ix) you or your principals materially breach any other agreements with us or our affiliate, parent or predecessor; (x) we send you 3 or more written notices to cure within one 12-month period; (xi) you intentionally underreport or misstate any information required to be reported to us; (xii) you voluntarily or otherwise abandon the Franchised Business; (xiii) you fail to open the Franchised Business; (xiv) you lose the right to occupy the Premises of your Approved Site as a result of a breach of your lease agreement; (xv) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvi) any violation of health or safety laws occur at the Franchised Business; (xvii) you fail to comply with any in-term covenants; (xiii) you use the Confidential Information in an un-authorized manner; (xix) you fail to maintain insurance; (xx) you fail to provide us full unfettered access to the Franchised Business premises; (xxi) you make disparaging statements regarding the brand or management of the Franchisor which may affect the reputation or goodwill of the Proprietary Marks or the brand, or which may adversely affect management's relationship with other Franchisees; and (xxii) any unauthorized transfer.</p> |
| i. | Your obligations on termination/non-renewal | 10.1 | <p>You must sign our General Release, cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks and the proprietary computer software, return the Operations Manual and all other confidential information to us, transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, seating, tables, desks, signs or fixtures which</p> |

| | Provision | Section in Franchise Agreement | Summary |
|----|---|--------------------------------|--|
| | | | we elect to purchase, and, at our option, assign to us, any interest you have in the lease or sublease for the Franchised Businesses' premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Franchised Businesses' premises as may be necessary to distinguish it from a NuSpine franchise under the System. You must also comply with any post-term covenants under the Franchise Agreement. |
| j. | Assignment of contract by Franchisor | 8.6 | We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Franchise Agreement. |
| k. | "Transfer" by Franchisee – defined | 8.3 | A sale, transfer or assignment is deemed to occur if: (i) you are a corporation, or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest. |
| l. | Franchisor's approval of transfer by franchisee | 8.1 | You may not sell, transfer, assign or encumber your interest in the franchised business without our prior written consent. |
| m. | Condition for Franchisor's approval of transfer | 8.3.2 | Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under the Franchise Agreement; (iii) execution of our General Release and our form of Transfer Agreement (Exhibit I); (iv) you or the proposed transferee agrees to complete repairs and remodeling as required; and (v) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must satisfy any licensing requirements, have |

| | Provision | Section in Franchise Agreement | Summary |
|----|--|--------------------------------|---|
| | | | demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and have the aptitude and adequate financial resources to operate a NuSpine franchise. The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us a transfer fee, and the transferee and its manager must have completed our initial training program. |
| n. | Franchisor's right of first refusal to acquire Franchisee's business | 8.3.1 | If you propose to transfer or assign 20% or more of your interest in the franchised business to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party. |
| o. | Franchisor's option to purchase Franchisee's business | 10.1.7 | If the Franchise Agreement is terminated, we have the right to purchase the assets of the franchised business. We also have the option to purchase or lease your premises. Our option may be exercised at fair market value, determined by appraisal, if the parties are unable to agree. |
| p. | Franchisee's death or disability | 8.2 | Upon your death or disability, your representative must designate an operator who is acceptable to us for your Franchised Business within 60 days and transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer. |
| q. | Non-competition covenants during the term of the franchise | 7.4.1 | Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which offers chiropractic services or offers management services to any business which offers chiropractic services (a "Competing Business"). |
| r. | Non-competition covenants after the franchise is terminated or expires | 7.4.2 | The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement: (i) to own, engage in, be employed or have any interest in any Competing Business within five miles (or the maximum area |

| | Provision | Section in Franchise Agreement | Summary |
|----|--|--------------------------------|---|
| | | | allowed by law) of your Franchised Business location or other NuSpine Chiropractic® locations; (ii) to solicit business from former clients of your Franchised Business for any competitive business purpose; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us. |
| s. | Modification of the agreement | 12.1 | The Franchise Agreement may only be modified by written amendment signed by both parties. The Operations Manual is subject to change. |
| t. | Integration/ merger clauses | 12.1 | The Franchise Agreement is the entire agreement between the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document |
| u. | Dispute resolution by arbitration or mediation | 12.4 | After mediation, the parties must submit disputes to binding arbitration through the American Arbitration Association in Maricopa County, Arizona (except either party may pursue an action for injunctive relief). |
| v. | Choice of forum | 12.2 | Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court which has general jurisdiction in Maricopa County, Arizona. |
| w. | Choice of law | 12.2 | Except to the extent governed by Lanham Act, or other federal law, including the Federal Arbitration Act, or other applicable federal or state law, Arizona law applies. |

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jon Jones, Director of Clinic Operations, at 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260 and (402) 937-2500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|-------------|---|---------------------------------------|-------------------|
| Franchised | 2022 | 7 | 26 | +19 |
| | 2023 | 26 | 32 | +6 |
| | 2024 | 32 | 34 | +2 |
| Company Owned | 2022 | 1 | 0 | -1 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| Total Outlets | 2022 | 8 | 26 | +18 |
| | 2023 | 26 | 32 | +6 |
| | 2024 | 32 | 34 | +2 |

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2022 to 2024

| State(s) | Year | Number of Transfers |
|-----------------|-------------|----------------------------|
| Arizona | 2022 | 0 |
| | 2023 | 1 |

| State(s) | Year | Number of Transfers |
|--------------|-------------|---------------------|
| | 2024 | 0 |
| Nebraska | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Total | 2022 | 1 |
| | 2023 | 1 |
| | 2024 | 0 |

**Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024**

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|----------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| Arizona | 2022 | 1 | 4 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| California | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 3 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 0 | 1 | 0 | 0 | 0 | 5 |
| Florida | 2022 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Georgia | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 1 | 0 | 0 | 2 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nebraska | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| Nevada | 2022 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| North Carolina | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Texas | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 4 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|--------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| Utah | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Virginia | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kansas | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2022 | 7 | 19 | 0 | 0 | 0 | 0 | 26 |
| | 2023 | 26 | 11 | 3 | 0 | 0 | 2 | 32 |
| | 2024 | 32 | 4 | 2 | 0 | 0 | 0 | 34 |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|--------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| Nebraska | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5
Projected Openings as of December 31, 2024**

| State | Franchise Agreements Signed but Outlets Not Opened | Projected New Franchised Outlets in Fiscal Year 2024 | Projected New Company-Owned Outlets in Fiscal Year 2024 |
|----------------|--|--|---|
| Arizona | 5 | 0 | 0 |
| California | 2 | 0 | 0 |
| Florida | 3 | 1 | 0 |
| Kansas | 0 | 0 | 0 |
| Nevada | 1 | 1 | 0 |
| North Carolina | 0 | 0 | 0 |
| Oklahoma | 0 | 0 | 0 |

| State | Franchise Agreements Signed but Outlets Not Opened | Projected New Franchised Outlets in Fiscal Year 2024 | Projected New Company-Owned Outlets in Fiscal Year 2024 |
|----------------|--|--|---|
| South Carolina | 0 | 0 | 0 |
| Texas | 7 | 1 | 0 |
| Utah | 0 | 0 | 0 |
| Missouri | 0 | 0 | 0 |
| Total | 18 | 3 | 0 |

Attached as Exhibit E to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document.

Attached as Exhibit E to this Disclosure Document is the name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us. There are currently no trademark-specific franchise organizations associated with the franchise system at this time.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are our audited financial statements for the years ending December 31, 2024, 2023, and 2022. Also attached to this Disclosure Document as Exhibit F are our unaudited financial statements as of March 31, 2025.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B - Franchise Agreement

Exhibit C - Management Agreement

Exhibit D - Waiver of Management Agreement

ITEM 23

RECEIPT

Attached as the last page of this disclosure document is a Receipt. Please sign the Receipt and return it to us. A duplicate of the Receipt is also attached for your records.

EXHIBIT A

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about NuSpine Franchise Systems, LLC.

Our agent for service of process in the State of Delaware is:

Harvard Business Services, Inc.
16192 Coastal Hwy
Lewes, DE 19958

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

| State | State Agency | Agent for Service of Process |
|--------------|--|---|
| CALIFORNIA | Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013 (866) 275-2677. | Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013 |
| HAWAII | Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 | Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 |
| ILLINOIS | Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 | Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 |
| INDIANA | Indiana Secretary of State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681 | Indiana Secretary of State State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 | Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 |

| | | |
|--------------|--|--|
| MICHIGAN | Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 |
| MINNESOTA | Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600 | Minnesota Commissioner of Commerce 85 7 th Place East Suite 500 St. Paul, MN 55101-2198 |
| NEW YORK | NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st FL New York, NY 10005 (212) 416-8236 | Secretary of State State of New York 99 Washington Avenue Albany, New York 11231 |
| NORTH DAKOTA | Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712 | North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 |
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| VIRGINIA | State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051 | Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218 |
| WASHINGTON | Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760 | Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 |
| WISCONSIN | Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559 | Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 |

EXHIBIT B

FRANCHISE AGREEMENT

**NUSPINE FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT**



TABLE OF CONTENTS

| | |
|--|--|
| 1. GRANT OF FRANCHISE | 1 |
| 2. TERM AND RENEWAL..... | 4 |
| 3. LOCATION | 4 |
| 4. FEES AND COSTS | 6 |
| 5. FRANCHISOR SERVICES..... | 11 |
| 6. FRANCHISE SYSTEM STANDARDS | 13 |
| 7. ACKNOWLEDGMENTS OF FRANCHISEE | 19 |
| 8. SALE OR TRANSFER | 22 |
| 9. BREACH AND TERMINATION..... | 25 |
| 10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION | 28 |
| 11. NOTICES..... | 29 |
| 12. INTERPRETATION | 29 |
| 13. REPRESENTATIONS | 32 |
| 14. PERSONAL GUARANTEES..... | 33 |
| 15. OWNERSHIP OF FRANCHISEE | 34 |
| | |
| EXHIBIT 1 | DESIGNATED SEARCH AREA; APPROVED SITE |
| EXHIBIT 2 | STATEMENT OF OWNERSHIP INTEREST |
| EXHIBIT 3 | PERSONAL GUARANTY |
| EXHIBIT 4 | COLLATERAL ASSIGNMENT OF LEASE |
| EXHIBIT 5 | CONFIDENTIALITY AGREEMENT |
| EXHIBIT 6 | WAIVER OF MANAGEMENT AGREEMENT |
| EXHIBIT 7 | DISCLOSURE QUESTIONNAIRE |
| EXHIBIT 8 | TELEPHONE, INTERNET WEBSITES AND LISTING AGREEMENT |
| EXHIBIT 9 | STATE-SPECIFIC ADDENDA |

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into and made effective _____ (the “Effective Date”), by and between NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company, with its principal business address at 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260 (“Franchisor”) and _____ with a principal address at _____ (“Franchisee”).

BACKGROUND

A. Franchisor and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, have developed a system (the "NuSpine System" or "System") for the establishment, development and operation of NuSpine Chiropractic® clinics (each a “Clinic”). The System includes our proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of clients, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Clinic pursuant to the Confidential Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

B. The NuSpine System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "NuSpine Chiropractic" and other identifying marks and symbols that Franchisor uses now or may later use as part of the NuSpine System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owners, parent, predecessor or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor’s standards of quality and the services marketed under the Proprietary Marks.

C. Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to manage and/or operate a Clinic (as permitted by applicable law) that specialize in providing chiropractic services and products to the general public through licensed chiropractic professions.

D. Franchisee has applied to Franchisor for a franchise to manage and/or operate a Clinic using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee’s application in reliance upon all of the representations made in the application.

E. By executing this Agreement, Franchisee acknowledges the importance of Franchisor’s quality and service standards and agrees to operate Franchisee’s business in accordance with those standards and as described in the System. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee’s business, to the System and to all Franchisor’s franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE

1.1. Grant and Acceptance. Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one NuSpine business using the NuSpine System and the Proprietary Marks pursuant to this Agreement (the “Franchised Business”) at a site acceptable to and approved by us (“Approved Site”). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Franchised Business.

1.2. Territory. After Franchisee identifies an Approved Site, we will grant Franchisee a “Protected Area”. Provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other NuSpine businesses within the Protected Area, except Franchisor reserves the right to do so in other channels of distribution as described in Section 1.3. Although no other NuSpine businesses will be physically located within your Protected Area, your Protected Area may overlap with those of other franchisees or affiliate-owned locations. Franchisor and/or Franchisor’s affiliates, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Protected Area, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations to NuSpine businesses, (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business with locations anywhere which may result in the required conversion of franchised businesses; (iii) to distribute products and services as described in Section 1.3, both within and outside the Protected Area; (iv) to use and to license others to use, the System for the operation and licensing of other NuSpine businesses at any locations outside of the Protected Area and (v) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by NuSpine, inside or outside the Protected Area.

1.3. Other Channels of Distribution. Subject to the restrictions in Section 1.2, Franchisor and Franchisor’s, parent, predecessor and affiliate, reserve the unrestricted right to offer products and services, whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor’s parent, predecessor and/or affiliate, own or license, through any distribution method they may establish, and may franchise or license others to do so, both within and outside the Protected Area, regardless of whether the offering of products or services in the other channels of distribution compete with the Franchised Business. These other channels of distribution may include locations and venues other than a NuSpine business, including but not limited to, retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as Franchisor and/or its parent, predecessor and/or affiliate, determine, in their sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor’s parent, predecessor, affiliate, or other franchisees or licensees or any other party receives in connection with the alternate channels of distribution.

1.4 Non-Licensed Franchisees. If Franchisee is not a licensed chiropractor, prior to commencing operations of the Franchised Business, Franchisee must enter into a management agreement (“Management Agreement”) with a duly formed and licensed chiropractic professional corporation (or a professional limited liability company, if permitted in the state in which the Clinic is located), (a “P.C.”), whereby Franchisee will provide to the P.C., non-chiropractic directive management and administrative services and support, consistent with the System and the lawful operation of a P.C., all of which shall at all times be in compliance with all applicable laws and regulations as relates to the practice of chiropractic medicine. The P.C. shall employ and control the chiropractors and other chiropractic personnel that will provide the actual chiropractic services required to be delivered at and through the Clinic. Franchisee shall not provide any actual chiropractic services, nor shall Franchisee, direct, control or suggest to the P.C. or its chiropractors or employees the manner in which the P.C. provides or may provide actual chiropractic services to its patients or market to the public that anyone other than the P.C. is the owner/operator of the chiropractic practice to whom Franchisee provides management and business services.

Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic practices and health care businesses that provide chiropractic services, Franchisee understands and acknowledges that Franchisee, as a non-chiropractor Franchisee, shall not engage in any practice that is, or may appear to be, the practice of chiropractic medicine. Franchisee acknowledges that the P.C. must offer all chiropractic services in accordance with all manner of law and regulation and that the Management Agreement and your relationship with the P.C. shall also be in accordance with all law and regulation and the System. It is Franchisee’s responsibility to, promptly and timely, source a duly formed and licensed P.C. for the

Clinic and enter into an approved Management Agreement with that P.C. Failure to do so will result in Franchisee's inability to open the Clinic. Franchisee must submit the duly formed P.C. and the credentials of the chiropractor or other authorized professionals of the licensed P.C. for Franchisor's review and approval.

Franchisee must enter into a management agreement with the P.C. for the Clinic using Franchisor's standard form of Management Agreement. While Franchisee must use Franchisor's standard form of Management Agreement with the P.C., Franchisee may negotiate the monetary terms, and with Franchisor's written consent, certain other terms of the agreement with the P.C. Franchisor will not unreasonably withhold its approval to request changes in the Management Agreement if such changes are consistent with applicable law and regulation and the System. Franchisee must obtain Franchisor's written approval of the final Management Agreement prior to its execution. Franchisee shall ensure that the P.C. offers all chiropractic services in accordance with the Management Agreement and the System and is compliant with all manner of law and regulation. Franchisee must have a Management Agreement in effect with a P.C. at all times during the operation of the Franchised Business and during the Initial Term of this Agreement.

If Franchisee is a licensed chiropractor, or part of a P.C. owned by licensed chiropractors, Franchisee does not need to execute a Management Agreement. However, Franchisee is still responsible for compliance with all manner of law and regulation applicable to the operation of the Franchised Business.

1.5 Waiver of Management Agreement.

In certain states, it may be permissible under existing law applicable to chiropractic professionals and/or practices or chiropractic clinics, for a non-chiropractor to both own and operate a Clinic. Certain of those laws may also allow a non-chiropractor or non-P.C. to hire chiropractic and other professional personnel to provide chiropractic services to patients at the Clinic in accordance with chiropractic regulation. If Franchisee determines that the laws that would apply to a Clinic in Franchisee's state would permit Franchisee to do so, Franchisee may request that Franchisor waive certain of the requirements of the Franchise Agreement related to the separating of the ownership and/or operation of the chiropractic aspects of the Clinic from the general business management aspects. In particular, Franchisee, under those circumstances (i) would not enter into a Management Agreement with a P.C. that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) Franchisee would not be restricted from hiring and supervising chiropractic professionals in accordance with that state's regulation.

Please be advised that any waiver, or modification of any of the other referenced requirements, will remain subject to compliance with all applicable laws and regulations. In such an event, and if Franchisor agrees that such a waiver is appropriate, Franchisee must execute the Amendment to Waive of Management Agreement attached as Exhibit 6 hereto ("the Waiver Agreement"). Under the Waiver Agreement, Franchisee will agree that, in lieu of entering into the Management Agreement with a P.C., Franchisee will (a) cause the Clinic to operate in accordance with all manner of law and regulation as relates to the practice of chiropractic and the standards for operating a chiropractic clinic, and (b) manage the Clinic as required in this Agreement and the System.

Franchisee is responsible for operating in full and complete compliance with all laws that apply to operating/managing a chiropractic clinic in the state of the Approved Site. Franchisee must conduct its own diligence and make its own determination as to the required regulatory standards to be legally compliant to own or manage or operate a chiropractic clinic at the Approved Site. Please be advised, the laws applicable to the Clinic may change. If there are any chiropractic regulations or other laws that would render the operation of the Clinic through a single entity (or otherwise) in violation of any applicable medical or chiropractic regulation, Franchisee must immediately advise Franchisor of such change and of Franchisee's proposed corrective action to comply with current chiropractic or applicable medical regulation, including (if applicable), but not limited to, entering into a Management Agreement with a P.C. Similarly, if Franchisor discovers a change in any such law or regulation applicable to the Clinic, upon providing Franchisee notice of such law or regulation, Franchisee agrees to immediately make such changes as are necessary to comply with the applicable medical or chiropractic regulation, including (if applicable), but not limited to, entering into a Management Agreement with a P.C.

2. TERM AND RENEWAL

2.1. Term. This Agreement grants rights to Franchisee for a period of ten (10) years and is effective when signed by Franchisor.

2.2. Renewal. Franchisee shall have the right to renew this Agreement for one (1) additional period of ten (10) years if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Franchised Business for an additional 5 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Franchised Business for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Franchised Business, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Franchised Business and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall reasonably require so that the premises reflect the then-current image of a NuSpine Chiropractic clinic.

2.2.4. Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its parent, predecessor and/or affiliate, either at the time Franchisee gives notice of its intent to renew or at any time after through the last day of the then current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its parent, predecessor and affiliate or otherwise pursuant to the Franchise Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7. Franchisee at its expense has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

2.2.8. Franchisee has paid a renewal fee to Franchisor equal to the lesser of twenty-five percent (25%) of our then-current initial franchise fee, or \$10,000; and

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its parent, predecessor and affiliate, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising.

3. LOCATION

3.1. Designated Search Area; Approved Site. You must select an Approved Site to operate the Franchise from within the non-exclusive "Designated Search Area" identified in Exhibit 1 to this Agreement. Franchise shall have no rights in the Designated Search Area other than the right to identify a proposed site for the Franchise. After Franchisee identifies an Approved Site, we will grant Franchisee a "Protected Area" around the Approved site. Franchisee is granted a non-exclusive franchise, which permits the operation of a single Clinic

within the Protected Area at the Approved Site If the Approved Site is known at the time of this Agreement, it will be identified in Exhibit 1 when the parties execute this Agreement. Franchisee shall not operate another business at the Approved Site. Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Approved Site, without the Franchisor's prior written permission. Franchisee shall not conduct any mail order, catalog or Internet business without the express approval of the Franchisor.

3.2. Site Search; Purchase or Lease of Premises. Franchisee is responsible for finding the site for the Franchised Business within the Designated Search Area. Franchisee shall use its best efforts to find a suitable site subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed site. Franchisee acknowledges that Franchisor's identification of an Approved Site does not constitute a recommendation, endorsement, guarantee or warranty of any kind, express or implied, by the Franchisor of the suitability or profitability of the location. If Franchisor recommends or provides Franchisee with any information regarding a site for the Franchised Business, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a NuSpine Chiropractic clinic or any other purpose. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes and is not intended to be relied upon by Franchisee as an indicator of likely success. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Site is based on Franchisee's own independent investigation of the site's suitability for the Franchised Business.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to approve any designation of an Approved Site in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Site until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

If the Approved Site is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable site from within the Designated Search Area within 90 days of execution of this Agreement. Within the 90-day period, Franchisee must: (i) find a suitable site, meeting Franchisor's specifications; (ii) submit a request for approval of the proposed site; (iii) deliver all information and copies of proposed agreements; (iv) receive Franchisor's written approval; and (v) upon Franchisor's approval, either enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. The parties may extend the 90-day period for an additional 90 days provided Franchisee diligently complied with the other obligations of this Section 3.2. If Franchisee or its equity owner or affiliate purchases or owns the Approved Site, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

3.3. Lease or Purchase.

3.3.1. Franchisor shall not approve any lease for the proposed site unless it contains certain provisions, including (i) a limitation that the premises shall be used only for a NuSpine Chiropractic clinic; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of the Franchise Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the

Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2 Franchisor's review of the lease or purchase agreement for the Approved Site does not constitute Franchisor's representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.3.3 If Franchisee does not agree with any lease provisions that Franchisor has approved or negotiated, Franchisee may elect not to sign the lease, but Franchisee would be required to find another suitable site for the Approved Site. If Franchisee rejects a site Franchisor approves because Franchisee does not agree with the lease provisions that Franchisor or its representatives have negotiated, Franchisor may permit another franchisee to enter into a lease for such site, whether on the terms Franchisee rejected, or other terms.

3.4. Relocation. If you are unable to continue the operation of the Franchised Business at the because of the occurrence of an event of force majeure or for other reasons not constituting an event of default under this Agreement, you may request our consent to relocate the Franchised Business to another location within Territory. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Franchised Business at the Approved Site. If we grant you the right to relocate the Franchised Business, you must comply with such reasonable site selection and construction procedures as we may require. We will allow relocation of your Franchised Business if the newly proposed site meets the requirements we impose on other new unit franchises, and unless you are in default of this Agreement or the proposed site adversely impacts an existing or proposed unit franchise. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

4. FEES AND COSTS

4.1. Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee in the amount of Forty-Nine Thousand and No/100 (\$49,000) in cash or by certified check, at the time of execution of this Agreement. The initial franchise fee is payable when you sign the franchise agreement. The initial franchise fee is fully earned and is not refundable under any circumstances.

4.2. Royalty Fee.

4.2.1. Royalty; Gross Sales. Franchisee shall pay to Franchisor a weekly royalty fee equal to seven percent (7%) of all "Gross Sales" of the Franchised Business during the preceding week. "Gross Sales" shall include all revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Franchised Business, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales) and tangible property of any nature. Gross Sales shall not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. Franchisee agrees to pay all of these taxes when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Sales at the time of refund or exchange, provided that these sales have previously been included in Gross Sales. For franchisees that operate as the management company for a P.C. under a Management Agreement, "Gross Sales" includes all revenues and receipts of the P.C. and the Clinic, even if those revenues are not recognized on the books of Franchisee.

4.2.2. Payment; Reporting. The royalty fee shall be paid by Franchisee via ACH on a weekly basis. Franchisor reserves the right to change the collection frequency. Franchisee must provide weekly summaries of sales and services rendered during the preceding week (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than Tuesday of each week, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee's operating account 120% of the last Royalty Fee debited. Any overpayments from the withdrawn amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest.

4.2.3. Single Operating Account; ACH. Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. Franchisee shall designate one account at a commercial bank of its choice (the "Account") for the payment of continuing periodic royalty, advertising contributions to the Brand Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Franchised Business. Franchisor shall have "view-only" access. In addition, Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisor shall provide Franchisee with a written confirmation of electronic funds transfers, which may be made monthly and which Franchisor may send by facsimile, email, or other electronic means.

4.3. Advertising. Franchisee agrees to actively promote the Franchised Business and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other NuSpine franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees. With regard to advertising generally for the Franchised Business, Franchisee shall place or display at the Clinic premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. No outside solicitations are permitted. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor.

4.3.1. Pre-Launch Advertising. During the 60-day period before the opening of the Franchised Business through the 60-day period after opening the Clinic, Franchisee shall expend at least \$17,500 on grand opening advertising and promotion in and/or for Franchisee's market area. Franchisee shall make such expenditure in accordance with Franchisor's written requirements and specifications. Franchisee has the right, but is not required, to spend additional sums with respect to grand opening advertising. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.3.2. Minimum Advertising Expenditure; Local Advertising. During the term of this Agreement, Franchisee shall expend \$3,000 per month, or 4% of monthly Gross Sales, whichever is greater, on local advertising, at Franchisee's discretion, in person, in print, radio, television or internet form as described in this Section 4.3.3 and in Section 4.3.4 ("Minimum Advertising Expenditure"). Franchisee must submit to

Franchisor, for approval, at least thirty (30) days in advance of placement deadlines, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs. Franchisee must use Franchisor's approved vendor to handle all local advertising and must enter into an agreement with the vendor allowing it to ACH all fees and contributions. Franchisee may be required to include certain language and/or contract information for the Franchisor in its advertisements.

4.3.3. Brand Development Fund.

4.3.3.1 Franchisor has the right to establish, administer and control the Brand Development Fund (the "Brand Fund"). Franchisee agrees to contribute to the Brand Fund an amount equal to 1% of Franchisee's weekly Gross Sales at the same time and in the same manner Franchisee makes its payment of royalties or as otherwise directed by Franchisor. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. We reserved the right to increase your contributions to the Brand Fund to 2% upon thirty (30) days' prior written notice. Franchisor may maintain contributions to the Brand Fund in a separate bank account or hold them in Franchisor's general account and account for them separately, or Franchisor may establish separate entities to administer the Brand Fund and the Brand Fund contributions. Franchisor intends the Brand Fund to be of perpetual duration, but Franchisor maintains the right to terminate the Brand Fund or to create new Brand Fund accounts or merge accounts. Franchisor shall not terminate the Brand Fund until all money in the Brand Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Brand Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Brand Fund in interest bearing accounts or obtain any level of interest on the money. Franchisor does not owe any fiduciary obligation for administering the Brand Fund.

4.3.3.2 Franchisor has the right to use Brand Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Instagram, Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for System Franchised Business; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may include call recording; implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Brand Fund contributions in the area in which the Franchised Business is located. Franchisor's decisions in all aspects related to the Brand Fund shall be final and binding. Franchisor may charge the Brand Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Brand Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Brand Fund. At Franchisee's written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Brand Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Brand Fund, by Franchisor or by its parent, predecessor or affiliate, and Franchisor, or its parent, predecessor or affiliate, may make a profit on the sale. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. The Brand Fund may spend more or less than the total annual Brand Fund contributions in a given fiscal year and may borrow funds to cover deficits. Brand Fund contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year.

4.3.3.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System clinics and the NuSpine Chiropractic brand generally in the

manner that Franchisor determines to be most effective. Franchisor is not obligated to ensure that the expenditures from the Brand Fund are proportionate or equivalent to Franchisee's contributions or that the Franchised Business or any NuSpine Chiropractic clinic shall benefit directly or pro rata or in any amount from the placement of advertising.

4.3.3.4 From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the System as a whole or to specific advertising market areas. If Franchisee participates in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent.

4.3.4 Website Requirements. Franchisee shall not develop, own or operate any website (or establish any other online presence or post to any social media platform) using the Proprietary Marks or otherwise referring to the Franchised Business or the products or services sold under the System (the "Website") without Franchisor's prior written approval. All content of the Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. If Franchisor requires, Franchisee shall establish the Website as part of the website(s) Franchisor or the Brand Fund or Franchisor's designee establishes. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or System and/or the clinics operating under the System. You must pay to Franchisor any fee imposed by Franchisor or your pro rata share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operation of the Website at any time without notice to Franchisee. Franchisee's webpage may be removed and all mention of the Franchised Business location may be removed from Franchisor's website and/or social media accounts anytime Franchisee is found to not be in compliance with the System or anything required under this Agreement. Access will be reinstated only once violations are deemed cured, in Franchisor's sole discretion. Currently, Franchisor does not charge any fee for franchisees for the use of its Website but reserves the right to do so. Upon the expiration, termination or non-renewal of this agreement, Franchisee will assign any website domain or social media account used in connection with the Franchised Business to Franchisor.

4.3.5 Advertising Cooperatives. Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute an amount determined by the cooperative, up to 1% of Franchisee's monthly Gross Sales. Amounts contributed to a cooperative will be credited against monies Franchisee is otherwise required to spend on local advertising or required to contribute to the Brand Fund. Franchisor has the right to draft Franchisee's bank account for the advertising cooperative contribution and to pass those funds on to the respective cooperative. The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that Franchisor approves. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Franchisor may require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, Franchisor has the right to review the cooperative's finances, if it so chooses. The Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative. Franchisor reserves the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days' written notice to affected franchisees, Franchisor may terminate or suspend a cooperative's program or operations. Franchisor may form, change, dissolve or merge any advertising cooperative.

4.4 Software. Franchisee shall be responsible for all costs associated with the purchase and installation of Franchisor's software. In addition to the setup fee of \$500, for each month during the term of this Agreement, the on-going license fee for the software is \$549 per month, payable on or before the 10th of each month. Franchisor reserves the right to increase the monthly license fee for its software upon thirty (30) days prior written notice.

4.5 Collection Costs, Attorneys' Fees, Interest. Any late payment or underpayment of the royalty fee, advertising contributions and any other charges or fees due Franchisor or its parent, predecessor or affiliate from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Franchised Business is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and other expenses incurred by Franchisor.

4.6 Audit. Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Franchised Business. At any time during normal business hours, Franchisor or its designee may enter the Franchised Business or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining the same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Sales by 5% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Sales, including interest from the date when the Gross Sales should have been reported, no later than fourteen (14) days after the completion of such audit.

4.7 Financial Records and Reports. Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Sales; (ii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee; (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Franchised Business is operated within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor (subject to privacy laws). To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Sales. Franchisor may obtain Gross Sales and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion.

4.8 Taxes on Payments to Franchisor. In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4.9 No Right of Set Off. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its parent, predecessor or affiliate, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

5. FRANCHISOR SERVICES

5.1. Site Selection.

5.1.1. Site Selection Assistance. Franchisor shall assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses, review of licensing and zoning requirements. Site selection assistance provided by Franchisor does not relieve Franchisee of the primary obligation to locate a suitable site in the required timeframe.

5.1.2. Site Selection Approval. Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Franchised Business. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Franchised Business shall be successful.

5.2. Layout. Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical NuSpine Chiropractic clinic. Franchisee shall construct and equip the Franchised Business in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee must hire an exclusive architect to prepare plans and make any necessary changes to the standard floor plan design. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Franchised Business shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and Franchisee may not alter the trade dress without Franchisor's consent.

5.3. Training.

5.3.1. Franchise Training. Franchisor shall provide, either itself or through its designee, an initial training program to be held virtually, the Franchised Location or another place, at the times and places Franchisor shall designate. Franchisor shall schedule an initial training program, at Franchisor's convenience, no later than ninety (90) days prior to the time Franchisee is scheduled to open the Franchised Business. Franchisee, or if Franchisee is a business entity, Franchisee's Operating Principal shall attend and complete the initial training program to Franchisor's satisfaction at least sixty (60) days prior to the opening of the Franchised Business. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. If initial training is otherwise required for Franchisee or any equity owner, staff, or other employee, Franchisee shall pay Franchisor's then-current tuition for each person to attend the additional initial training program. Each of Franchisee's additional and/or replacement staff shall attend and complete to Franchisor's satisfaction Franchisor's initial training program prior to assuming management responsibility.

5.3.2. Pre-Opening Training. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of Franchisee, Franchisor shall make available corporate personnel to provide additional pre-opening assistance virtually or at Franchisee's location, and may charge Franchisee its then-current tuition plus the travel, lodging and meal costs for Franchisor's trainers.

5.3.3. Refresher Courses; Supplemental Training. Franchisor reserves the right to offer refresher courses and supplemental training programs, which, in Franchisor's sole discretion, may be optional or mandatory, from time to time, to Franchisee, its equity owners if Franchisee is a business entity, its Operating Principal and/or its employees. In addition to paying Franchisor's then-current cost for tuition, Franchisee shall

be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training. Franchisor also reserves the right to require that any such training be conducted outside of regular operating hours so as not to disrupt the operations of the Franchised Business.

5.3.4 Administration of Brand Development Fund. Franchisor shall administer the advertising contributions to the Brand Fund paid by Franchisor under this Agreement as described in Section 4.3.4.

5.4. Continuing Consultation and Advice. In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding client procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Franchised Business. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods. Franchisor reserves the right to delegate any or all of its obligations under this Agreement to a third party of its choosing. Franchisor is not obligated to perform services set forth in this Agreement to any particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment for the provision of such service or level of service in writing signed by an authorized officer of NuSpine Franchise Systems, LLC, which shall be given only by one of the Franchisor's Executive Officers.

5.5. Confidential Operations Manual. Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual". Franchisee shall operate the Franchised Business in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Franchised Business or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall ensure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format. Franchisor may release the Confidential Operations Manual in sections at varying times. Franchisor will not release the Confidential Operations Manual until (i) Franchisee has obtained municipal approval; (ii) Franchisee has closed on all loans for the Franchised Business; and (iii) a lease or purchase agreement for the Approved Site has been executed and provided to Franchisor. If Franchisee requires a replacement copy of the Confidential Operations Manual, it will be subject to Franchisor's then current Confidential Operations Manual Replacement Fee.

5.6. Annual Franchise Meeting. Franchisor reserves the right to hold a meeting or convention of all franchisees, which will not be held more frequently than annually. Franchisor may designate that attendance at a franchisee meeting by Franchisee and/or certain personnel is mandatory. Franchisor reserves the right to charge a fee for the franchisee meeting, and Franchisee must pay all expenses incurred by all attendees on its behalf, including travel, lodging, meals, applicable wages and meeting materials.

6. FRANCHISE SYSTEM STANDARDS

6.1. Opening for Business. Franchisee must open the Franchised Business for business within twelve (12) months after the execution of this Agreement. Franchisee shall not open the Franchised Business for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor, or its parent, predecessor or affiliate; (ii) the Franchised Business complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment; (vi) you have met the pre-opening marketing requirements; and (vii) Franchisor has provide its written approval. If the Franchised Business is not opened for business within twelve (12) months from the date of this Agreement, Franchisor may terminate this Agreement. As an alternative to termination, Franchisor may impose a penalty fee of five hundred dollars (\$500) per month for each additional month the Franchised Business is not opened.

6.2. Compliance with Standards. Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor's Confidential Operations Manual are reasonable, necessary and desirable for the operation of the Franchised Business and the System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual. Franchisee shall purchase only products and services, including NuSpine branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its parent, predecessor or affiliate may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees. Franchisor may also charge a fee for Franchisor's services in making a determination on the proposed supplier. Franchisor will reimburse the evaluation fee if it approves the product, supplier or professional for the entire System. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges. Franchisee may only offer and sell the products and services that Franchisor periodically specifies and may not offer or sell at the Franchised Business, the Approved Site or any other location any products or services Franchisor has not authorized. Franchisee must discontinue selling and offering for sale any products or services that Franchisor at any time disapproves. If Franchisee is found to not be in compliance with any System standard for any reason, Franchisor may require that Franchisee attend an in-person meeting, at Franchisee's cost. Franchisee agrees at all times to operate and maintain the Franchised Business according to each and every System Standard, as Franchisor periodically modifies and supplements them. System Standards may regulate any aspect of the Franchised Business's operation and maintenance.

6.3. Operations.

6.3.1. Franchisee shall keep the Franchised Business open for only those hours and days specified by Franchisor in the Confidential Operations Manual.

6.3.2. Franchisee shall maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the NuSpine System.

6.3.3. Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

6.3.4. Franchisee shall operate the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the NuSpine Chiropractic name and brand and the System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Franchised Business in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Franchised Business at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) as their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.5. Franchisee acknowledges that proper management of the Franchised Business is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Franchised Business. If Franchisee is an entity, Franchisee must appoint and maintain throughout the Term an Operating Principal, who must be an equity owner of at least 10% of the Franchised Business. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Franchised Business. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal. The Operating Principal cannot be changed without Franchisor's prior written approval.

6.3.6. Franchisee shall maintain the Franchised Business and the Approved Site in "like new" condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Franchised Business and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Franchised Business at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.7. Franchisee shall fully participate in all required national buying or vendor programs.

6.3.8. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier.

6.3.9. Franchisee shall follow all methods of operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and NuSpine Chiropractic clinics.

6.4. Applicable Laws. Franchisee agrees to operate the Franchised Business in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, Medicare, HIPAA, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes. Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Franchised Business. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy.

Franchisee acknowledges that several states have statutes and regulations which may supersede this Agreement and/or which impose the obligation for the Franchisor to make disclosures in addition to those set forth in the Franchise Disclosure Document. The State-Specific Addenda attached as Exhibit 9 hereto, set forth the changes and/or additional disclosures required by certain states. You must execute any State-Specific Addendum that is applicable to you. By doing so, you acknowledge that you have read, understand and agree to be bound by such addendum.

6.5. Trade Secrets and Confidential Information. The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisor's trade secrets consist of, without limitation, (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other NuSpine franchisees; (5) the Confidential Operations Manual; (6) training materials and programs; (7) proprietary software; and (8) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain (including the email addresses and other contact information of NuSpine franchisees). All Franchisee owners and spouses of Franchisee owners must execute the Confidentiality, Non-Disclosure and Non-Compete Agreement attached as Exhibit 5 of this Agreement. Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. All executed agreements must be forwarded to Franchisor to ensure compliance. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from clients of the Franchised Business or through marketing is deemed to be owned exclusively by Franchisor and/or parent, predecessor or affiliate. Franchisee must install and maintain security measures and devices necessary to protect the client data from unauthorized access or disclosure, and may not sell or disclose to anyone else any personal or aggregated information concerning any clients. Franchisee has the right to use the client data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the

Franchised Business under an agreement with Franchisor, Franchisee may transfer the client data to the new owner as part of the going concern value of the business.

6.6. Proprietary Marks.

6.6.1. Ownership. Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, predecessor and affiliate, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee may not sublicense the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its parent, predecessor or affiliate in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor and its parent, predecessor and affiliate's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor and its parent, predecessor and affiliate. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor and its parent, predecessor and affiliate any other franchisee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2. Protection. Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution.

6.6.3. Advertising. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisee acknowledges that chiropractic services is a regulated profession and that certain marketing requirements need to be engaged in a manner that conforms to state and/or local regulation or code. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4. Franchisee's Name. Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of NuSpine Chiropractic. Franchisee shall register at the office of the county in which the Franchised Business is located or such other public office as provided for by the laws of the state in which the Franchised Business is located as doing business under such assumed business name.

6.6.5. Independent Status. All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Franchised Business as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Clinic, a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee or the P.C.

6.6.6. Authorized and Unauthorized Use. At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "®", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. Franchisor's Use of Marks. Franchisor, its parent, predecessor and affiliate may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. Electronic Mail and Domain Names. Franchisee shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. Inspection. At any time, without prior notice, (subject to all applicable privacy laws) Franchisor or its representatives or agents shall have the right to enter upon the premises of the Franchised Business and shall have unfettered access to the Franchised Business and premises, for any reason, in Franchisor's sole discretion, that Franchisor deems necessary, including, but not limited to the right to inspect Franchisee's records, interview Franchisee's employees and clients, and observe the manner in which Franchisee operates the Franchised Business. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Franchised Business and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Franchised Business. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Franchised Business and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes. Failure or refusal to grant Franchisor unfettered access shall be deemed a non-curable default.

6.8. Changes to the System. Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchise, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee shall implement any new service or commence offering and selling any new product within 15 days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks; provided, however, that any such change shall not materially alter Franchisee's fundamental rights under this Agreement.

6.9. Authorized Products, Services, Supplies, and Equipment.

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' Franchised Businesses. Franchisee shall have no right to offer any products to its clients or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments relating to the Franchised Business, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2. Franchisee shall use in the management of the Franchised Business only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Franchised Business. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Franchised Business. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new NuSpine Chiropractic franchises at the time of replacement.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire computer hardware equipment, software, maintenance contracts, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Franchised Business and all additions, substitutions and upgrades Franchisor shall specify. Franchisee shall have thirty days to comply with any changes to hardware or software. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisee must use any supplied e-mail address in all business communications with customers, vendors or suppliers. Franchisor owns all NuSpine e-mail addresses and has full access to all communications sent and received using those addresses. Franchisor shall have the right to access information through the Point of Sale system related to management of the Franchised Business, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System (subject to privacy laws).

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee's clients are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.10. Pending Actions. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

6.11. Media. Franchisee is prohibited from speaking with the media and/or responding to requests for comment, without Franchisor's express written permission. Only Franchisor may handle public relations on behalf of NuSpine Chiropractic clinics. Franchisee must notify Franchisor immediately of all customer complaints and of any potential crisis situations involving the Franchised Business, including but not limited to any accident or injury that occurs at the Clinic managed by the Franchised Business.

6.12. Serviceship. Every detail of the quality of client serviceship, client relations, appearance and demeanor of Franchisee and its employees and/or independent contractors, equipment and materials used by Franchisee in the Franchised Business is important to Franchisor and to other NuSpine Chiropractic businesses. Franchisee must cooperate with Franchisor by maintaining its high standards in the operation of the Franchised Business and must give prompt, courteous and efficient service to all clients. All work performed by the Franchised Business will be performed competently and in a workmanlike manner. The Franchised Business will in all dealings with its clients, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints Franchisee receives from a client must be handled by Franchisee or its Clinic Administrator. Franchisor may perform customer surveys via any method Franchisor deems appropriate and may require Franchisee to participate in any survey program, at Franchisee's cost.

7. ACKNOWLEDGMENTS OF FRANCHISEE.

7.1. Independent Contractor Status. Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Franchised Business, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. Indemnification. Franchisee shall defend, indemnify and hold Franchisor and its parent, predecessor and affiliate, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Franchised Business, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Franchised Business, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall advance or reimburse Franchisor's costs. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. Payment of Debts. Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods

and services for use in the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Franchised Business.

7.4. Non-Competition.

7.4.1. During the Term of This Agreement. During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers chiropractic services (a "Competing Business"); provided, however, that this Section shall not apply to Franchisee's operation of any other Franchised Business.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's Franchised Business for any competitive business purpose.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.2. After the Term of This Agreement. For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within a radius of 5 miles (or the maximum area allowed by law) of the Franchised Business, or any other NuSpine Chiropractic clinics in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for a NuSpine Chiropractic clinic, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other Franchised Business for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's former Franchised Business for any competitive business purpose nor solicit any employee of Franchisor or any other System franchisee to discontinue his employment with Franchisor or any other System franchisee.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.3. Intent and Enforcement. It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the non-competition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by

Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

7.4.4. Publicly-Owned Entity. This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

7.4.5. Non-Disparagement. During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the NuSpine System.

7.5. Telephone. Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the NuSpine Chiropractic name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Franchised Business shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual.

7.6. Insurance. At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. If the lease for the Franchised Business requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor's rating of at least "A-" or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that you obtain coverage from a carrier it designates. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus an administrative fee in connection with obtaining the insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either Franchisee or Franchisee's third party contractor must have in force for the duration of said

project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by Franchisor.

7.7. Publicity. Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Franchised Business, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Franchised Business. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a "franchises available" sign at a location Franchisor designates at the Franchised Business.

7.8. Distribution. Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. Image. The System has been developed to deliver products and services which distinguish NuSpine Chiropractic clinics from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Franchised Business in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the System. Each aspect of the System is important not only to Franchisee but also Franchisor, its parent, predecessor and affiliate, and other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by System franchisees, Franchisor and its parent, Predecessor and affiliate. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Franchised Business.

8. SALE OR TRANSFER

8.1. Consent to Transfer. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the Franchised Business without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

8.2. Death or Disability. In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee's executor, heir or legal representative shall have 60 days from the date of death, disability or incapacity to designate an operator that is acceptable to Franchisor and within 90 days must execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. Ownership Changes. A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any

assignment, sale, pledge or transfer of 20% or more of the voting stock or membership interests of Franchisee, any increase in the number of outstanding shares of voting stock or membership interests of Franchisee which results in a change of ownership of 20% or more of its total voting stock or membership interests, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1.

8.3.1. Right of First Refusal. If Franchisee or its equity owners propose to transfer or assign 20% or more of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third-party offeror an earnest money deposit (of at least 15% of the offering price, capped at \$150,000) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 45 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 45-day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

8.3.2. Conditions for Approval. Franchisor may condition its approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or of the interest in Franchisee upon satisfaction of the following requirements:

8.3.2.1. All of Franchisee's accrued monetary obligations to Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business have been satisfied;

8.3.2.2. All existing defaults under the Franchise Agreement have been cured within the period permitted for cure;

8.3.2.3. Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor

and its parent, predecessor and affiliate and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any NuSpine Chiropractic clinic, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current Franchise Agreement for the remainder of the term of the current franchise agreement;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Franchised Business as required by this Agreement to conform to Franchisor's then-current standards and trade dress;

8.3.2.8. Franchisee has paid Franchisor a transfer fee equal to 50% of the current initial franchise fee;

8.3.2.9. The transferee and its Clinic Administrator shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchise.

8.3.2.11. Franchisor, Franchisee, Transferee and any Guarantors enter into Franchisor's then-current form of Transfer Agreement. Franchisor's current form of Transfer Agreement.

8.4. Transfer to a Corporation or Limited Liability Company. If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1. The corporation or limited liability corporation is newly organized and its activities are confined to operating the Franchised Business;

8.4.2. Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement;

8.4.4. All stockholders of the corporation, or members and managers of the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all non-competition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisee shall pay Franchisor's expenses in connection with a transfer under this Section 8.4 if Franchisee has not completed the transfer, including complying with this Section 8, as applicable, within 60 days following the execution of this Agreement but in no event later than the opening of the Franchised Business.

8.5. Secured Interests and Securities.

8.5.1. Franchisee shall not grant and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Franchisor and the corporation dated _____, _____. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6 Transfer by Franchisor. Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement

9. BREACH AND TERMINATION

9.1. Termination by Franchisee. Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the 90-day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2. Termination by Franchisor. If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for

which Franchisor is an approved supplier. Franchisor may terminate this Agreement under the following circumstances:

9.2.1. With Cause and With Opportunity to Cure. If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

- (a) 7 days if the failure relates to the use of the Proprietary Marks;
- (b) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its parent, predecessor or affiliate; and
- (c) 30 days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2.2. With Cause and Without Opportunity to Cure. Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(a) **Criminal Acts.** If Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business or goodwill of the Proprietary Marks;

(b) **Fraud.** If Franchisee commits fraud in the operation of the Franchised Business;

(c) **Misrepresentation.** If Franchisee misrepresents itself in any way (including through omission of information) in connection with the franchise application.

(d) **Voluntary Bankruptcy.** If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

(e) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

(f) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(g) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(h) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure pursuant to Section 9.2.1 in any 12-month period.

(i) **Breach of Other Agreements.** If Franchisee or any partner, director, officer, shareholder or member of Franchisee materially breaches any other agreement with Franchisor or its parent, predecessor or affiliate, or any lease for the premises of the Franchised Business, and does not cure the breach within any permitted period for cure; provided, however, this Section 9.2.2(i) shall not apply to the breach of a separate franchise agreement between Franchisee and Franchisor with respect to another Franchised Business.

(j) **Intentional Underreporting or Misstatement.** If Franchisee intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Sales required to be reported under this Agreement.

(k) **Abandonment.** If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Franchised Business as a NuSpine Chiropractic business for a period of 3 or more consecutive days without the prior written approval of Franchisor.

(l) **Failure to Open Franchised Business.** If Franchisee fails to open the Franchised Business during the time periods set forth in this Agreement.

(m) **Public Health and Safety.** If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business or any violation of health or safety law occurs at the Franchised Business.

(n) **Restrictive Covenants.** Upon any violation of any covenants set forth in Section 7.4 of this Agreement.

(o) **Confidential Information.** If Franchisee uses the Confidential Information in an unauthorized manner;

(p) **Insurance.** If Franchisee fails to maintain required insurance coverage;

(q) **Unauthorized Transfer.** If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement.

(r) **Failure to Provide Access.** If Franchisee fails or refuses to permit Franchisor unfettered access to the Franchised Business premises;

(s) **Loss of Occupancy.** If Franchisee loses the right to occupy the Franchised Business premises;

(t) **Disparagement.** If Franchisee makes disparaging statements regarding the brand or management of the Franchisor which may affect the reputation or goodwill of the Proprietary Marks or the brand, or which may adversely affect management's relationship with other Franchisees;

Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.3. Non-Waiver. Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. Franchisee's Obligations. Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business all other monies owed them;

10.1.3. Discontinue immediately the use of the Proprietary Marks;

10.1.4. Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information;

10.1.5. Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.6. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the NuSpine System;

10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (1) all inventory in useable form bearing the Proprietary Marks and (2) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.8. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a NuSpine Chiropractic clinic and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

10.1.9. Cease to hold itself out as a franchisee of Franchisor;

10.1.10. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement;

10.1.11. Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer; and

10.1.12. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.2. Power of Attorney. Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

11. NOTICES

All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight courier, telegram or certified or registered mail (except that the regular weekly Report or such other report designated by Franchisor may be sent by e-mail or regular mail), prepaid, to the following addresses (which may be changed by written notice):

Franchisee: _____

Franchisor: 14000 N. Hayden Rd., Ste. 101
Scottsdale, AZ 85260

Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices sent by regular mail shall be deemed delivered on the third business day following mailing.

12. INTERPRETATION

12.1. Amendments. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

12.2. Choice of Law and Selection of Venue. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, including the Federal Arbitration Act, this Agreement, the franchise granted hereunder and all claims arising from the relationship between us and you will be governed by and interpreted and construed under Arizona law (except for Arizona conflict of law rules). Except as provided in Section 12.3 and 12.4 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of the then-current County and State where our corporate headquarters is located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current County and State where our corporate headquarters are located, as set forth above.

12.3. Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. Mediation and Arbitration.

12.4.1 Mediation. We and you acknowledge that during the term of this agreement certain disputes may arise that we and you are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and our and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, representatives and/or employees) arising out of or related to (a) this agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this agreement or any other agreement between us and you, to non-binding mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

(a) the mediation shall be conducted by a mediator agreed upon by you and us and, failing such agreement within not more than fifteen (15) days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance

with its rules governing mediation. Mediation shall be held at the offices of the AAA nearest to our principal place of business or in Scottsdale, Arizona, at our option. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

(b) if the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may proceed to binding arbitration pursuant to section 12.4.2. We and you agree that statements made by either you or us in any such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

(c) notwithstanding the foregoing provisions of this section, your and our agreement to mediate shall not apply to controversies, disputes or claims related to or based on the marks or the confidential information. Moreover, regardless of your and our agreement to mediate, you and we each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief.

12.4.2. Arbitration. Except as set forth above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA responsible for administering claims filed in the then-current County and State where our corporate headquarters is located, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Arizona for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the applicable United States District Court or the Courts of the then-current County and State where our corporate headquarters is located, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

12.5. Construction of Language. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of Franchisee's spouse. The "BACKGROUND" Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.6. Successors. References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.7. Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.8. No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or its parent, predecessor or affiliate or as an offset against any amount Franchisor or any of its parent, predecessor or affiliate may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.9. Force Majeure. Neither Franchisor, its parent, predecessor or affiliate nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable.

12.10. Rights Cumulative. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.11. PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS PARENT, PREDECESSOR OR AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.

12.12. LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.

12.13. JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.

12.14. FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS, EXCEPT THAT FRANCHISOR WILL NOT ACT ARBITRARILY OR UNREASONABLY. HOWEVER, FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL

INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR FRANCHISEE OR GROUP OF FRANCHISEES.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION-MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE NUSPINE SYSTEM.

13. REPRESENTATIONS

13.1. NO AUTHORITY. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR, EXCEPT AN AUTHORIZED OFFICER OF FRANCHISOR, BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF FRANCHISOR WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER IT SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF FRANCHISOR. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE SHALL DO AS WELL AS ANY OTHER FRANCHISEE.

FRANCHISEE SPECIFICALLY ACKNOWLEDGES THAT HE OR SHE HAS NOT RECEIVED OR RELIED ON (NOR HAS FRANCHISOR OR ANYONE ELSE PROVIDED) ANY STATEMENTS, PROMISES OR REPRESENTATIONS THAT FRANCHISEE WILL SUCCEED IN THE FRANCHISED BUSINESS; ACHIEVE ANY PARTICULAR SALES, INCOME OR OTHER LEVELS OF PERFORMANCE; EARN ANY PARTICULAR AMOUNT, INCLUDING ANY AMOUNT IN EXCESS OF YOUR INITIAL FRANCHISE FEE OR OTHER PAYMENTS TO FRANCHISOR; OR RECEIVE ANY RIGHTS, GOODS, OR SERVICE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. ANY STATEMENTS REGARDING ACTUAL, POTENTIAL OR PROBABLE REVENUES OR PROFITS OF ANY FRANCHISED BUSINESS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNAUTHORIZED, UNWARRANTED AND UNRELIABLE, FRANCHISOR WILL NOT BE RESPONSIBLE FOR IT AND IT SHOULD BE REPORTED TO FRANCHISOR IMMEDIATELY.

13.2. RECEIPT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

13.3. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN REVIEW OF THIS AGREEMENT AND FRANCHISOR'S

FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO ITS EXECUTION.

13.4. EXECUTION OF AGREEMENT. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY.

13.5. ANTI-TERRORISM LAW COMPLIANCE. FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR ITS EQUITY OWNER'S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE U.S. PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION 13.7. FRANCHISOR MAY TERMINATE THIS AGREEMENT WITHOUT ANY OPPORTUNITY FOR FRANCHISEE TO CURE UNDER SECTION 9.2.1 UPON ANY MISREPRESENTATION OR BREACH BY FRANCHISEE OF THIS SECTION 13.5.

14. PERSONAL GUARANTEES

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3.

15. OWNERSHIP OF FRANCHISEE

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of

organization or formation, the Operating Agreement; and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

[Signatures on Next Page]

FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**EXHIBIT 1 TO
FRANCHISE AGREEMENT**

DESIGNATED SEARCH AREA

The Designated Search Area for the Franchised Business is as follows: _____

APPROVED SITE

The Approved Site for the Franchised Business is as follows: _____

PROTECTED AREA

Franchisee's Protected Area is as follows: _____

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**EXHIBIT 2 TO
FRANCHISE AGREEMENT**

STATEMENT OF OWNERSHIP INTEREST

**Effective Date: This document is current and complete
as of _____**

Franchisee Owners

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

(b) **Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on _____ under the laws of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer

Position(s) Held

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

2. **Owners.** The following list includes the full name of each person or entity that is one of your owners (as defined in the Franchise Agreement), and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name

Percentage/Description of Interest

| | |
|-----------|-------|
| (a) _____ | _____ |
| (b) _____ | _____ |
| (c) _____ | _____ |
| (d) _____ | _____ |

3. **Identification of Operating Principal.** Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: _____

E-mail Address: _____

FRANCHISEE

(If Entity)

Name of Entity
By: _____
Print Name: _____
Title: _____
Date: _____

(If Individuals)

By: _____
Print Name: _____
Date: _____

FRANCHISOR:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

**EXHIBIT 3 TO
FRANCHISE AGREEMENT**

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to NUSPINE FRANCHISE SYSTEMS, LLC (“Franchisor”) that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisor and Franchisee, dated _____ (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES TO NUSPINE FRANCHISE SYSTEMS, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

By: _____
Print Name: _____
Date: _____

**EXHIBIT 4 TO
FRANCHISE AGREEMENT**

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns and transfers to NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor there under.

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

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of a NuSpine Chiropractic clinic (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

Witness

ASSIGNOR:

(Individual, Partnership, Corporation or LLC Name)

By: _____

Print Name: _____

Title: _____

ASSIGNEE:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED: _____

LESSOR:

By: _____

Print Name: _____

Title: _____

ASSIGNEE:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

**EXHIBIT 5 TO
FRANCHISE AGREEMENT**

CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

(Franchisee's Owners and Spouses)

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), _____ (the "Franchisee") has acquired the right and franchise from NUSPINE FRANCHISE SYSTEMS, LLC (the "Company") to establish and operate a NuSpine Chiropractic clinic (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only in the following territory: _____ (the "Protected Area").

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of NuSpine Chiropractic clinic offering affordable chiropractic services through licensed chiropractic professionals. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the management of NuSpine Chiropractic clinics (the "Confidential Information").

3. In consideration for the Company agreeing to enter into a Franchise Agreement with the Franchisee and my access to Confidential Information of Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the undersigned hereby acknowledge and agree to the terms of this Confidentiality, Non-Disclosure and Non-Competition Agreement (the "Agreement").

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in assisting with the operation of the Franchised Business during the term of my spouse's association with the Franchisee or the expiration or termination of the Franchise Agreement, whichever occurs first, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

6. I understand and agree that I will have no ownership interest in any derivative works created by me, the Franchisee's employees, or any third party using the Confidential Information or any proprietary information of the Company.

7. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with assisting the operation of the Franchised Businesses, and will continue not to disclose or use any such information even after my spouse ceases to be associated with the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties of my spouse hereunder.

8. Except as otherwise approved in writing by the Company, I shall not, during my spouse's association with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation (i) divert or attempt to divert any member, business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or (ii) own, maintain, engage in, be employed by, or have any interest in any other business which offers chiropractic services (a "Competing Business"); or (iii) own, maintain, engage in, be employed by or have any interest in any company that grants licenses or franchises for a Competing Business. Further, for a continuous uninterrupted period commencing upon the expiration or termination of (a) the Franchise Agreement or (b) my spouse's affiliation with the Franchisee (whichever occurs first), regardless of the cause for termination, and continuing for two (2) years, I shall not either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation (i) own, maintain, engage in, be employed by or have any interest in a Competing Business within a radius of 10 miles (as the crow flies) of the NuSpine Chiropractic clinic, or any other NuSpine Chiropractic clinic in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for a NuSpine Chiropractic clinic or (ii) own, maintain, engage in, be employed by or have any interest in any company that grants licenses or franchises for a Competing Business.

The prohibitions in this Paragraph 9 do not apply to my spouse's continuing interests in or activities performed in connection with a Franchised Business that is still in operation.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment. I agree and understand that I have no employment relationship with the Company.

13. The methods of dispute resolution and the governing law outlined in the Franchise Agreement are incorporated herein and shall govern any dispute in the meaning, understanding, effect, enforcement, interpretation or validity of this Agreement.

14. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this

Agreement. As used in this Agreement the term “successor” will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

FRANCHISEE OWNER(S)

By: _____
Print Name: _____
Date: _____

FRANCHISEE OWNER(S) – SPOUSE(S)

By: _____
Print Name: _____
Date: _____

ACKNOWLEDGED BY FRANCHISEE (ENTITY, IF APPLICABLE)

By: _____

Print Name: _____

Title: _____

**EXHIBIT 6 TO
FRANCHISE AGREEMENT**

WAIVER OF MANAGEMENT AGREEMENT

THIS WAIVER OF MANAGEMENT AGREEMENT (“**Waiver**”) is made and entered into on _____, by and between NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company (“**Franchisor**” or “**we**” or “**us**”), and (“**Franchisee**” or “**you**”) Franchisor and Franchisee are herein collectively referred to as the “**Parties**”.

RECITALS:

A. Franchisor and Franchisee are parties to a franchise Agreement dated as of the same date as this Waiver (the “**Franchise Agreement**”), which pertains to the management and operation of a chiropractic clinic operating under the name “NuSpine Chiropractic” (which is referred to as the “**Clinic**”) (together the management and operation of a Clinic will be referred to as the “**Franchised Business**”) with the “Protected Area” as described in the Franchise Agreement. Your Clinic will be located and operated in the state or commonwealth of _____.

B. The parties wish to amend the terms of the Franchise Agreement as described below.

C. All capitalized terms not defined in this Waiver will have the meaning set forth in the Franchise Agreement, or the Management Agreement (as defined below).

NOW THEREFORE, the Parties, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows:

1. Franchisee’s Representations and Warranties:

- a. You understand and agree that you are solely responsible for operating in full compliance with all laws that apply to your Franchised Business. The laws regulating the medical and chiropractic industry include without limitation, federal, state and local regulations relating to: the practice of medicine and the operation and licensing of medical and/or chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws; restrictions or prohibition on fee splitting; physician self-referral restrictions; payment systems for medical benefits available to individuals through insurance and government resources; privacy of patient records; use of medical devices; and advertising of medical services (together such are, “**Medical Regulations**”).
- b. You represent and warrant to us that: (i) you have conducted independent research regarding the Medical Regulations that are applicable to chiropractic services and medical services generally, and the Franchised Business specifically in the Protected Area, including retaining the services of qualified professional advisers as necessary; (ii) you have verified that under the Medical Regulations applicable to your Franchised Business, you are permitted to both manage the Clinic and operate the Clinic, including hiring any medical and professional personnel and providing chiropractic or medical services to patients at the Clinic.
- c. You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Franchised Business, we waive the requirements of the Franchise Agreement that you (i) enter into a management agreement with a P.C., which as a separate entity would operate the Clinic and provide all medical and chiropractic services, and (ii) you refrain from providing any medical or chiropractic services to patients or hiring and supervising medical and

professional personnel. You acknowledge and agree that we are entering into this Waiver in reliance on your representations and warranties. You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations that would render your operation of the Clinic in violation of any Medical Regulation, you will immediately advise of such change and of your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a P.C.

- d. You acknowledge and agree that by requesting us to permit you to perform all of the activities and obligations of the P.C. (rather than signing a management agreement with a P.C. that would operate the Clinic), you will incur all costs of both managing and operating the Clinic, including those costs that would otherwise be borne by the P.C. (such as obtaining all necessary licensing and certification for providing chiropractic services and compensation of chiropractic professionals). You have researched the costs associated with both managing and operating the Clinic.

2. Based on your representations and warranties to us above, you and we agree as follows:

- a. Notwithstanding anything to the contrary in the Franchise Agreement, you are not required by the Franchise Agreement to enter into a Management Agreement with a P.C., provided that you comply with applicable Medical Regulations.
- b. Notwithstanding anything to the contrary in the Franchise Agreement, you are not restricted from providing chiropractic or medical services to the Clinic's patients, or from hiring and supervising the chiropractors and employees who are legally authorized to provide medical or chiropractic services to patients of the Clinic.
- c. Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for operating the Clinic and providing, or arranging for and supervising the provision of, medical and chiropractic services to the patients of the Clinic.
- d. Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for providing the management and support services necessary for operating the Clinic.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Waiver in duplicate on the day and year first above written.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**EXHIBIT 7 TO
FRANCHISE AGREEMENT**

DISCLOSURE QUESTIONNAIRE

As you know, you and NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company (“Franchisor”) are entering into a Franchise Agreement for the operation of a NuSpine Chiropractic business (the “Franchised Business”). The purpose of this document is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, 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.

Acknowledgments and Representations

1. Did you receive a copy of Franchisor’s Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for **Michigan**; the earlier of 10 business days or the first personal meeting for **New York**; and the earlier of 14 calendar days or the first personal meeting for **Iowa**)? Check one:
 Yes No. If no, please comment:

2. Have you studied and reviewed carefully Franchisor’s Franchise Disclosure Document and Franchise Agreement? Check one: Yes No. If no, please comment:

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by us at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: Yes. No If no, please comment:

4. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one Yes No. If no, please comment:

-
5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you?

Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation:

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business?

Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation:

7. Do you understand that that the Franchise granted is for the right to develop one Franchised Business only in your Protected Area, and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business?

Check one: Yes No. If no, please comment:

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding?

Check one: Yes No. If no, please comment:

9. Do you understand that the success or failure of your NuSpine Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change?

Check one Yes No. If no, please comment:

10. You further acknowledge that Executive Order 13224 (the “Executive Order”) prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents: _____.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DOCUMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

**EXHIBIT 8 TO
FRANCHISE AGREEMENT**

TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT (the “Agreement”) is made and entered into as of _____ (the “Effective Date”), by and between NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company (the “Franchisor”), and _____, a _____ (the “Franchisee”).

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a NuSpine franchised business (the “Franchise Agreement”); and

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

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

1. **DEFINITIONS**

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

2. **TRANSFER; APPOINTMENT**

2.1 **Interest in Telephone Numbers, Internet Web Sites and Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Telephone Numbers and Listings”); domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Companies”) with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings or will take such other actions as Franchisor directs.

2.3 **Appointment; Power of Attorney.** Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or

affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

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

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. MISCELLANEOUS

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

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

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

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

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

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

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

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

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

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

**EXHIBIT 9 TO
FRANCHISE AGREEMENT
STATE-SPECIFIC-ADDENDA**

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

(Applies only to California franchisees)

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 Corporations at www.dfpi.ca.gov.

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.

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

1. The following language is added to the end of Item 3 of the Disclosure Document:

Neither NuSpine Franchise Systems, LLC, nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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 provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

The Franchise Agreement requires application of the laws of the state where the business is located. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Maricopa County, Arizona, with the costs being borne by the non-prevailing party. The prevailing party shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with arbitration, including reasonable attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil

Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

3. California-Specific Risk Factor:

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

4. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

(Applies only to Hawaii franchisees)

These franchises will be/have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete, and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven (7) days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with an copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

A. (1) This registration (or one substantially similar) is presently on file or will shortly be on file in the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

(2) The registration is exempt from the registration requirements of the States of Florida, Kentucky, Nebraska, Texas and Utah.

(3) No states have refused, by order or otherwise, to register these franchises.

(4) No states have revoked or suspended the right to offer these franchises.

(5) The proposed registration of these franchises has been withdrawn in no states.

B. No release language set forth in the franchise agreement shall relieve us or any other person, directly or indirectly, from liability imposed by laws concerning franchising in the State of Hawaii.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
& FRANCHISE AGREEMENT**

(Applies only to Illinois franchisees)

1. Illinois law governs the Franchise Agreement(s)
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. This addendum is amended to provide, and Item 5 of this disclosure document is supplemented by the addition of the following:
6. Payment of Initial Franchise Fee will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
7. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms as of this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE
PRACTICES ACT**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Arizona law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code § 23-2-2. 7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

7. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indiana Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

(Applies only to Maryland residents, franchisees and franchises operated within this State)

1. All applicable provisions of the Franchise Agreement are amended to include the following:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

“The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

2. It is important to note the Professional Corporation / Management Company Structure, referenced in Item 1 is not required in the state of Maryland at the time of the publication of this FDD, per current statutes and regulations. This requirement could change during the course of this Agreement and, while we will do our best to keep up with state regulations relating to chiropractic, it is and will continue to be your responsibility to ensure you are operating according to all current laws as they are updated and changed.

3. Additionally, the provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. All applicable portions of the Franchise Agreement are amended to include the following:

“Based on the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor has completed all of its pre-opening obligations under the Franchise Agreement.”

5. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment concurrently with the execution of the Franchise Agreement on _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

REQUIRED DISCLOSURES BY THE STATE OF MARYLAND

A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD is amended as follows:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

Item 5 of the FDD is amended as follows:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

(Applies only to Michigan franchisees)

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives the franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a license agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the license or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to license the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the license agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely

identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third (3rd) party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the license agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provisions have been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS DOCUMENT ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 525 WEST OTTAWA STREET, 670 G. MENNAN WILLIAMS BLDG., LANSING, MICHIGAN 48933 (517) 272-7117.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Michigan Amendment, concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW**

(Applies only to Minnesota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

The Franchise Agreement and Disclosure Documents shall be amended as following:

1. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld."

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

3. Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

4. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

6. 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 Franchisor. This provision supersedes any other term of any document executed with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

(Applies only to New York franchisees)

1. The cover page of the Disclosure Document is amended to add the following statement:

“INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT. “

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

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

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

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

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

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

3. Item 4 of the Disclosure Document is amended by adding the following:

"Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership."

4. Item 5 of the Disclosure Document is amended by adding the following to the subsection entitled "Initial Franchise Fee":

"The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion."

5. Item 17 of the Disclosure Document is amended by adding to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

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

6. Item 17 of the Disclosure Document is further amended by adding 6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

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

7. Item 17 of the Disclosure Document is further amended by adding to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

"However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement."

8. Item 17 of the Disclosure Document is further amended by adding to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

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

9. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE NORTH DAKOTA FRANCHISE LAW**

(Applies only to North Dakota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota:

"15.2 Remedies Upon Termination. If the Franchise is so terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement."

2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Arizona law if such provisions are in conflict with North Dakota law.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

4. The laws of the State of North Dakota does not allow for the following statement and they are therefore deleted from any Franchise Agreement issued in the State of North Dakota:

a. a general release to be signed upon renewal; and

b. the requirement that franchisees consent to termination or liquid damages, a waiver of trial by jury, a waiver of exemplary and punitive damages, and/or to a limitation of claims within one (1) year.

5. Item 17(r) of the Franchise Disclosure Document and Section 16 of the Franchise Agreement are amended adding the following statement to each section:

"Covenants not to compete, such as those mentioned above are generally considered unenforceable in the State of North Dakota."

6. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

(Applies only to Rhode Island franchisees)

The following language applies to any franchise agreement issued in the State of Rhode Island:

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, dictates that 'a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.'"

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE SOUTH DAKOTA CODIFIED LAWS**

(Applies only to South Dakota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of South Dakota:

1. The Franchise Agreement is amended by the deletion of the requirement to pay liquidated damages and the addition of the following language to the original language that appears therein:

"Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided herein, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions set forth herein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Operating Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement."

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Franchise Agreement will be and remains subject to the construction, enforcement and interpretation of the laws of the State of Arizona. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from any Franchise Agreement issued in the State of South Dakota.

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford the Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.

5. **REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.**

6. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this South Dakota Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
& FRANCHISE AGREEMENT**

(Applies only to Virginia franchisees)

1. Item 17 of the Franchise Disclosure Document is amended by adding the following:

The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section IOI, et. seq.).

2. Item 17.h of the Franchise Disclosure Document is amended by adding the following:

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

3. The Franchise Agreement and Item 5 of the Franchise Disclosure Documents are amended to provide:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

4. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

By: _____

Print Name: _____

By: _____
Print Name: _____

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE WISCONSIN FRANCHISE INVESTMENT LAW**

(Applies only to Wisconsin franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. **REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.**

2. The following shall apply to Franchise Agreements in the State of Wisconsin:

a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) day notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

3. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Wisconsin Amendment concurrently with the execution of the Franchise Agreement on this day _____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

EXHIBIT C

MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is made effective as of this ____ day of _____ 20__ by and between [*Management Company*] having its principal place of business at _____ ("the Company"), and _____ having its principal place of business at _____ (the "P.C.")

WHEREAS, the P.C. has been created under the laws of the State of _____ to provide chiropractic services (the "Patient Services") to patients and clients (collectively the "Patients") of the P.C.;

WHEREAS, the P.C. desires to establish and operate a NuSpine Chiropractic clinic to provide Patient Services at _____ (the "Premises" or the "Clinic") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

WHEREAS, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company is a [*limited liability company/ corporation*], duly organized, validly existing and in good standing under the laws of the State of _____.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional association duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of providing the Patient Services in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. (the "Providers") to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete records are maintained regarding all Patients of the P.C.

2. Equipment and Furnishings, Use of Premises.

2.1 Title and Maintenance. During the term of this Agreement, the Company shall lease to the P.C. the exclusive right to use the equipment and furnishings specified in Exhibit A hereto (the "Equipment and Furnishings"), and as may be amended from time to time, on the terms and conditions hereinafter set forth. All Equipment selected for use at the Clinic and identified in Exhibit A must be reviewed and approved by the P.C. The P.C. shall use, and shall cause its Providers to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair

and replacement, if necessary, of the Equipment and Furnishings shall be performed by the P.C. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and Furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Equipment, or Furnishings and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company shall sign the lease with the owner of the Premises and shall be the lessee of the Premises. The Company shall not be deemed a lessee of the Premises. During the term of this Agreement, the Company shall sub-lease the Premises to the P.C.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable, of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the Equipment and Furnishings to any third party, without the prior written consent of the Company.

2.6 Reporting. In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement Equipment or Furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of the Patient Services and any other professional and ethical aspects of the P.C.'s chiropractic or medical practice.

3.1 Administrative and Management Services.

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to the terms of this Agreement, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some business office functions at locations other than the premises of the P.C. and by persons other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Expenses (as defined in Section 4.12 hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of Patient records;

(v) materials management, including purchase and stocking of office supplies and maintenance of equipment and facilities;

(vi) administering or causing to be administered any benefit or insurance plan or arrangement of the P.C.;

(vii) human resource management;

(viii) administering utilization, cost and quality management systems that are established in accordance with Section 4.3;

(ix) whenever applicable, evaluating, negotiating and administering, on behalf of the P.C., agreements with third party administrators and other third parties, including institutional health care providers and vendors (collectively "Payers") in accordance with the instructions and final approval of the P.C.;

(x) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xi) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities, subject to the P.C.'s approval of the materials used to advertise, market and promote;

(xii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company; and

(xiii) performing credentialing support services such as application processing and information verification.

(c) the Company shall not provide any of the following services to the Clinic;

(i) management of Patients, including determining how many Patients a Provider must see in a given period or how many hours a Provider must work;

(ii) assumption of responsibility for the care of Patients;

(iii) serving as the party to whom bills and charges are made payable;

(iv) determining the need for referrals to or consultation with another chiropractor, physical therapist or other professional; and

(v) any activity that involves the practice of chiropractic services or other medical services or that would cause the Clinic to be subject to licensure under the applicable laws and regulations in the state of _____.

3.2 Patient Records. The Company shall use its reasonable efforts to preserve the confidentiality of Patient records and use information contained in such records only to the extent permitted by applicable law.

3.3 Performance Standards. All Management Service provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 Professional Services. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional training and services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Providers (as defined in Section 4.2 below). In addition, the P.C. shall be solely responsible for the following: determining what treatment and/or services are appropriate for an individual; determining the need for referrals to or consultation with another chiropractor or other professional; and the overall care of the Patient.

4.2 Time Commitment. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the needs of the patients of the Clinic. The P.C. shall establish the Clinic's hours of operation and provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many Patients a Provider must see in a given period of time and the hours that the Provider must work.

4.3 Quality of Service. The P.C. shall establish and enforce procedures to assure the appropriateness, quality, cost effectiveness and efficacy of all Patient Services to Patients of the Clinic. The P.C. shall require each of its Providers to maintain any appropriate license or certification.

4.4 Licensure. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, any required license or certification. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.5 Continuing Education. The P.C. shall ensure that each Provider shall obtain the required continuing professional education and shall provide documentation of the same to the Company.

4.6 Disciplinary Actions. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.7 Outside Activities. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld.

4.8 Patient Records.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all Patients of the Clinic, and all such Patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of Patient records.

(b) The P.C. shall own and control all Patient medical records. The P.C. shall grant the Company access to the information contained in the Patient records owned by the P.C. to the extent that access to such information is permitted by law and is required in connection with the Company's administrative responsibilities hereunder. The P.C. shall, upon the termination of this Management Agreement (as permitted by law), transfer all of the P.C.'s Patient records to a successor P.C. or Provider identified by the Company who will provide services at the Premises. Such successor P.C. or chiropractor shall be obligated to transfer a Patient's record as directed upon the Patient's request.

(c) The parties acknowledge that the Patient's records are subject to the regulations issued under the Health Insurance Portability and Accountability Act of 1996 ("HIPPA") and that the parties shall not take any actions which violate the HIPPA regulations.

4.9 Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.10 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.11 Standards of Care. The P.C. and its Providers shall render services to Patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care, and the quality assurance standards of the Payors with which the P.C. or the Company contracts hereunder, and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.12 P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, applicable benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers and all staff of the P.C.;

(b) Cost of all new equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) Insurance expenses including but not limited to professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's agreement, comprehensive general liability insurance and property insurance coverage for the P.C. and applicable worker's compensation and unemployment insurance coverage;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) Expenses incurred in the course of recruiting any staff to work at the Clinic; and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers. The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Financial Terms.

5.1 Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment and Furnishings; (ii) subleasing the Clinic's Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to _____. The Management Fee shall be paid on a monthly basis. In the event that in any month the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid. The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals or Patients to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment and Furnishings has been determined by the parties to equal the fair market value of the use of the Equipment and Furnishings, respectively, and (ii) allocable to the provision of all other services hereunder has been determined by the parties to equal the fair market value of such other services, without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates), that is reimbursed under any governmental or private health care payment or insurance program.

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, Patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of Patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute and medical practice or the operation of a chiropractic clinic, said provision of this Agreement shall be *void ab initio* and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of law and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal,

local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the Premises of the Clinic.

7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this Agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary.

7.2 Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. The insurance policies must provide for thirty (30) days' prior written notice to the Company and of a policy's material modification, cancellation or expiration.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, members, managers, partners, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C., or any Provider, or the Company that may become known to the P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, partners, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The Company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. Term and Termination.

(a) The term of this Agreement shall be for five (5) years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive five (5) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of the current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of

indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.

(c) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' professional judgment, professional performance or Patient of care.

(d) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

(e) Upon termination or expiration of this Agreement by either party, the P.C. shall promptly pay the Company any amounts owed to the Company as of the date of termination or expiration.

(f) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company that may be in the P.C.'s possession or under the P.C.'s control.

(g) If, in the reasonable opinion (the "Opinion") of a health care counsel selected by the Company, it is determined that it is more likely than not that applicable legislation, regulations, rules or procedures (collectively referred to herein as a "Law") in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as an "Action"), which Law or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Law or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eighty (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement.

(h) Upon termination or expiration of this Agreement, the P.C. shall cease using any of NuSpine Franchise Systems, Ink's trademarks and service marks in connection with the operation of the Clinic.

11. Status of Parties. In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

12. Force Majeure. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor,

materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

13. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

14. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

15. No Rights in Third Parties. This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

16. Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this Agreement shall be exclusively in the federal or state court in the State of _____, County of _____.

17. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

18. Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

19. Rights Unaffected. No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have theretofore matured hereunder.

20. Interpretation. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

21. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

22. Further Actions. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

23. Non-Assignment. The parties may not assign this Agreement except with the prior written approval of the other party.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]

[Company]

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT D

AMENDMENT TO WAIVE MANAGEMENT AGREEMENT

AMENDMENT TO WAIVE MANAGEMENT AGREEMENT

THIS AMENDMENT (“**Amendment**”) is made and entered into on _____, by and between NUSPINE FRANCHISE SYSTEMS, LLC., a Delaware limited liability company (“**Franchisor**” or “**we**” or “**us**”), and (“**Franchisee**” or “**you**”) Franchisor and Franchisee are herein collectively referred to as the “**Parties**”.

RECITALS:

D. Franchisor and Franchisee are parties to a franchise Agreement dated as of the same date as this Amendment (the “**Franchise Agreement**”), which pertains to the management and operation of a chiropractic clinic operating under the name “NuSpine Chiropractic” (which is referred to as the “**Clinic**”) (together the management and operation of a Clinic will be referred to as the “**Franchised Business**”) with the “Protected Area” as described in the Franchise Agreement. Your Clinic will be located and operated in the state or commonwealth of _____.

E. The parties wish to amend the terms of the Franchise Agreement as described below.

F. All capitalized terms not defined in this Amendment will have the meaning set forth in the Franchise Agreement, or the Management Agreement (as defined below).

NOW THEREFORE, the Parties, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows:

3. Franchisee’s Representations and Warranties:

- a. You understand and agree that you are solely responsible for operating in full compliance with all laws that apply to your Franchised Business. The laws regulating the medical and chiropractic industry include without limitation, federal, state and local regulations relating to: the practice of medicine and the operation and licensing of medical and/or chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws; restrictions or prohibition on fee splitting; physician self-referral restrictions; payment systems for medical benefits available to individuals through insurance and government resources; privacy of patient records; use of medical devices; and advertising of medical services (together such are, “**Medical Regulations**”).
- b. You represent and warrant to us that: (i) you have conducted independent research regarding the Medical Regulations that are applicable to chiropractic services and medical services generally, and the Franchised Business specifically in the Protected Area, including retaining the services of qualified professional advisers as necessary; (ii) you have verified that under the Medical Regulations applicable to your Franchised Business, you are permitted to both manage the Clinic and operate the Clinic, including hiring any medical and professional personnel and providing chiropractic or medical services to patients at the Clinic.
- c. You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Franchised Business, we waive the requirements of the Franchise Agreement that you (i) enter into a management agreement with a P.C., which as a separate entity would operate the Clinic and provide all medical and chiropractic services, and (ii) you refrain from providing any medical or chiropractic services to patients or hiring and supervising medical and professional personnel. You acknowledge and agree that we are entering into this Amendment in reliance your representations and warranties. You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations that would render your operation

of the Clinic in violation of any Medical Regulation, you will immediately advise of such change and of your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a P.C.

- e. You acknowledge and agree that by requesting us to permit you to perform all of the activities and obligations of the P.C. (rather than signing a management agreement with a P.C. that would operate the Clinic), you will incur all costs of both managing and operating the Clinic, including those costs that would otherwise be borne by the P.C. (such as obtaining all necessary licensing and certification for providing chiropractic services and compensation of chiropractic professionals). You have researched the costs associated with both managing and operating the Clinic.

3. Based on your representations and warranties to us above, you and we agree as follows:

- a. Notwithstanding anything to the contrary in the Franchise Agreement, you are not required by the Franchise Agreement to enter into a Management Agreement with a P.C., provided that you comply with applicable Medical Regulations.
- b. Notwithstanding anything to the contrary in the Franchise Agreement, you are not restricted from providing chiropractic or medical services to the Clinic's patients, or from hiring and supervising the chiropractors and employees who are legally authorized to provide medical or chiropractic services to patients of the Clinic.
- c. Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for operating the Clinic and providing, or arranging for and supervising the provision of, medical and chiropractic services to the patients of the Clinic.
- e. Instead of entering into the Management Agreement with a separate P.C., you agree to be solely responsible for providing the management and support services necessary for operating the Clinic.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment in duplicate on the day and year first above written.

FRANCHISEE

(If Entity)

Name of Entity

By: _____
Print Name: _____
Title: _____

(If Individuals)

By: _____
Print Name: _____

FRANCHISOR

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

EXHIBIT E

LIST OF FRANCHISEES

UNIT FRANCHISEES

Opened as of December 31, 2024:

| | State | City | Franchisee | Contact | Address of Opened Outlet | Phone Number |
|----|--------------|--------------------------|---|----------------------|--|---------------------|
| 1 | AZ | Chandler | Aligned Mettle, LLC | Dr. Michael Crampton | 4040 S. Arizona Ave, Suite H-15 Chandler, AZ 85248 | 480-247-6777 |
| 2 | AZ | Avondale | C&H Visions II | Carter O’Neal | 1713 N Dysart Rd, Suite D10 Avondale, AZ 85392 | 623-252-2584 |
| 3 | AZ | Phoenix | C&H Visions | Carter O’Neal | 7000 E Mayo Blvd, Suite 1031 Phoenix, AZ 85054 | 480-701-4543 |
| 4 | AZ | Peoria | CBG1 LLC | Dr. Carolyn Good | 9746 W Happy Valley Rd, Ste. 2, Peoria, AZ 85383 | 623-624-7411 |
| 5 | AZ | Phoenix | NUHV21 LLC | Terry O’Neal | 743 E Bell Rd #5 Phoenix, AZ 85022 | 623-624-7007 |
| 6 | CA | Carlsbad | Belton & Thompson Chiropractic, Inc. | Dr. Peter Thompson | 2623 Gateway Road, Suite 104 Carlsbad, CA 92009 | 760-931-8003 |
| 7 | CA | Vista | Peter Thompson and Ian Belton | Dr. Peter Thompson | 1330 E Vista Way, Suite 5 Vista, CA 92084 | 760-842-8070 |
| 8 | CA | Oceanside | Peter Thompson and Ian Belton | Dr. Peter Thompson | 2530 Vista Way, Ste P Oceanside, CA 92054 | 760-600-5553 |
| 9 | CA | San Diego | Cabolinas LLC | Josh King | 1262 University Ave San Diego, CA 92103 | 619-393-1515 |
| 10 | CA | Downey | The Marter Group LLC | Dr. Marvin Lee | 12146 Lakewood Blvd Downey, CA 90242- 2658 | 562-321-5225 |
| 11 | FL | Orlando | MandB Enterprise Office 1 LLC | Dr. Bret Scheuplein | 12490 Lake Underhill Road Orlando, FL 32828 | 407-749-0849 |
| 12 | FL | Jacksonville | Forza Senna, LLC | Dr. Shana Sparks | 4320 Deerwood Lake Parkway, Jacksonville, FL 32216 | (904) 345-4499 |
| 13 | KS | Overland Park | Chirovest Clinic 1, LLC | Dr Michael Perusich | 8748 West 135th Street, Overland Park, KS 66211 | (913) 967-5155 |
| 14 | NE | Lincoln | Zach Chiropractic, PC | Dr. Heather Zach | 3245 Pioneers Blvd, Suite 200 Lincoln, NE 68502 | 402-261-6721 |
| 15 | NE | Lincoln | Zach Chiropractic, PC | Dr. Heather Zach | 6450 O St, Ste 6 Lincoln, NE 68510 | 402-417-0250 |
| 16 | NV | Henderson | VAWN, LLC | Joseph R. Nicola | 615 Green Valley Pkwy, Ste 110 Henderson, NV 89052 | 702-477-0000 |
| 17 | NV | Las Vegas | Joseph R Nicola DC, P.C. | Joseph R. Nicola | 4965 Blue Diamond Rd, Ste 115 Las Vegas, NV 89139 | 702-477-0000 |

| | State | City | Franchisee | Contact | Address of Opened Outlet | Phone Number |
|----|--------------|----------------------|-------------------------------|-------------------------|---|---------------------|
| 18 | NV | Las Vegas | Joseph R Nicola DC, P.C. | Joseph R. Nicola | 9435 W Tropicana Ave Ste 107 Las Vegas, NV 89147 | 702-477-0000 |
| 19 | NV | Las Vegas | Joseph R Nicola DC, P.C. | Joseph R. Nicola | 6150 N. Decatur Blvd. Las Vegas, NV 89130 | 702-477-0000 |
| 20 | NC | Wake Forest | Axis Chiropractic, PLLC | Dr. Daniel Nugent | 3612 Rogers Branch Rd, Ste 105 Wake Forest, NC 27587 | 984-291-9159 |
| 21 | NC | Charlotte | The Ultimate Health Group LLC | Dr. Philip Featherstone | 9805 Sandy Rock Pl #F Charlotte, NC 28277 | 704-910-5076 |
| 22 | TX | Amarillo | NBF Investments, LLC | Dr. Steven Fuller | 3505 West Interstate 40, Ste 250 Amarillo, TX 79109 | 806-350-7430 |
| 23 | TX | Houston | BackOnTrack, Inc. | Dr. Steven Fuller | 187A Heights Blvd. Houston, TX 77007 | 281-974-4602 |
| 24 | TX | Lubbock | BNF Investments, LLC | Dr. Steven Fuller | 4414 82nd St, Suite 206 Lubbock, TX 79424 | 806-407-5664 |
| 25 | TX | Montgomery | Lake Woodlands Chiro LLC | Dr. Aaron Dushkin | 15320 Hwy 105, Suite 116, Montgomery, TX 77356 | 936-242-1488 |
| 26 | TX | New Braunfels | Wahoo Franchise, LLC | Chris Keller | 225 Creekside Way Suite 108, New Braunfels, TX 78130 | 830-560-9290 |
| 27 | TX | Leander | Perry & Peters Ventures LLC | Dr. James Perry | 651 N. US Highway 183, Suite 340, Leander, TX 78641 | 512-581-6616 |
| 28 | TX | Austin | Wahoo Franchise, LLC | Chris Keller | 13000 North I-35, No. 116, Austin, TX 78753 | 512-543-1220 |
| 29 | TX | Kyle | Wahoo Franchise, LLC | Chris Keller | 2255 Kohlers Crossing, Suite 300, Kyle TX 78640 | (512) 910-2704 |
| 30 | TX | Cibolo | Atlas First, LLC | Dr John Stamps | 18238 I 35N Ste. 131, Cibolo TX 78154 | (210) 538-2078 |
| 31 | UT | Riverton | Nu Chiropractic 1, LLC | Dr. Joseph Nicola | 4608 W Partridge Hill Ln, Ste B115, Riverton, UT 84096 | 385-446-8660 |
| 32 | UT | Midvale | Nu Chiropractic 1, LLC | Dr. Joseph Nicola | 1048 East Fort Union Boulevard Midvale, UT 84047 | 385-446-8660 |
| 33 | UT | Sandy | Nu Chiropractic 1, LLC | Dr. Joseph Nicola | 11078 S. State St, Suite 102, Sandy, UT 84070 | 385-446-8660 |
| 34 | UT | Lehi | Joseph R Nicola DC, P.C. | Dr. Joseph Nicola | 1712 West Traverse Parkway, Building B, Unit #101, Lehi, UT 84043 | (385) 446-8660 |

Signed but Not Opened as of December 31, 2024:

| | State | City | Franchisee | Contact | Address of Outlet Location | Phone Number |
|----|--------------|-----------------------------|------------------------------|---------------------------|--|---------------------|
| 1 | AZ | TBD | Aligned Mettle, LLC | Dr. Michael Crampton | TBD | 520-979-1752 |
| 2 | AZ | TBD | Aligned Mettle, LLC | Dr. Michael Crampton | TBD | 520-979-1752 |
| 3 | AZ | TBD | Aligned Mettle, LLC | Dr. Michael Crampton | TBD | 520-979-1752 |
| 4 | AZ | TBD | CBG2 LLC | Dr. Carolyn Good | TBD | 908-581-7595 |
| 5 | AZ | TBD | C&H Visions II | O'Neal / Ramsey-Heutmaker | TBD | (281) 974-4602 |
| 6 | CA | TBD | Dr. John Hunt | Dr. John Hunt | TBD | 562-401-3597 |
| 7 | CA | TBD | A Jackson Chiropractic Corp | Dr. Angenique Jackson | TBD | 404-719-3482 |
| 8 | FL | TBD | Forza ERB | Shana Sparks-Beckett | TBD | 865-441-5370 |
| 9 | FL | TBD | Forza ERB | Shana Sparks-Beckett | TBD | 865-441-5370 |
| 10 | FL | TBD | Goddard Clinics, LLC | Dr. Lindsey | TBD | TBD |
| 11 | NV | TBD | Joseph R Nicola DC P.C. | Dr. Joseph Nicola | TBD | 702-355-0844 |
| 12 | TX | TBD | BackOnTrack, Inc. | Rafael Santana | TBD | 737-217-1091 |
| 13 | TX | TBD | BackOnTrack, Inc. | Rafael Santana | TBD | 737-217-1091 |
| 14 | TX | TBD | Perry & Peters Ventures, LLC | Dr. Steven Peters | TBD | 408-772-4337 |
| 15 | TX | TBD | Atlas First, LLC | Dr John Stamps | TBD | (210) 538-2078 |
| 16 | TX | North Richland Hills | Sola Gratia Chiro LLC | Jesus Garcia Briaies | 8528 Davis Boulevard Suite 210, North Richland Hills, TX | 678-343-5027 |
| 17 | TX | TBD | Sola Gratia Chiro LLC | Jesus Garcia Briaies | TBD | 678-343-5027 |
| 18 | TX | TBD | Brothers Aligned LLC | Kaisar Saleem | TBD | TBD |

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Unit Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

NUSP1 Omaha, P.C.
ATTN : Dr Todd Hedlund
17650 Wright Street, Suite 7
Omaha, Nebraska 68130
(402) 999-7410

The Joint Support LLC
ATTN : Kurt O'Neill
3411 Grande Vista Parkway, Unit #322
Riverside, CA 92503
(858) 240-2040

EXHIBIT F

FINANCIAL STATEMENTS

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

NuSpine Franchise Systems, LLC

Balance Sheet

| | Mar 31, 25 |
|---|-------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Merrill - 3345 | \$ 304,169.49 |
| Merrill - 3482 | - |
| WFB - 2397 | 26,521.09 |
| WFB - 5398 | 16,715.10 |
| Total Checking/Savings | 347,405.68 |
| A/R - Conference Sponsorship | - |
| Total Current Assets | 347,405.68 |
| Fixed Assets | |
| POS Software Enhancements | 253,451.40 |
| POS Software Enhancements AD | (253,451.40) |
| Website Enhancements | 14,250.00 |
| Website Enhancements AD | (5,000.00) |
| Total Fixed Assets | 9,250.00 |
| Other Assets | |
| Deferred Costs - Area Rep. | 82,851.37 |
| Deferred Costs - Franchises | 550,296.05 |
| Deferred State Zee Receivable | - |
| Deposits - Misc A/R | 9,489.24 |
| Total Other Assets | 642,636.66 |
| TOTAL ASSETS | 999,292.34 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| Accounts Payable | 13,261.96 |
| Total Accounts Payable | 13,261.96 |
| Credit Cards | |
| American Express | 43,169.00 |
| Total Credit Cards | 43,169.00 |
| Other Current Liabilities | |
| 1% National Ad Fund | 34,248.37 |
| AR Deposits | - |
| Commissions Payable - AR's | - |
| Commissions Payable - Employees | - |
| Commissions Payable - Third Parties | - |
| Accrued Expenses - Audit Fees | 15,000.00 |
| Accrued Expenses - Bonus | - |
| Accrued Expenses - Outsourced CFO Fees | - |
| Accrued Expenses - Payroll and Related | 7,406.71 |
| Accrued Expenses - Tax Preparation Fees | 8,900.00 |
| Total Other Current Liabilities | 65,555.08 |
| Total Current Liabilities | 121,986.04 |

NuSpine Franchise Systems, LLC

Balance Sheet

| | Mar 31, 25 |
|--|-----------------------|
| Long Term Liabilities | |
| Accrued Contingent Termination - Los Angeles | 125,716.20 |
| Accrued Contingent Termination - Central Florida | 82,208.49 |
| Accrued Contingent Termination - N. North Carolina | 53,307.85 |
| Accrued Contingent Termination - S. North Carolina | 143,031.51 |
| Accrued Contingent Termination - South Florida | 294,500.00 |
| Accrued Contingent Termination – WTex, OK,AR,TN | 224,492.74 |
| Accrued Int. Payable - Loan Backfit | 13,343.40 |
| Accrued Int. Payable - Loan Insight | - |
| Deferred Revenue - Area Rep. | 646,509.00 |
| Deferred Revenue - Franchises | 1,207,733.75 |
| Deferred Revenue - X-Fer Fees | 16,250.00 |
| Line of Credit | 500,000.00 |
| Accrued Int. Payable - LOC | 13,510.86 |
| Loan - Backfit | 230,000.00 |
| Loan - Insight | - |
| Total Long Term Liabilities | 3,550,603.80 |
| Total Liabilities | 3,672,589.84 |
| Equity | |
| Opening Balance Equity | 505,471.10 |
| Retained Earnings | (3,095,573.67) |
| Net Income | (83,194.93) |
| Total Equity | (2,673,297.50) |
| TOTAL LIABILITIES & EQUITY | \$ 999,292.34 |

NuSpine Franchise Systems, LLC

Profit & Loss

| | 2025 YTD TOTAL | % of Income |
|--|-------------------|---------------|
| Ordinary Income/Expense | | |
| Income | | |
| Income - Conference Sponsorship | 3,000.00 | 1.5% |
| Income - Credit Card Rebates | 1,379.38 | 0.6% |
| Income - Franchise Grand Opening Marketing Revenue | - | 0.0% |
| Income - Rebates on Table Sales | - | 0.0% |
| Income - Technology Fees | 37,500.00 | 16.7% |
| Income - Franchise Royalties | 173,162.18 | 77.0% |
| Income - National Advertising Fund | 9,810.00 | 4.4% |
| Income - Area Rep Fees | - | 0.0% |
| Income - Franchise Fees | - | 0.0% |
| Income - Supplement Sales | 34.49 | 0.0% |
| Income - Transfer Fees | - | 0.0% |
| Total Income | 224,886.05 | 100.0% |
| Expense | | |
| Advertising, Promotion, Press | - | 0.0% |
| Branding and Promotion | 10,160.02 | 4.5% |
| Franchise Development | 37,041.62 | 16.5% |
| Franchise Grand Opening Marketing Expense | - | 0.0% |
| Bank Service Charges | 1,329.42 | 0.6% |
| Business Licenses and Permits | - | 0.0% |
| Computer, Internet, Software | - | 0.0% |
| Clinic | 30,445.70 | 13.5% |
| Corporate | 804.45 | 0.4% |
| Outside Services | | |
| Consulting - Dr. Marc Ott | - | 0.0% |
| Consulting - Healing Properties | - | 0.0% |
| Consulting - Dr. Gerard Hinley | - | 0.0% |
| Consulting - LKW Consulting, LLC | 26,850.00 | 11.9% |
| Consulting - MKM Marketing, LLC | - | 0.0% |
| Consulting - Virtual Method | 5,088.40 | 2.3% |
| Consulting - T.N. Consulting | - | 0.0% |
| Consulting - The Leonesio Group | - | 0.0% |
| Franchisee HR Support | - | 0.0% |
| Total Outside Services | 31,938.40 | 14.2% |
| Conference - Annual Franchisee | 7,346.86 | 3.3% |
| Commissions on ARs and Franchises | - | 0.0% |
| Corporate Cost incurred for Franchisees | - | 0.0% |
| Gifts & Donations | - | 0.0% |
| Insurance Expense | 14,895.71 | 6.6% |
| Meals and Entertainment | 88.51 | 0.0% |
| Office Supplies | 103.28 | 0.0% |
| Payroll Expenses | | |
| Bonus | - | 0.0% |
| Payroll | 90,467.03 | 40.2% |

NuSpine Franchise Systems, LLC

Profit & Loss

| | 2025 YTD TOTAL | % of Income |
|---|-----------------------|----------------|
| Payroll Expenses | 1,591.94 | 0.7% |
| Payroll Taxes | 9,048.56 | 4.0% |
| Total Payroll Expenses | 101,107.53 | 45.0% |
| Postage & Delivery | - | 0.0% |
| Professional Fees | | |
| Professional Fees - Accounting | - | 0.0% |
| Professional Fees - Legal Fees | - | 0.0% |
| Total Professional Fees | - | 0.0% |
| Recruitment Costs | - | 0.0% |
| Rent Expense | - | 0.0% |
| Royalties Paid to AR's | 52,948.51 | 23.5% |
| Telephone Expense | 182.31 | 0.1% |
| Training Expense | - | 0.0% |
| Travel Expense | 1,803.68 | 0.8% |
| Total Expense | 290,196.00 | 129.0% |
| Net Ordinary Income | (65,309.95) | (29.0%) |
| Other Income/Expense | | |
| Other Income | | |
| Interest Income | 4,700.83 | 2.1% |
| Miscellaneous Income | - | 0.0% |
| Total Other Income | 4,700.83 | 2.1% |
| Other Expense | | |
| CC Services Franchisees - Non Recurring | - | 0.0% |
| Corporate Non-Recurring | - | 0.0% |
| Depreciation Expense | 13,558.28 | 26.2% |
| Interest Expense - BackFit, LLC Note Payable | 1,134.00 | 0.5% |
| Interest Expense - Insight Management Group, LLC Note Payable | 4,315.06 | 1.9% |
| Interest Expense - Line of Credit | 2,524.08 | 1.1% |
| Interest Expense - Credit Card | 1,054.39 | 0.5% |
| State Taxes | - | 0.0% |
| Total Other Expense | 22,585.81 | 10.0% |
| Net Other Income (Expense) | (17,884.98) | (8.0%) |
| Net Income | \$ (83,194.93) | (37.0%) |
| Addback (Reduce) | | |
| CC Services Franchisees - Non Recurring | - | 0.0% |
| Depreciation Expense | 13,558.28 | 6.0% |
| Interest Expense | 9,027.53 | 4.0% |
| State Taxes | - | 0.0% |
| EBITDA | \$ (60,609.12) | (27.0%) |

NUSPINE FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

| <u>CONTENTS</u> | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Balance Sheets | 4 |
| Statements of Income and Members' Equity | 5 |
| Statements of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |
| SUPPLEMENTARY INFORMATIONS | |
| Schedule I - Schedules of General and Administrative Expenses | 16 |



INDEPENDENT AUDITOR'S REPORT

To the Members:
NuSpine Franchise Systems, LLC
Scottsdale, Arizona

Opinion

We have audited the accompanying financial statements of NuSpine Franchise Systems, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members' accumulated deficit and cash flows for the years 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 NuSpine Franchise Systems, LLC as of December 31, 2024 and 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 NuSpine Franchise Systems, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 NuSpine Franchise Systems, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NuSpine Franchise Systems, LLC's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative Expenses (Schedule I) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kimberlin Company, PLLC

Chandler, Arizona
February 17, 2025

NUSPINE FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2023

ASSETS

| Current assets: | <u>2024</u> | <u>2023</u> |
|---------------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 749,647 | \$ 632,902 |
| Accounts receivable, net | 12,500 | 3,000 |
| Royalty receivable | 10,399 | 49,395 |
| Deferred costs - current | <u>82,920</u> | <u>71,616</u> |
| Total current assets | 855,466 | 756,913 |
| Property and equipment, net | 13,558 | 94,415 |
| Other assets: | | |
| Deferred costs - long-term | <u>550,227</u> | <u>714,825</u> |
| TOTAL ASSETS | <u>\$ 1,419,251</u> | <u>\$ 1,566,153</u> |

LIABILITIES AND MEMBERS' DEFICIT

| | | |
|---|-------------------------|-------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 39,452 | \$ 8,684 |
| Accounts payable - related party | - | 4,507 |
| Accrued expenses | 146,434 | 118,601 |
| Accrued contingent termination | 928,760 | 294,500 |
| Accrued interest | 23,538 | 8,523 |
| Deferred revenue - current | <u>214,363</u> | <u>371,912</u> |
| Total current liabilities | 1,352,547 | 806,727 |
| Long-term liabilities: | | |
| Deferred revenue - long-term | 1,676,807 | 2,460,641 |
| Notes payable - related party - long-term portion | 480,000 | 230,000 |
| Line of credit | <u>500,000</u> | <u>500,000</u> |
| Total long-term liabilities | <u>2,656,807</u> | <u>3,190,641</u> |
| Total liabilities | 4,009,354 | 3,997,368 |
| Members' deficit | | |
| Members' capital | 505,471 | 505,471 |
| Accumulated deficit | <u>(3,095,574)</u> | <u>(2,936,686)</u> |
| Total members' deficit | <u>(2,590,103)</u> | <u>(2,431,215)</u> |
| TOTAL LIABILITIES & MEMBERS' DEFICIT | <u>\$ 1,419,251</u> | <u>\$ 1,566,153</u> |

See independent auditor's report.
See accompanying notes to financial statements.

NUSPINE FRANCHISE SYSTEMS, LLC
STATEMENTS OF INCOME AND MEMBERS' ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|------------------------------|------------------------------|
| Revenue | | |
| Area representative fees | \$ 160,666 | \$ 285,268 |
| Franchise fees | 552,807 | 211,495 |
| Transfer fees | 2,500 | 2,500 |
| Royalty fees | <u>689,205</u> | <u>645,146</u> |
| Total revenue | 1,405,178 | 1,144,409 |
| Operating expenses | | |
| General and administrative expenses | <u>1,489,573</u> | <u>1,390,287</u> |
| Operating loss | (84,395) | (245,878) |
| Other income (expense): | | |
| Credit card rebates | 4,708 | 5,439 |
| Rebates on tables | 2,602 | 5,400 |
| Conference sponsorship | 12,500 | 17,500 |
| Interest expense | (17,463) | (5,949) |
| Interest income | 22,774 | 1,949 |
| Miscellaneous expense | <u>(99,614)</u> | <u>(5,150)</u> |
| Total other income (expense) | <u>(74,493)</u> | <u>19,189</u> |
| Net loss | (158,888) | (226,689) |
| Members' accumulated deficit, beginning of year | <u>(2,936,686)</u> | <u>(2,709,997)</u> |
| Members' accumulated deficit, end of year | <u><u>\$ (3,095,574)</u></u> | <u><u>\$ (2,936,686)</u></u> |

See independent auditor's report.
See accompanying notes to financial statements.

NUSPINE FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Net loss | \$ (158,888) | \$ (226,689) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 80,857 | 84,928 |
| (Increase) decrease in: | | |
| Accounts Receivable | (9,500) | - |
| Royalties receivable | 38,996 | (29,842) |
| Franchise fees receivable | - | 27,000 |
| Deferred costs | 153,294 | (4,941) |
| Deposits | - | - |
| Increase (decrease) in: | | |
| Accounts payable | 30,768 | (17,566) |
| Accounts payable - related party | (4,507) | 620 |
| Accrued expenses | 27,833 | 85,254 |
| Accrued interest | 15,015 | 5,386 |
| Accrued contingent termination | 634,260 | 294,500 |
| Deferred revenue | (941,383) | (271,533) |
| Net cash used in operating activities | (133,255) | (52,883) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | - | (16,000) |
| Net cash used in investing activities | - | (16,000) |
| Cash flows from financing activities: | | |
| Borrowings on note payable from member | 250,000 | - |
| Borrowings on LOC from member | - | 500,000 |
| Net cash provided by financing activities | 250,000 | 500,000 |
| Net change in cash, cash equivalents, and restricted cash | 116,745 | 431,117 |
| Cash and cash equivalents - beginning of year | 632,902 | 201,785 |
| Cash and cash equivalents - end of year | <u>\$ 749,647</u> | <u>\$ 632,902</u> |
| Supplemental Disclosures: | | |
| Interest paid | \$ 2,448 | \$ 563 |

See independent auditor's report.
See accompanying notes to financial statements.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 – BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

NuSpine Franchise Systems, LLC (the Company) was organized as a Delaware limited liability company on August 23, 2019, for the purpose of developing, managing, operating and selling chiropractic clinic franchises throughout the United States.

At September 17, 2019 members' equity included capital contributions from the initial members of the Company who made collective capital contributions of \$505,471.

Subsequent to the initial capital contributions above, the agreement was executed and includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. If the Company requires additional funds, the Board of Managers is to notify the members. Each member has the right to contribute a pro rata share of such additional funds, based on the relative equity contributions made by each member. In addition, the liability of the members of the Company is limited to the members' total capital contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company maintains interest-bearing cash deposits and short-term overnight investments with one financial institution. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of the financial statements.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivables, Royalty receivables and Allowance for Credit Losses

Accounts receivable consist mainly of receivables from franchises and royalty revenues. The receivables are stated at the amount management expects to collect based on the sales price of their products, net of any customer discounts or payables contingent on the revenue. No interest is charged on other receivables. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for credit losses based on its assessment of the current status of individual accounts, historical collection information, existing economic conditions, and industry practices. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance on credit losses and a credit to receivables. Management has determined that all receivables are deemed fully collectible throughout the year ended December 31, 2024, and there was no activity in allowance for credit losses in 2024.

Property and Equipment

Property and equipment are stated at cost, which may include capitalized interest during the construction and development period.

The Company's property equipment mainly consists of computer software, which are depreciated on a straight-line basis over the estimated useful service lives of the related assets, which is generally three years.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment when events or circumstances indicate these assets might be impaired, but at least annually. The Company tests impairment using historical cash flows and other relevant facts and circumstances as the primary basis for an estimate of future cash flows. The analysis is performed at the restaurant level for indicators of permanent impairment. As of December 31, 2024, no impairment of long-lived assets has been recognized. There can be no assurance that future impairment tests will not result in a charge to earnings.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is mainly derived from the franchise revenues. Under ASC 606, the Company recognizes revenue on a straight-line basis over the period of the respective franchise agreement. Franchise revenues principally consist of royalties, technology as well as marketing fees, which are primarily based on a percentage of franchisee revenue. Royalty, technology and marketing fees are accrued as the underlying franchise revenue is earned. Franchise revenue also includes initial franchise fees, which are recognized in revenue when substantial performance of franchisor obligations is complete, which is generally when a franchised unit is opened. The Company grants credit to franchisees across the United States. Consequently, the Company's ability to collect amounts due from franchisees is affected by economic fluctuations in the geographic area.

The Company recognizes revenue for national advertising contributions based on a percentage equal to 1% of franchisees' gross sales per month as defined in the franchise agreements in the period the related franchise-operated restaurant sales occur. In accordance with ASC 606, the national advertising contributions are reported on a gross basis on the statements of income and members' accumulated deficit.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property. The rights in the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement.

Income Taxes

The Company has elected to operate as a passthrough entity for federal and state income tax purposes and is not directly subject to income taxes. Accordingly, there is no provision for income taxes reflected in the accompanying financial statements. Members are responsible for reporting their share of taxable income.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company follows the provisions of ASC 740-10, pertaining to the accounting for uncertainty in income taxes. This requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in the Company's tax return. Management believes the tax positions taken on the Company's income tax returns are appropriate. To the extent that management's assessment of such tax positions changes, the change will be reflected on tax returns in the period in which the determination is made. The Company's policy is to classify income tax penalties and interest as income tax expense in its financial statements. The Company did not recognize any interest or penalties for the year ended December 31, 2024. The Company did not have any unrecognized tax benefits as of December 31, 2024. The Company believes it has no uncertain tax positions that qualify for either recognition or disclosure. As of December 31, 2024, due to statutes of limitation, the Company is no longer subject to examination of its income tax returns by the federal and state authorities for years prior 2021 and 2020, respectively.

Advertising Expenses

The Company expenses advertising as incurred. Advertising expenses totaled approximately \$191,000 and \$135,000 for the year ended December 31, 2024 and 2023, respectively.

Application of New Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326). The purpose of this ASU is to provide financial statement users more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company elected to adopt this ASU effective January 1, 2023, using the modified-retrospective approach and record the cumulative effect adjustment to opening retained earnings. The impact of adopting this ASU is immaterial to the financial statements.

Subsequent Events

The Company has evaluated subsequent events through February 17, 2025, which is the date the financial statements were available to be issued.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

| | 2024 | 2023 |
|--------------------------|-------------|-------------|
| Software | \$ 258,451 | \$ 258,451 |
| Accumulated depreciation | (244,893) | (164,036) |
| | \$ 13,558 | \$ 94,415 |

Depreciation expense for the years ended December 31, 2024 and 2023, were \$80,857 and \$84,928, respectively.

NOTE 4 – LINE OF CREDIT AND NOTES PAYABLE

Line of credit

The Company has entered into a line of credit with Companies owned by separate members at \$250,000 each for a total of \$500,000. The line of credit accrues interest on the outstanding balance at an annual rate of 2%. The line matures on the first day following ninety consecutive days when the Company has maintained a cash-on-hand balance of \$3,000,000, with an exception to the National Ad Fund or restricted balances. As of December 31, 2024, and 2023, the balance on the line of credit was \$500,000 and \$500,000, respectively. Accrued interest for the line of credit was \$10,986 and \$850 as of December 31, 2024 and 2023, respectively.

Notes Payable – Related Party

The Company has a note payable with a member bearing interest at 2.00% per annum, with accrued interest and principal due in full on April 25, 2027. As of December 31, 2024 and 2023, the balance on the note payable was \$230,000 and \$230,000, respectively. Accrued interest for the note payable was \$12,209 and \$7,673 as of December 31, 2024 and 2023, respectively.

The Company has a note payable with another member bearing interest at 10.00% per annum, with accrued interest and principal due in full on April 26, 2026. As of December 31, 2024 and 2023, the balance on the note payable was \$250,000 and \$0, respectively. Accrued interest for the note payable was \$343 and \$0 as of December 31, 2024 and 2023, respectively.

See Independent Auditor’s Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 – FRANCHISING REVENUE

Royalty, Technology and Advertising Fund Fees

The Company's franchise agreements provide for the payment of a franchise fee for each franchised location opened. Franchisees pay continuing fees of 4.2% to 7% of sales, technology fees which are up to \$375 a month, and advertising fund fees for regional/national media, which are based on 1% of sales. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration. The Company recognizes renewal fees in income when a renewal agreement becomes effective. 3 franchise locations are contracted on special terms with advertising fund fees based on 0% of sales.

Franchise and Area Representative Fees

Initial franchise fees, which may be up to \$39,000, are amortized over the initial term stated in the franchise agreement. Initial area representative fees, which may be up to \$9,750, are amortized over the initial term stated in the area representative agreement.

Transfer Fees

Transfer fees, which may be up to \$25,000, are amortized over the initial term stated in the franchise agreement.

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchises and area representatives, as which are generally recognized on a straight-line basis over the term of the underlying franchise and area representative agreement. The Company classifies these contract liabilities as deferred revenue in the balance sheet. The following table reflects the change in contract liabilities for the year ended December 31, 2024 and 2023.

| | |
|--|---------------------|
| Balance at January 1, 2023 | \$ 3,141,053 |
| Revenue recognized | (285,268) |
| Revenue reclassified to liability due to termination of contract | (294,500) |
| Increase, excluding amounts recognized as revenue during the year | <u>271,268</u> |
| Balance at December 31, 2023 | <u>\$ 2,832,553</u> |

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 – FRANCHISING REVENUE (CONTINUED)

| | |
|--|---------------------|
| Balance at January 1, 2024 | \$ 2,832,553 |
| Revenue recognized | (316,705) |
| Revenue reclassified to liability due to termination of contract | (634,260) |
| Increase, excluding amounts recognized as revenue during the year | <u>9,582</u> |
| Balance at December 31, 2024 | <u>\$ 1,891,170</u> |

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024:

| | |
|--------------------------|---------------------|
| Year ending December 31, | |
| 2024 | \$ 227,790 |
| 2025 | 227,705 |
| 2026 | 237,247 |
| 2027 | 245,205 |
| 2028 | 245,205 |
| Thereafter | <u>708,018</u> |
| Total | <u>\$ 1,891,170</u> |

The summary below represents the composition of revenue in deferred revenue as of December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--------------------------|---------------------|---------------------|
| Franchise fees | \$ 1,207,734 | \$ 1,410,489 |
| Area representative fees | 646,509 | 1,320,290 |
| Transfer fees | 16,250 | 18,750 |
| Ad fund fees | <u>20,677</u> | <u>83,024</u> |
| Total deferred revenue | <u>\$ 1,891,170</u> | <u>\$ 2,832,553</u> |

NOTE 6 – OPERATING LEASE

The Company leases office space under a month-to-month operating lease that expired in 2023. In accordance with ASC 842, the Company elected not to recognize right-of-use lease assets and lease liabilities for the month-to-month lease. The Company discontinued the operating lease after expiration in 2023. Lease expense for the year ended December 31, 2024 and 2023, was \$0 and \$48,000, respectively.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 – COMMITMENTS AND CONTINGENCIES

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

The Company had contingent liabilities for contracts terminated prior to their respective contract period totaling \$928,760 and \$294,500 as of December 31, 2024 and 2023, respectively. The payment of the accrued contingent termination liabilities are contingent upon 1) future sales of franchise in the terminated locations, in which \$9,750 or 25% of initial franchise fees will be paid for each sale of franchise, and 2) 1/7th of royalties contingent upon future monthly sales of the locations. The payments for the accrued contingent termination liabilities will continue until the Company fulfills payment of the estimated initial liability established or maturity dates up to March 15, 2034.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

NOTE 9 – MAJOR CUSTOMERS AND VENDORS

The Company has no major customers for the year ended December 31, 2024 and four customers representing approximately 55% of total accounts receivable as of December 31, 2024. There were no major customers as of and for the year ended December 31, 2023.

The Company had three vendors representing approximately 100% of total accounts payable as of December 31, 2024. There were no major vendors as of and for the year ended December 31, 2023.

NOTE 10 - RELATED PARTY TRANSACTIONS

Line of credit and notes payable

The Company had a line of credit and 2 notes payable with related parties. See note 4.

Expenses paid to related parties

The Company paid approximately \$500 for legal services, and approximately \$28,000 for payroll expenses to related affiliated companies owned by members for the year ended December 31, 2024.

The Company paid approximately \$1,700 for advertising expenses to related affiliated companies owned by members for the year ended December 31, 2023.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

Consulting Services

The Company has entered into a franchise consulting services agreement with a member of the Company. The agreement required monthly payments of \$20,000. The agreement was terminated in March 2023. During the year ended December 31, 2023, consulting fees of \$40,000 were paid to the related party.

NOTE 11 – RECLASSIFICATIONS

Certain balances from the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation. Such reclassifications had no effect on the previously reported net loss for the year ended December 31, 2023.

See Independent Auditor's Report.

NUSPINE FRANCHISE SYSTEMS, LLC
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Schedule I

| | 2024 | 2023 |
|-------------------------------|---------------------|---------------------|
| Advertising | \$ 190,623 | \$ 135,398 |
| Bank service charges | 5,335 | 3,450 |
| Business licenses and permits | 646 | 329 |
| Commissions | 166,358 | 128,419 |
| Computer, internet, software | 91,523 | 33,665 |
| Consulting fees | 122,400 | 126,246 |
| Depreciation | 80,857 | 84,928 |
| Donations | 500 | 250 |
| Insurance | 32,339 | 52,250 |
| Legal and professional fees | 42,933 | 51,729 |
| Meals and entertainment | 831 | - |
| Office supplies | 41 | 596 |
| Outside Services | 25,714 | 42,584 |
| Payroll expenses | 475,340 | 448,136 |
| Payroll taxes | 36,166 | 44,098 |
| Rent | - | 48,000 |
| Royalties | 207,900 | 171,634 |
| State taxes | - | 1,713 |
| Telephone | 581 | 624 |
| Training expense | - | 275 |
| Travel | 9,486 | 15,963 |
| | \$ 1,489,573 | \$ 1,390,287 |

See independent auditor's report.
See accompanying notes to financial statements.

NUSPINE FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

| | |
|---|----|
| Independent Auditor's Report | 1 |
| Balance Sheets | 3 |
| Statements of Income and Accumulated Deficit | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 |
| Schedules of General and Administrative Expenses (Schedule I) | 12 |



INDEPENDENT AUDITOR'S REPORT

To the Members:
NuSpine Franchise Systems, LLC
Scottsdale, Arizona

Opinion

We have audited the accompanying financial statements of NuSpine Franchise Systems, LLC which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of income and accumulated deficit, cash flows for the years 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 NuSpine Franchise Systems, LLC as of December 31, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 NuSpine Franchise Systems, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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, including omissions, 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 NuSpine Franchise Systems, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NuSpine Franchise Systems, LLC's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative Expenses (Schedule I) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kimberlin Company, PLLC

Chandler, Arizona
February 19, 2024

NUSPINE FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

| <u>CURRENT ASSETS</u> | 2023 | 2022 |
|---|--------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 632,902 | \$ 201,785 |
| Accounts receivable | 3,000 | - |
| Royalty receivable | 49,395 | 19,553 |
| Franchise fees receivable | - | 30,000 |
| Deferred costs - current | <u>71,616</u> | <u>65,815</u> |
| Total current assets | 756,913 | 317,153 |
| <u>PROPERTY AND EQUIPMENT</u> | | |
| Property and equipment, net of accumulated depreciation | 94,415 | 163,343 |
| <u>OTHER ASSETS</u> | | |
| Deferred costs - long-term | <u>714,825</u> | <u>715,685</u> |
| Total assets | <u><u>\$ 1,566,153</u></u> | <u><u>\$ 1,196,181</u></u> |

LIABILITIES AND MEMBERS' DEFICIT

| <u>CURRENT LIABILITIES</u> | | |
|--|--------------------------------|--------------------------------|
| Accounts payable | \$ 8,684 | \$ 26,250 |
| Accounts payable - related party | 4,507 | 3,887 |
| Accrued expenses | 118,601 | 33,347 |
| Accrued contingent termination | 294,500 | - |
| Deferred revenue - current | <u>371,912</u> | <u>333,179</u> |
| Total current liabilities | 798,204 | 396,663 |
| <u>LONG-TERM LIABILITIES</u> | | |
| Deferred revenue - long-term | 2,460,641 | 2,770,907 |
| Note payable - related party - long-term portion | 237,673 | 233,137 |
| Line of credit | <u>500,850</u> | <u>-</u> |
| Total long-term liabilities | <u>3,199,164</u> | <u>3,004,044</u> |
| Total liabilities | 3,997,368 | 3,400,707 |
| <u>MEMBERS' DEFICIT</u> | | |
| Members' capital | 505,471 | 505,471 |
| Accumulated deficit | <u>(2,936,686)</u> | <u>(2,709,997)</u> |
| Total members' deficit | <u>(2,431,215)</u> | <u>(2,204,526)</u> |
| Total liabilities and members' deficit | <u><u>\$ 1,566,153</u></u> | <u><u>\$ 1,196,181</u></u> |

The Accompanying Notes are an Integral Part of these Financial Statements.

NUSPINE FRANCHISE SYSTEMS, LLC
STATEMENTS OF INCOME AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-----------------------|-----------------------|
| Revenue | | |
| Area representative fees | \$ 285,268 | \$ 181,366 |
| Franchise fees | 211,495 | 34,467 |
| Transfer fees | 2,500 | 2,500 |
| Royalty fees | <u>645,146</u> | <u>278,980</u> |
| Total revenue | 1,144,409 | 497,313 |
| Operating expenses | | |
| General and administrative | <u>1,390,287</u> | <u>1,568,903</u> |
| Operating loss | (245,878) | (1,071,590) |
| Other income (expense): | | |
| Credit card rebates | 5,439 | 2,594 |
| Rebates on tables | 5,400 | 15,866 |
| Conference sponsorship | 17,500 | - |
| Interest expense | (5,949) | (3,137) |
| Interest income | 1,949 | - |
| Miscellaneous expense | <u>(5,150)</u> | <u>-</u> |
| Total other income | <u>19,189</u> | <u>15,323</u> |
| Net loss | (226,689) | (1,056,267) |
| Members' deficit, beginning of year | <u>(2,709,997)</u> | <u>(1,653,730)</u> |
| Members' deficit, end of year | <u>\$ (2,936,686)</u> | <u>\$ (2,709,997)</u> |

The Accompanying Notes are an Integral Part of these Financial Statements.

NUSPINE FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | | |
|---|--------------|----------------|
| Reconciliation of Net Loss to | | |
| Cash Flows From Operating Activities | | |
| Cash flows from operating activities | 2023 | 2022 |
| Net loss | \$ (226,689) | \$ (1,056,267) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 84,928 | 73,815 |
| Accrued interest - related parties | 5,386 | - |
| (Increase) decrease in: | | |
| Royalties receivable | (29,842) | (19,553) |
| Franchise fees receivable | 27,000 | 9,000 |
| Deferred costs | (4,941) | (184,945) |
| Deposits | - | 7,972 |
| Increase (decrease) in: | | |
| Accounts payable | (17,566) | (4,086) |
| Accounts payable - related party | 620 | 3,887 |
| Accrued expenses | 379,754 | 14,659 |
| Deferred revenue | (271,533) | 848,437 |
| Net cash used by operating activities | (52,883) | (307,081) |
| Cash Flows From Investing Activities: | | |
| Purchases of property and equipment | (16,000) | (51,881) |
| Cash Flows From Financing Activities: | | |
| Borrowings on note payable from member | - | 233,137 |
| Borrowings on LOC from member | 500,000 | - |
| Net cash provided by financing activities | 500,000 | 233,137 |
| Net increase (decrease) in cash | 431,117 | (125,825) |
| Cash, beginning of year | 201,785 | 327,610 |
| Cash, end of year | \$ 632,902 | \$ 201,785 |
| Non Cash Supplemental Disclosures: | | |
| Interest accrued - related party | \$ 5,949 | \$ 3,137 |

The Accompanying Notes are an Integral Part of these Financial Statements.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

NuSpine Franchise Systems, LLC (the Company) was organized as a Delaware limited liability company on August 23, 2019, for the purpose of developing, managing, operating and selling chiropractic clinic franchises throughout the United States.

At September 17, 2019 members' equity included capital contributions from the initial members of the Company who made collective capital contributions of \$505,471.

Subsequent to the initial capital contributions above, the agreement was executed and includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. If the Company requires additional funds, the Board of Managers is to notify the members. Each member has the right to contribute a pro rata share of such additional funds, based on the relative equity contributions made by each member. In addition, the liability of the members of the Company is limited to the members' total capital contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Franchise revenues principally consist of royalties, technology as well as marketing fees, which are primarily based on a percentage of franchisee revenue. Royalty, technology and marketing fees are accrued as the underlying franchise revenue is earned. Franchise revenue also includes initial franchise fees, which are recognized in revenue when substantial performance of franchisor obligations is complete, which is generally when a franchised unit is opened. The Company grants credit to franchisees across the United States. Consequently, the Company's ability to collect amounts due from franchisees is affected by economic fluctuations in the geographic area.

The Company recognizes revenue for national advertising contributions based on a percentage equal to 1% of franchisees' gross sales per month as defined in the franchise agreements in the period the related franchise-operated restaurant sales occur. Topic 606 dictates that national advertising contributions are reported on a gross basis in the statements of operations.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property. The rights in the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement.

Additionally, under ASC 606, franchise fees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Under the previous standards, initial franchise fees were recognized as revenue when the related franchisees opened. Franchise fees were recognized as revenue upon execution of a new franchise agreement.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company maintains interest-bearing cash deposits and short-term overnight investments with one financial institution. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of the financial statements. Interest-bearing cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. At December 31, 2023 and 2022, the Company did not have amounts in excess of FDIC insured limits.

Fair Value Measurement

The carrying values of cash, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments

Income Taxes

The results of operations of the limited liability companies and limited partnerships are included on the members' or partners' income tax returns. Accordingly, no provisions for income taxes is included in these financial statements. There were no interest and penalties paid to the Internal Revenue Services included in these financial statements.

Concentrations of Credit Risk

Financial instruments that subject the Company to potential concentrations of credit risk consist principally of cash. The Company maintains its cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Advertising Expenses

Advertising and marketing costs are expensed as incurred. The Company incurred approximately \$135,000 and \$311,000 in advertising expenses during 2023 and 2022, respectively.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards Updates

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. Adoption of the new guidance did not have a significant impact to the consolidated statement of income and changes in members' equity or cash flows for the year ended December 31, 2022.

Major Customers and Major Suppliers

A major customer is defined as any customer from whom 10% or more of revenues are derived. During the year ended December 31, 2022, the Company generated revenues for royalty, advertising fund and technology fees from three customers totaling approximately 11%. There were no major customers for 2023.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition and disclosure through February 19, 2024, the date the financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

| | 2023 | 2022 |
|---|-------------|-------------|
| Software | \$ 258,451 | \$ 242,451 |
| Accumulated depreciation and amortization | (164,036) | (79,108) |
| | \$ 94,415 | \$ 163,343 |

Depreciation expense for the years ended December 31, 2023 and 2022 were \$84,928 and \$73,815, respectively.

NOTE 4 – FRANCHISING

Royalty, Technology and Advertising Fund Fees

The Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing fees of 6% to 7% of sales, technology fees which are up to \$375 a month, and advertising fund fees for regional/national media, which are based on 1% of sales. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 4 – FRANCHISING (CONTINUED)

Franchise and Area Representative Fees

Initial franchise fees, which may be up to \$39,000, are amortized over the initial term stated in the franchise agreement. Initial area representative fees, which may be up to \$9,750, are amortized over the initial term stated in the area representative agreement.

Transfer Fees

Transfer fees, which may be up to \$25,000, are amortized over the initial term stated in the franchise agreement.

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchises and area representatives, as which are generally recognized on a straight-line basis over the term of the underlying franchise and area representative agreement. The Company classifies these contract liabilities as deferred revenue in the balance sheet. The following table reflects the change in contract liabilities,

| | |
|---|---------------------|
| Balance at January 1, 2022 | \$ 2,255,649 |
| Revenue recognized | (181,366) |
| Increase, excluding amounts recognized as revenue during the year | <u>1,066,770</u> |
| Balance at December 31, 2022 | <u>\$ 3,141,053</u> |
| | |
| Balance at January 1, 2023 | \$ 3,141,053 |
| Revenue recognized | (285,268) |
| Revenue reclassified to liability due to termination of contract | (294,500) |
| Increase, excluding amounts recognized as revenue during the year | <u>522,230</u> |
| Balance at December 31, 2023 | <u>\$ 3,083,515</u> |

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of:

| | |
|-------------------------------|---------------------|
| Year ending December 31, 2023 | |
| 2024 | \$ 371,912 |
| 2025 | 313,322 |
| 2026 | 327,405 |
| 2027 | 331,280 |
| 2028 | 337,780 |
| Thereafter | <u>1,150,854</u> |
| Total | <u>\$ 2,832,553</u> |

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 4 – FRANCHISING (CONTINUED)

The summary below represents the balances in deferred revenue as of December 31:

| | <u>2023</u> | <u>2022</u> |
|--------------------------|---------------------|---------------------|
| Franchise fees | \$ 1,410,489 | \$ 1,400,763 |
| Area representative fees | 1,320,290 | 1,647,938 |
| Transfer fees | 18,750 | 21,250 |
| Ad fund fees | <u>83,024</u> | <u>34,135</u> |
| Total deferred revenue | <u>\$ 2,832,553</u> | <u>\$ 3,104,086</u> |

NOTE 5– LEASING ARRANGEMENT

The Company leases office space under a non-cancelable operating lease that expired in June 2022. After expiration, the lease was converted to a month-to-month lease. The Company paid rent of \$48,000 and \$45,500 for the years ended December 31, 2023, and 2022, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

Line of credit

The Company has entered into a line of credit with Companies owned by separate members at \$250,000 each for a total of \$500,000. The line of credit accrues interest on the outstanding balance at an annual rate of 2%. The line matures on the first day following ninety consecutive days where the Company has maintained a cash-on-hand balance of \$3,000,000, with an exception to the National Ad Fund or restricted balances. As of December 31, 2023, the balance on the line of credit including accrued interest was \$500,850.

Consulting Services

The Company has entered into a franchise consulting services agreement with a member of the Company. The agreement required monthly payments of \$20,000. The agreement was terminated in March 2022. During the year ended December 31, 2022, consulting fees of \$40,000 were paid to the related party.

During 2022, the Company entered into a franchise consulting services agreement with a member of the Company. The agreement required monthly payments of \$15,000. The agreement was terminated in October 2022. During the year ended December 31, 2022, consulting fees of \$135,000 were paid to the related party.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)

Note Payable – Related Party

During 2022, the Company entered into a note payable with a member, bearing interest at 2.00% and due in full on April 25, 2027. During 2023 and 2022, interest expense related to this note was \$5,386 and \$3,137, respectively. As of December 31, 2023 and 2022, the balance on the note including accrued interest was \$237,673 and \$233,137, respectively.

Advertising

During 2023 and 2022, the Company paid approximately \$1,700 and \$41,000, respectively, to a Company owned by a member for advertising.

Training expenses

During 2023 and 2022, the Company paid approximately \$0 and \$11,000, respectively, to a Company owned by a member for training expenses.

NOTE 7 – RECLASSIFICATIONS

Certain balances from the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation. Such reclassifications had no effect on the previously reported net loss for the year ended December 31, 2022.

NOTE 8 – SUBSEQUENT EVENTS

In January 2024, the Company mutually agreed with an area representative and franchisee located in Wake Forest, North Carolina to terminate their agreement. As a result, the Company will be recognizing a contingent liability of \$63,669 consistent with the requirements in the termination agreement.

NUSPINE FRANCHISE SYSTEMS, LLC
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|-------------------------------|---------------------|---------------------|
| Advertising | \$ 135,398 | \$ 311,344 |
| Bank service charges | 3,450 | 2,890 |
| Business licenses and permits | 329 | 2,600 |
| Commissions | 128,419 | 35,579 |
| Computer, internet, software | 33,665 | 22,335 |
| Consulting fees | 128,962 | 296,277 |
| Credit card services | - | 40,000 |
| Depreciation | 84,928 | 73,815 |
| Donations | 250 | 69 |
| Insurance | 52,250 | 45,851 |
| Meals and entertainment | - | 1,636 |
| Office supplies | 596 | 817 |
| Payroll expenses | 448,136 | 440,846 |
| Payroll taxes | 44,098 | 35,853 |
| Postage | - | 521 |
| Professional services | 91,597 | 87,026 |
| Rent | 48,000 | 45,500 |
| Royalties | 171,634 | 71,168 |
| State taxes | 1,713 | - |
| Training expense | 275 | 22,045 |
| Travel | 15,963 | 32,565 |
| Utilities | 624 | 166 |
| | \$ 1,390,287 | \$ 1,568,903 |

See Independent Auditor's Report
on Supplementary Information.

EXHIBIT G

TABLE OF CONTENTS OF OPERATIONS MANUAL

INTRODUCTION

- I. A. ABOUT THE OPERATIONS GUIDE
- I. B. ORGANIZATION OF THE GUIDE
- I. C. OWNERSHIP OF THE GUIDE
- I. D. IMPORTANCE OF CONFIDENTIALITY
- I. E. DOCUMENT UPDATES

SECTION 1: CORPORATE INFORMATION

- 1. A. FRANCHISE HEADQUARTERS CONTACT INFORMATION
- 1. B. FRANCHISE HOURS AND HOLIDAYS
- 1. C. NUSPINE CHIROPRACTIC FRANCHISE LOCATION HOURS
- 1. D. NUSPINE CHIROPRACTIC FRANCHISE TEAM
- 1. E. NUSPINE CHIROPRACTIC MISSION STATEMENT
- 1. F. NUSPINE HISTORY
 - A Passion for Helping Others
 - Challenges for Patients and Physicians
 - Patient-Centric and Doctor-Centric Wellness
 - Quality Care is a Profitable Solution
- 1. G. CHIROPRACTIC CARE BACKGROUND
- 1. H. SUPPORT SERVICES
- 1. I. YOUR OBLIGATIONS TO THE FRANCHISOR
- 1. J. FRANCHISEE RESPONSIBILITIES
- 1. K. SUMMARY

SECTION 2: SERVICES AND PRICES

- 2. A. FRANCHISE SERVICES AND PRICES
- 2. B. SUMMARY

SECTION 3: CLINIC OPERATIONS

- 3. A. THE NUSPINE CHIROPRACTIC ENVIRONMENT AND EXPERIENCE
- 3. B. NUSPINE CLINIC FLOW
- 3. C. NEW PATIENT VISITS
- 3. D. EXISTING PATIENT VISITS
- 3. E. CUSTOMER SERVICE
 - First Impressions
 - Telephone Etiquette
- 3. F. SCHEDULING APPOINTMENTS
 - Calendar Management

3. G. AVOID SCHEDULING CONFLICTS

3. J. HANDLING COMPLAINTS

Complaint Resolution Process

3. K. PATIENT FILES

3. L. CLEANING AND MAINTENANCE

3. M. DOWN TIME TASKS

Clinic Prep

3. N. NOTATION

Exam Documentation Guidelines

Travel Cards

Records Requests

3. O. PATIENT RETENTION

Survey Patient Experience

Ensure Patient Understanding of Treatment and Treatment Plan

Provide Resources to Assist in Patient Education

3. P. DEALING WITH SOLICITORS AND OTHER REQUESTS FOR RECORDS

Solicitors

Law Firms/Insurance Companies/Third Party Requests for Patient Information

3. Q. SUMMARY

SECTION 4 : LOCATION ADMINISTRATIVE MANAGEMENT

4. A. REQUIRED RECORDS AND RETENTION POLICY

4. B. FILE MAINTENANCE

Monthly

Yearly

Business Licenses, Permits, and Certifications

Financial Records

Tax Returns

Bank Accounts

4. C. BOOKKEEPING AND ACCOUNTING

Bookkeeping

Accounting

Basic Components of Your Bookkeeping System

Cash Receipts and Disbursements Record

Check Register

Disbursements

Payroll Record

Variable Expenses

Keep Your Business and Personal Finances Separate

4. D. FINANCIAL MANAGEMENT

Business Operating Account

Your Savings Account

Your Loan Account

Credit Cards

Payment Methods

Cash Management

Financial Controls

Payroll Management

4. E. FRANCHISE FINANCIAL STATEMENTS

Profit and Loss Statement

Profit and Loss Guidelines

Personal

Franchise

Balance Sheet

4. F. CHART OF ACCOUNTS

4. G. FRANCHISE OBLIGATIONS

Royalty Payment

Technology Fee

Microsite Fee

4. H. FRANCHISE REPORTING OBLIGATIONS

Monthly Reports

Where to send reports

Where to submit New Location Coming Soon Form

4. I. TAX OBLIGATIONS

Federally Required Business Taxes

Income Tax (Federal and State)

Estimated Taxes

Self-Employment Tax

Employment Taxes

State Required Business Taxes

Other Miscellaneous State and Local Taxes

Sales Tax

City Taxes

Property Taxes

Independent Contractors

4. J. BUSINESS INSURANCE

4. K. PURCHASING SUPPLIES

Clinic and Office Supplies

4. L. MANAGING INVENTORY

4. O. SUMMARY

SECTION 5 : SOFTWARE CHIROHD

5. A. CHIROHD FEATURES

5. B. PATIENT INTAKE AND MAINTENANCE

Perform Account Maintenance

Alert Patients to Account Status

5. C. MERCHANT SERVICES

5. D. POINT OF SALE

Run Transactions

Apply Discounts and Refunds

Explain Plans and Pricing to Patients

5. E. CASH HANDLING AND END OF DAY REPORTS

5. F. SUMMARY

SECTION 6 : YOUR STAFF

6. A. YOUR ORGANIZATIONAL STRUCTURE

6. B. STAFFING GUIDELINES

6. C. HIRING GUIDELINES

Your Ideal Candidate

6. D. SALARIES

Minimum Wage Regulations

6. E. POSITIONS AND RESPONSIBILITIES

Chiropractor

Clinic Coordinator

6. F. HIRING

Build a Profile of Your Ideal Candidate

6. G. THE HIRING PROCESS

6. H. BACKGROUND CHECKS

6. I. MAKING THE OFFER

6. J. REQUIRED HIRING DOCUMENTS

6. K. COMPLIANCE WITH EMPLOYMENT REGULATIONS

6. L. SUMMARY

SECTION 7 : TRAINING

7. A. FRANCHISE TRAINING

7. B. NUSPINE UNIVERSITY

7. C. PRE-OPEN TRAINING

7. C. ONGOING FRANCHISE TRAINING

Training Evaluation

7. E. SUMMARY

SECTION 8 : STAFF BRAND STANDARDS

8. A. GENERAL POLICIES

Professional Appearance, Personal Hygiene, and Dress Code (Appropriate Attire)

8. B. CUSTOMER SERVICE POLICIES

8. C. CLINIC LOCATION

8. D. ON-SITE REVIEWS

8. E. SUMMARY

SECTION 9 : SAFETY AND SECURITY

9. A. RISK MANAGEMENT

Managing Risk At The Franchise Location Or Job Site

9. B. SECURITY ALARMS

9. C. THE NUSPINE CHIROPRACTIC SAFETY PROTOCOL

9. D. ACCIDENT AND EMERGENCY PROCEDURES

CPR and First Aid Procedures

9. E. CLINIC STAFF PERSONAL SAFETY

Unsafe Conditions

Accident Prevention

Spills and Wet Floors

Accessing High Places

Equipment Safety

Glass or Ceramic Breakage

Handling Hazardous Substances

Moving Heavy Items

Moving Using a Cart or Hand Truck

9. F. EMERGENCY PROCEDURES

Robbery

Fire Procedures

Severe Weather

Weather Emergency Guidelines

Weather Emergency Procedures

9. G. CASH AND CREDIT CARD HANDLING AND SECURITY

Cash Handling Procedures

Petty Cash

Credit Card Security

Security Incident Identification

Reporting a Security Breach

9. H. CONFIDENTIAL INFORMATION

HIPAA: Patient Health Information/Patient Privacy
Business Associates

9. I. COMPANY PROPERTY SECURITY PROCEDURES

Security Inspections
Use of Company Property and Computer System

9. J. SUMMARY

SECTION 10 : CONCLUSION

CORPORATE CONTACT SHEET

EXHIBIT H

FORM OF GENERAL RELEASE AGREEMENT

FORM OF RELEASE
(Current Form – Subject to Change)

THIS AGREEMENT (“Agreement”) is made and entered into _____ (“Effective Date”) by and between NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company having its principal place of business located at (the “Franchisor”), _____, with an address of _____ (“Franchisee”) and _____ (“Guarantors”).

WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated _____ (the “Franchise Agreement”) which provides Franchisee with the right to operate a franchised business with a Protected Area consisting of _____ (the “Franchised Business”);

Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. The Franchise Agreement shall be deemed terminated as of the Effective Date of this Agreement; however, Franchisee and its Guarantors shall be bound by the post-term restrictions and covenants contained in the Franchise Agreement and attached schedules for the periods set forth therein.

2. Franchisee and its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, predecessors, successors and assigns and Guarantors, do each hereby release Franchisor, its parents, officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which Franchisee and its Guarantors had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement, it being the express intention of each party that this Release is as broad as permitted by law. Further, no claim released hereunder has been assigned to any individual or entity not a party to this Agreement.

3. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

4. The governing law, methods of dispute resolution and any right to recovery of attorney’s fees outlined in the Franchise Agreement shall apply to this Agreement as well.

5. This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder or not inconsistent herewith. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

7. Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement, nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor’s right to enforce any other provision of this Agreement.

8. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. Signature pages may be executed

and delivered via facsimile or electronic transmission, and any such counterpart executed and delivered via facsimile or electronic transmission shall be deemed an original for all intents and purposes.

In Witness Whereof, the parties by their undersigned representatives hereby execute this Release.

FRANCHISOR

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Print Name: _____

Title: _____

FRANCHISE OWNERS/GUARANTORS:

Print Name: _____, individually

Print Name: _____, individually

EXHIBIT I

FORM OF TRANSFER AGREEMENT

FORM OF TRANSFER AGREEMENT

(Current Form – Subject to Change)

This TRANSFER AGREEMENT (this “Agreement”) is made and entered into _____ (the “Effective Date”), by and among NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company having its principal place of business located at 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260 (“Franchisor”), _____ (“Franchisee”), _____ (collectively “Franchisee Guarantors”), _____ (collectively “Transferee Guarantors”) and _____ (“Transferee”).

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the “Franchise Agreement”) was executed by and between Franchisor on the one hand, and Franchisee, on the other, for the operation of a franchised business with a territory comprised of _____ (the “Franchised Business”).

WHEREAS, Franchisee desires to transfer to Transferee substantially all of the assets of the Franchised Business, and Franchisee has requested that Franchisor consent to the transfer thereof to Transferee. This Agreement is executed and delivered simultaneously with, and as a condition of the closing of the sale of the assets of the Franchised Business.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Recitals Included in Agreement.** The parties incorporate into this Agreement the recitals set forth above as if set forth in full.

2. **Consent.** Franchisor hereby consents to and waives any right of first refusal in connection with, the sale of the Franchised Business and the transfer by Franchisee to Transferee (the “Transaction”), subject to the terms of this Agreement.

Franchisor’s consent and waiver to the Transaction is subject to and made in reliance upon the following terms, conditions, representations and warranties, failure to comply constituting a default and rendering the transaction void:

A. Franchisee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:

(1) Franchisee is the sole owner of and possesses good and marketable right, title and interest in and to the Franchise Agreement and the Franchised Business; and no other person or entity owns or has any right, title or interest in and to the franchise, the Franchise Agreement and/or the Franchised Business.

(2) Franchisee Guarantors are the sole owners of Franchisee, and no other person or entity has an equity or beneficial ownership interest in Franchisee.

(3) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Franchisee, or any lease, contract, promissory note or agreement to which Franchisee is a party or is bound.

(4) Franchisee has paid a Transfer Fee in the amount of \$_____.

B. Transferee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:

(1) Effective as of the Effective Date Transferee will be the sole owner of and possess good and marketable right, title and interest in and to the franchise relating to the Franchised Business, and substantially all of the assets of the Franchised Business; and no other person or entity will own or have any right, title or interest in and to the franchise, and/or the Franchised Business. Transferee will sign a new franchise agreement contemporaneously therewith. Transferee's ownership composition is set forth on Schedule 1, attached hereto

(2) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferee, or any lease, contract, promissory note or agreement to which Transferee or Transferee's Guarantors are a party or are bound.

(3) Transferee has not received any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the Franchised Business from Franchisor or Franchisor's officers, directors, employees, agents or servants.

(4) Transferee relied solely and exclusively on Transferee's own independent investigation of the franchise system and of the Franchised Business and the historical financial records of the Franchised Business provided to Transferee by Franchisee; that based on the receipt of the actual historical performance of the Franchised Business it would not be reasonable to rely on the financial performance representation contained in Franchisor's Franchise Disclosure Document, or any other financial performance representation, pro forma or projection that differed or diverged, in whole or in part, from the Franchised Business' actual historical financial performance.

C. To the extent not already completed, Transferee and any required employees shall attend and complete, to the satisfaction of Franchisor, Franchisor's training program required of new franchisees, at the time directed by Franchisor.

D. Transferee represents, warrants, covenants and agrees that all information furnished or to be furnished to Franchisor by Transferee in connection with Transferee's request to receive a transfer is and will be, as of the date such information is furnished, true and correct in all material respects and will include all material facts necessary to make the information not misleading in light of the circumstances.

E. Franchisee and Transferee represent, warrant and agree that, subject to Franchisor's consent, Franchisee will sell and transfer, and Transferee will acquire, the Franchised Business and that all legal actions necessary to effect the sale and transfer have been or will be accomplished prior to or at Closing.

F. Effective as of the day and time Transferee takes title of the Franchised Business ("Closing"), Transferee expressly agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee so that Transferee could operate the Franchised Business as of the Closing, but no sooner than the Closing. Only Franchisee will have the right to operate the Franchised Business until Closing, unless otherwise expressly agreed in writing.

G. Transferee agrees to sign a new franchise agreement, along with all ancillary documents, including the Schedules 1 and 2 hereto.

3. **No Security Interests in the Assets of Transferee.** The parties acknowledge and agree that Franchisee is not permitted to retain a security interest in the assets of the Franchised Business or the franchise without Franchisor's prior consent.

4. **Non-Participation.** Franchisee, Franchisee's Guarantors, Transferee's Guarantors and Transferee jointly and severally, acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer. Franchisor assumes no obligations in that regard. Transferee acknowledges and agrees that the sale of the Franchised Business is for Franchisee's own account.

5. **Insurance.** Prior to Closing, Transferee must provide Franchisor with a Certificate of Insurance for the insurance coverages specified in the franchise agreement, which policy(ies) must name Franchisor and all related parties as an additional insured.

6. **Changed Circumstances.** All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions that might be attached to future consents or waivers of its right of first refusal.

7. **Singular Consent.** Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified in this Agreement. Such consent must be separately obtained.

8. **Validity.** If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Paragraph, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

9. **Indemnification.** Franchisee and Franchisee's Guarantors, jointly and severally, agree to indemnify, defend and hold harmless Franchisor and its principals or affiliates from and against any claims, losses, liabilities, costs or damages incurred by them as a result of or in connection with the operation of the Franchised Business by Franchisee, or any other actions by Franchisee or any persons for whom or which Franchisee is legally responsible. Without limiting the generality of the foregoing, Franchisee and Franchisee's Guarantors, joined by Transferee, and Transferee's Guarantors agree to indemnify, defend and hold harmless Franchisor from and against any claims, losses, liabilities or damages arising out of the transfer to Transferee or any dispute between Franchisee and Transferee.

10. **Counterparts.** All parties acknowledge and agree that this Agreement may be executed in counterparts and at various times and at various places by the several parties hereto, all of which counterparts taken together shall be deemed as one original. Executed facsimile or electronic copies of this Agreement shall be deemed to be as effective as original signatures.

11. **Miscellaneous.** The parties hereto agree that this Agreement constitutes, upon the execution of this Agreement by all of the parties and after it has been accepted and executed by Franchisor, the complete understanding between the parties regarding the subject matter hereof, and no representation, agreement, warranties, or statement, oral or in writing, not contained herein, shall be of any force and effect against any party, except the Termination Agreement and Release executed by Franchisee and the Franchisee's Guarantors shall remain valid, and this Agreement shall not be modified, altered or amended except in writing signed by all parties. The waiver by any party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof. This Agreement will be binding upon

the parties, and their respective heirs, executors, successors and assigns. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

12. **Agreement Survives Closing.** All agreements, representations, warranties, terms and conditions set forth in this Agreement shall survive the execution and delivery of this Agreement, the Closing, and the consummation of the transactions provided for herein.

13. **Review of Agreement and Representation.** Franchisee, Franchisee’s Guarantors, Transferee’s Guarantors and Transferee each represent and acknowledge that he/she/it has received, read and understood this Agreement, including its exhibits; and that Franchisor has fully and adequately explained the provisions to each of their satisfaction; and that Franchisor has afforded each of them ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement.

I HAVE READ THE ABOVE AGREEMENT. I WOULD NOT SIGN THIS AGREEMENT, IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

By: _____
Print Name: _____
Title: _____

FRANCHISEE OWNERS/GUARANTORS:

By: _____
, individually

By: _____
, individually

By: _____
, individually

By: _____
, individually

TRANSFEEE OWNERS/GUARANTORS:

By: _____
 , individually

By: _____
 , individually

By: _____
 , individually

By: _____
 , individually

TRANSFeree:

By: _____
Print Name: _____
Title: _____

SCHEDULE 1

FRANCHISEE IDENTIFICATION AND OWNERSHIP

Effective Date: This document is current and complete
as of _____

Franchisee Owners

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

(b) **Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on _____ under the laws of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer

Position(s) Held

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

2. **Principals.** The following list includes the full name of each person or entity who is one of your Principals (as defined in the Franchise Agreement), and fully describes the nature of each Principal's interest (attach additional pages if necessary).

Principal's Name

Percentage/Description of Interest

| | | |
|-----|-------|-------|
| (a) | _____ | _____ |
| (b) | _____ | _____ |
| (c) | _____ | _____ |
| (d) | _____ | _____ |

3. **Identification of Operating Principal.** Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written

approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: _____

E-mail Address: _____

(FRANCHISEE)

By: _____

Print Name: _____

Title: _____

DATED: _____

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Print Name: _____

Title: _____

DATED: _____

SCHEDULE 2

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to NUSPINE FRANCHISE SYSTEMS, LLC (“Franchisor”) that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisor and Franchisee, dated _____ (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES TO NUSPINE FRANCHISE SYSTEMS, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Dated: _____

Print Name:

Print Name:

Print Name:

EXHIBIT J

DISCLOSURES REGARDING AREA REPRESENTATIVES

DISCLOSURES REGARDING AREA REPRESENTATIVES

A. Item 2 of the Disclosure Document is amended to include the following persons who act as Area Representatives for NuSpine Chiropractic® in various states:

1. **Dr. Peter Thompson– Area Representative (San Diego, CA)**

Mr. Thompson has been the Area Representative for NuSpine Chiropractic® in San Diego, CA since December, 2020.

2. **Dr. Michael Weinberger- Area Representative (Las Vegas, NV)**

Dr. Weinberger has been the Area Representative for NuSpine Chiropractic® in Las Vega, NV since July, 2020.

3. **Terry O’Neal- Area Representative (AZ, ID, MT, Dallas-Fort Worth, TX)**

Mr. O’Neal has been the Area Representative for NuSpine Chiropractic® in Arizona since March, 2021, in Dallas-Fort Worth and in Idaho and Montana since July, 2021.

4. **Dr. Joseph Nicola– Area Representative (UT)**

Dr. Nicola has been the Area Representative for NuSpine Chiropractic® in Utah since August, 2021.

5. **Chris Keller – Area Representative (Houston, Austin, and San Antonio, TX)**

Mr. Keller has been the Area Representative for NuSpine Chiropractic® in Houston, Austin, and San Antonio, TX since March, 2021.

6. **Dr. Michael Perusich – Area Representative (KS, MO)**

Dr. Perusich signed an agreement but has not yet started operating as the Area Representative for NuSpine Chiropractic® in Kansas and Missouri as of December 31, 2023.

B. There is no litigation or bankruptcy information to report in Item 3 or Item 4 as it relates to any of the Area Representatives referenced above.

C. Our Area Representatives provide development and ongoing franchise support services to the Unit Franchises within their Development Area. Depending on your area, you may have an Area Representative that assists us with your Unit Franchise. If your Unit Franchise is located in an area where we have an Area Representative, an Area Representatives may provide, on our behalf, certain franchise sales and support services to you, including initial and additional training.

EXHIBIT K

STATE EFFECTIVE DATES

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

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

| State | Effective Date |
|--------------|-----------------------|
| California | Pending Registration |
| Hawaii | Not Registered |
| Illinois | Pending Registration |
| Indiana | Pending Registration |
| Maryland | Not Registered |
| Michigan | Pending Registration |
| Minnesota | Pending Registration |
| New York | Pending Registration |
| North Dakota | Not Registered |
| Rhode Island | Not Registered |
| South Dakota | Not Registered |
| Virginia | Pending Registration |
| Washington | Not Registered |
| Wisconsin | Pending Registration |

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 L

RECEIPTS

RECEIPT

(YOUR COPY – RETAIN FOR YOUR FILES)

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 NuSpine Franchise Systems, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

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

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

The franchisor is NuSpine Franchise Systems, LLC, located at 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260. Its telephone number is (402) 975-2500.

NuSpine Franchise Systems, LLC's franchise sellers are: Jon Jones, Director of Clinic Operations, 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260, (402) 975-2500; and
(Name) _____ (Address) _____; (Phone) _____.

Date of Issuance: May 7, 2025.

I have received a Franchise Disclosure Document dated May 7, 2025. This Disclosure Document included the following Exhibits:

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement
- C. Management Agreement
- D. Amendment to Waive Management Agreement
- E. List of Franchisees
- F. Financial Statements
- G. Table of Contents of Operations Manual
- H. Form of General Release
- I. Form of Transfer Agreement
- J. Disclosures Regarding Area Representatives
- K. State Effective Dates
- L. Receipts

Date

Signature of Prospective Franchisee

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at NuSpine Franchise Systems, LLC, located at 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260, (402) 975-2500, or emailing a copy of the signed and dated receipt to us at franchise@nuspinechiropractic.com

RECEIPT

(OUR COPY – SIGN, DATE AND RETURN TO US)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Print Name: _____

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