

FRANCHISE DISCLOSURE DOCUMENT



NuSpine Franchise Systems, LLC
a Delaware limited liability company
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The franchise described in this disclosure document is for an Area Representative Business in which you will be responsible for promoting, establishing and supporting Unit Franchises which operate and/or manage chiropractic clinics (“Clinic(s)”) that specialize in providing chiropractic services to the general public at specific locations under the trademark “NuSpine Chiropractic®”.

The total Investment necessary to begin operation of a NuSpine Chiropractic® Area Representative Business, which involves various aspects of assisting us with soliciting, establishing and supporting new NuSpine Chiropractic® Location Franchises in a particular development area and providing ongoing support and assistance to those Unit Franchises, ranges from \$132,750 to \$410,000. This includes \$97,500 to \$292,500 (based on \$9,750 per franchise unit for an area development requirement of between 10 and 30 franchise units) that must be paid to us or our affiliates (See Item 5). Area Representatives must also purchase one NuSpine Chiropractic® Location Franchise, which is offered through a separate disclosure document.

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 Aaron Hedlund, Chief Operating Officer, 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: March 15, 2022

How to Use This Franchise Disclosure Document

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

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

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 Area Representative Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Nebraska. 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 Nebraska 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. **Unregistered Trademark.** One of the trademarks that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
4. **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.
5. **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.

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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

NuSpine Franchise Systems, LLC, a Delaware limited liability company (“NuSpine”), is offering prospective franchise owners the opportunity to operate an Area Representative Business in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, “We”, “Us”, or “the Company” mean NuSpine Franchise Systems, LLC, the franchisor (but not the Company’s officers, directors, agents or employees). “You” or “Franchise Owner” mean the person who buys a franchise from us. The term “Area Representative” or “Area Representatives” mean one or several NuSpine Chiropractic® Area Representative Businesses. The term “Unit(s)” or “Unit Franchise(s)” mean one or several NuSpine Chiropractic® unit franchises or units. The owner(s) of a Unit Franchise is referred to as a “Unit Franchisee(s)” or “Franchisee(s)”. If you are a corporation, partnership or other entity, our Area Representative Agreement (“ARA”) will also apply to your owners, officers and directors. Unless otherwise indicated, the term “Franchised Business” means a NuSpine Chiropractic® Area Representative Business.

The Franchisor, and any Parents, Predecessor and Affiliates

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

We have no parents. Our predecessor is NuSpine Franchise Systems, Inc., a Nebraska corporation which is located at 3245 Pioneers Blvd., Lincoln, NE 68502. NuSpine Franchise Systems, Inc. is now one of the members of our Company. Its CEO, Dr. Todd Hedlund, is our President and is on our Board of Managers. From October 2013 until December 2019, our predecessor offered franchises for business 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.

Our affiliate, NUSP1, P.C. is a Nebraska professional corporation headquartered at 3245 Pioneers Blvd, Lincoln, NE 68502. Since October 2013, it has owned and operated a NuSpine Chiropractic® Clinic that is the same type as is being franchised. It has never offered franchises in this or any other line of business.

In addition, in 2018, our affiliate granted a license to use the NuSpine Chiropractic®” and offer the same products and services as NuSpine Chiropractic® Clinics. As of the issuance date of this disclosure document, there is one licensed location in Nebraska. This licensee is not operating as a franchise since no substantial assistance has been provided by us to the licensee and we do not substantially control their operations. We intend to offer a conversion program for the existing licensee to convert to our franchise program. If the licensee does not convert to our program, it may continue to use the “NuSpine Chiropractic®” Proprietary Marks in the operation of its existing Clinic.

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. We are not currently engaged in any other lines of business.

Area Representatives

We offer qualified applicants the opportunity to sign a NuSpine Chiropractic® Area Representative Agreement (“Area Representative Agreement”), a copy of which is attached as Exhibit A to this Disclosure Document, to develop, support and service multiple retail NuSpine Chiropractic® Unit Franchises located within a designated geographic area (the “Development Area”). Each Area Representative will be required to develop at least ten (10) new NuSpine Chiropractic® Unit Franchises in his/her Development Area within 5 years of signing the ARA, but you may, with our consent, agree to additional development requirements. As an Area Representative, you will be advertising for new Franchisees on our behalf, developing, training, supporting and assisting Franchisees of ours who are operating within the Development Area, and utilizing our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Marks. The new Franchisees in your Development Area will enter into individual NuSpine Chiropractic® Franchise Agreements (each a “Franchise Agreement”) with us. You will not be a party to those Franchise Agreements. Each Area Representative will be required to own and operate at least one NuSpine Chiropractic® Franchise in the Development Area. Before opening your NuSpine Chiropractic® Unit Franchise, you must sign our then-current form of NuSpine Chiropractic® Franchise Agreement, which is included as an exhibit to our unit franchise disclosure document.

As an Area Representative you will (i) solicit, recruit, screen and interview prospective Franchisees for us (“sales services”); (ii) help us identify and secure sites for franchises (“site services”); and (iii) provide additional operational, training and field support to our Franchisees both before and after they open their franchised businesses (“support services”). The Area Representative will share in a portion of some of the fees paid to us by the Franchisees in the Development Area (See Item 5 of this disclosure document for further details). In addition, the Area Representative may, in our discretion, share in certain expenses we incur to enforce or defend Franchise Agreements or begin eviction proceedings against Franchisees in the Development Area.

NuSpine Chiropractic® Area Representative Businesses must operate in compliance with our business operating system (the “System”) under the trade name and service mark “NuSpine Chiropractic®” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by NuSpine Chiropractic® Businesses operating under the System (collectively, the “Marks”). The System includes our methods and procedures for the establishment, management and operation of NuSpine Chiropractic® Area Representative Businesses and NuSpine Chiropractic® Unit Franchises, including our confidential information, our manuals, the Marks, and other business standards, specifications and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, and color scheme; furnishings; unique services and innovative techniques; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

Your right to promote franchises for locations in your Development Area is non-exclusive. Therefore, we may recruit prospective Franchisees and sell franchises for locations in your Development Area. You will still earn a portion of the initial franchise fee for franchises that we sell in your Development Area (see Item 5 of this disclosure document for further details). Although we are under no obligation to do so, we intend to turn over to you all of the sales leads that we receive from prospects looking to acquire a NuSpine Chiropractic® Unit Franchise for a location in your Development Area so that you can pre-qualify the candidate. If we do not approve a franchisee’s location until after we sign the Franchise Agreement, it is possible that you could pre-qualify a franchisee who ultimately selects a site outside of your Development Area and in another Area Representative’s development area. In that event, you would earn a portion of the initial franchise fee for the sale of that franchise, but the Area Representative in whose area the franchisee opens the franchise would receive the Area Representative portion of the royalty fees paid on account of that Franchisee.

While we rely on you to solicit, screen and interview franchisee candidates and to present us with those applicants whom you pre-qualify using our criteria, we make the final decision on whether we will sell a franchise to the candidates you present. If we approve the candidate, we and the candidate will sign a Franchise Agreement, and

you are not a party to that contract. However, you will provide a variety of site services and support services to the Franchisees in your Development Area.

If you are a business entity, the ARA requires you to designate the individual owner or owners responsible for your business. Your owners must meet our qualifications and must be approved by us. Your current and future owners and their spouses must sign a Guaranty and Assumption Agreement (“Guaranty”), guaranteeing your performance and binding themselves individually to certain provisions of the ARA, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. (See Item 15)

We may periodically make changes to the systems and standards for your Area Representative Business. All NuSpine Chiropractic® Area Representative Businesses must be developed and operated in accordance with our specifications, standards, policies and procedures, which will be communicated to you via our confidential operations manual for Area Representatives (“Manual for ARs”) or otherwise in writing. The Manual for ARs contains approximately 16 pages. A copy of the table of contents for the current Manual for ARs is attached as Exhibit B. You will also be required to operate your NuSpine Chiropractic® Unit Franchise in accordance with our operations manual for Unit Franchises (“Manual for Units”). (Together, the Manual for ARs and Manual for Units are referred to as “Manuals”).

Market and Competition

The market for the services offered by Area Representative Businesses are prospective franchisees looking to own and operate their own business. Area Representative Businesses compete directly with franchisors, area representatives, sales brokers and others offering other franchise brands or business opportunities. Prior business management experience is generally very important for new Area Representatives, and prior business ownership experience is highly desirable.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of a Franchised Business, including those which specifically relate to the sale of franchises, such as the laws or regulations relating to franchise sales advertisements. In all cases, you must also comply with laws that apply generally to all businesses. For example, state licensing and certification requirements may apply to persons who perform services for or at a Unit franchise. You should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your franchise. In addition to laws and regulations that apply to businesses generally, the Franchised Business may be subject to federal, state and local occupational safety and health regulations, Equal Employment Opportunity and Americans with Disabilities Act rules and regulations. As an Area Representative, you must comply with all applicable federal and state franchise laws. You must comply with the disclosure requirements mandated by the FTC Franchise Disclosure Rule. Further, in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin, we are required to register the Franchise Disclosure Document (or in some cases submit a notice filing) before the offer or sale of any franchise in that particular state. The States of New York and Washington will also require you to register as a franchise broker. It is your responsibility to investigate, and at all times act in compliance with, all applicable laws.

Unit Franchises

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. Unit Franchise are offered under a separate Franchise Disclosure Document (“FDD for Units”). If the Unit Franchisee is not a licensed person, the Unit Franchisee may own and operate a NuSpine Chiropractic® clinic only if permitted

under applicable law. Otherwise, a Unit Franchisee may only manage a NuSpine Chiropractic® clinic for a licensed person that is authorized to own and operate a clinic.

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, 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 Franchisee. Instead, you will be required to form a separate legal entity which will own and operate the Unit Franchisee, which will act as the Management Company to a P.C. or P.L.L.C. that owns and operates the Clinic.

If a prospective Unit Franchisee is not a licensed person, the Unit Franchisee will be required to sign the Franchise Agreement with us (attached as an exhibit to the FDD for Units and enter into a Management Agreement with the P.C. A copy of our form Management Agreement is attached as an exhibit to our FDD for Units. Under the Management Agreement, the Unit Franchisee 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 the Unit Franchisee executing it. Subject to applicable state law, if the Unit Franchisee is a licensed person and/or have its own P.C., we may not require the Unit Franchisee 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 the prospective Unit Franchisee is not a licensed chiropractor, the Unit Franchisee may not provide nor direct the administering of any actual chiropractor 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.

Unit Franchisee must also ensure that its relationship with the P.C. for which it manages 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 the Unit Franchisee determines that the laws that would apply to a Clinic in its state would permit it to do so, the Unit Franchisee 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, a Unit Franchisee (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) the Unit Franchisee 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, the Unit Franchisee must enter into an Amendment to Waive Management Agreement (“Waiver Agreement”) (Attached as an exhibit to the FDD for Units).

Under the Waiver Agreement, a Unit Franchisee agrees that, instead of entering into the Management Agreement with a separate P.C., it 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.

Unit Franchisees are responsible for operating in full compliance with all laws that apply to the Clinic, and must make their own determination as to their legal compliance obligations. Additionally, the laws applicable to the Clinic may change, and 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 chiropractic regulation or law, the Unit Franchisee must immediately advise us of such change and of its 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 the Unit Franchisee notice of such laws, the Unit Franchisee must 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 the Unit Franchisee is a licensed or an unlicensed person or entity, if we grant the Unit Franchisee the right to operate a Franchised Business, the Unit Franchisee must not engage in the practice of chiropractic medicine, nursing, or any other profession that requires specialized training or certification, unless the Unit Franchisee is properly licensed to do so.

It is each Unit Franchisee’s responsibility to research all applicable laws, and we strongly advise that prospective franchisees to 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 their legal obligations and evaluate the possible effects on their costs and operations.

Applicable Industry-Specific Laws and Regulations

Unit Franchisees are responsible for operating in full compliance with all laws that apply to their Clinics that their 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. Unit Franchisees should ensure that all employees that will work with patients in their Franchised Business undergo a background check.

Unit Franchisee 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. Unit Franchisees 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 their business files and displayed as may be required. Unit Franchisees must comply with all state and local laws and regulations regarding the management of any Clinic.

Unit Franchisees must also ensure that their relationship with any P.C. for which they 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 Unit Franchisees 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, Unit Franchisees 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. Unit Franchisees understand that it is their responsibility to operate their Franchised Business and Clinic in compliance with the laws and regulations of their state. This may mean that a Unit Franchisee may have to alter the structure of their franchise and begin working with a P.C., if the state it operates in does not allow, or decides to no longer allow, an unlicensed person from owning and/or operating a chiropractic clinic.

Some states may permit an unlicensed person from owning and operating a chiropractic clinic, but require a Unit Franchisee to first obtain a license or permit (i.e., Alabama, Massachusetts). In those states, Unit Franchisees must obtain all necessary licenses or permits to operate its Franchised Business.

In addition, Unit Franchisees 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. Unit Franchisees must 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. Unit Franchisees should consult with an attorney concerning those and other local laws and ordinances that may affect the operation of their Franchised Business.

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

Unit Franchisees should consult with their 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. Unit Franchises 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. Unit Franchises 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

Dr. Marc Ott – Chief Executive Officer; Member of Board of Managers

Dr. Ott has been our CEO and a member of our Board of Managers since March 2022. Dr. Ott served as the CEO of Complete Care Centers, LLC located in Maitland, Florida, from August 2005 until January 2021.

Dr. Todd Hedlund – President; Member of Board of Managers.

Dr. Hedlund has been our President and a member of our Board of Managers in Lincoln, Nebraska since August 2019. Dr. Hedlund served as the President of our predecessor, NuSpine Franchise Systems, Inc. located in Lincoln, Nebraska, from June 2013 until December 2019. He has been President of our affiliate, NUSP1, P.C. located in Lincoln, Nebraska, from October, 2013 through the present. From October 2014 through January 2018, Dr. Hedlund was the President of our former affiliate, NUSP2, P.C. located in Lincoln, Nebraska.

Aaron Hedlund – Chief Operating Officer; Member of Board of Managers.

Mr. Hedlund has been our Chief Operating Officer in Lincoln, Nebraska since August 2019. Mr. Hedlund served as the Chief Operating Officer Nebraska for our predecessor, NuSpine Franchise Systems, Inc. located in Lincoln, Nebraska, from September 2013 to December 2019. He has been the COO of our affiliate, NUSP1, P.C. located in Lincoln, Nebraska, since October, 2013. From October 2014 through January 2018, Aaron was the COO of our former affiliate, NUSP2, P.C. located in Lincoln, Nebraska.

Tim O’Sullivan - Chief Development Officer

Mr. O’Sullivan has been our Chief Development Officer since January 2021. From February 2019 to January 2021, he served as the Chief Development Officers for Sugar Sugar Franchise in Scottsdale, Arizona. From July 2014 until October 2018, he served as the Executive Vice President for Amazing Lash Studio in Scottsdale, Arizona.

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.

Ronny Record, Jr. – Director of Operations

Mr. Record has been our Director of Operations since February 2020. Prior to that time, he served as the Co-CEO and Vice-President of Development for Sirius Day Spa in Scottsdale, Arizona from December 2016 to January 2020. He served as the Vice President of The Leonesio Group located in Scottsdale, Arizona from March 2016 to December 2016. From June 2014 to March 2016, he was the General Manager for Amazing Lash Studio Franchising, LLC in Scottsdale, Arizona.

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.

Justene Chavez – Director of Training

Ms. Chavez has been our Director of Training since February 2020. From July 2019 to February 2020, she was the Clinic Coordinator for NUSP1, P.C., located in Lincoln, Nebraska. From September 2018 to August 2019, she was a Personal Trainer for the YMCA in Lincoln, Nebraska. From January 2017 to February 2018, she was a Nutrition Services Representative for the State of Nebraska, in Lincoln, Nebraska.

ITEM 3

LITIGATION

On July 10, 2020, State Farm Mutual Automobile Company and State Farm Fire and Casualty Company (collectively “the Plaintiff”) filed a Complaint in the U.S. District Court; Middle District of Florida (Case No. 6:20-CV-1240-WWB-ETK) against Complete Care Centers, LLC (f/k/a Integrated Physical Medicine Holding, LLC), our CEO, Marc G. Ott, and Bret G. Scheuplein (collectively “the Defendants”) alleging unjust enrichment, violations of the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), and Common Law Fraud against all the Defendants. The Complaint also alleges violations of the Fla. Stat. § 456.03 (Self-Referral Act) and the right to declaratory relief under the Federal Declaration Judgement Act against Complete Care Centers, LLC only. The Plaintiff is seeking damages of no less than \$13.2 million dollars against the Defendants, including our CEO, Marc Ott, his partner, Bret Scheuplein, and the Defendants.

On or about July 26, 2020, the Defendants filed an answer denying all of the allegations of the Complaint, asserting various affirmative defenses, along with a counterclaim against the Plaintiff alleging fraud, violations of Fla. Stat. § 627.736(11) Failure to Pay Valid Claims, and violations of Fla. Stat. § 626.9541(3)(i) Unfair Methods of Competition and Unfair and Deceptive Practices.

The case is ongoing. Dispositive motions have been filed by the Parties. The case does not yet have a definitive trial date. This matter does not have any relationship whatsoever to us or Mr. Ott’s role with us.

There is no other 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

Area Representative Fee

Under the ARA you must develop an agreed upon number of NuSpine Chiropractic® Area Representative Businesses within a specific area (your “Development Area”), and you must service and support each of the NuSpine Chiropractic® Franchisees located in your Development Area. In addition, you must own and operate at least one NuSpine Chiropractic® Unit Franchise in your Development Area. When the ARA is signed, you will pay us an Area Representative Fee equal to the sum of \$9,750 multiplied by the number of franchise units to be developed under your ARA (which will generally be between 10 and 30 franchise units). The Area Representative Fee is payable in a lump sum when you sign the ARA, is non-refundable and is calculated in a uniform manner for all Area Representatives under this Disclosure Document.

Franchise Fees

With regard to the one NuSpine Chiropractic® Unit Franchise that you must own and operate in the Development Area (and any additional NuSpine Chiropractic® Unit Franchises you may choose to own and operate), you will be required to sign our then-current Franchise Agreement for each location. The initial franchise fee for your first and any additional NuSpine Chiropractic® Unit Franchises, if applicable, will be payable in a lump sum when the Franchise Agreement is signed. You will also pay our standard ongoing fees, as described in Item 6, for each franchise location that you own and operate.

Fees Payable to Area Representative

The Area Representative will (i) solicit, recruit, screen and interview prospective Franchisees for us (“sales services”); (ii) help us identify and secure sites for franchises (“site services”); and (iii) provide additional operational, training and field support to Franchisees both before and after they open their franchise (“support services”). We will pay you up to Fifty Percent (50%) of the initial franchise fee that we receive from a franchisee who buys a franchise in your Development Area subject to the following conditions: (i) you must collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (ii) both we and the franchisee must sign a Franchise Agreement and the franchisee must pay us the entire initial franchise fee during the term of the ARA; (iii) the sale must be for a new NuSpine Chiropractic® Unit Franchise and not a resale of an existing franchise by another franchisee; (iv) there must be no outstanding sale contingencies, such as the initial franchise fee being paid into an escrow account; (v) the sale must be related to the sale of a franchise unit for which you have the development rights, or for which you have acquired the development rights; and (vi) you must be in compliance with all terms and provisions of your ARA. You will not receive a commission on the resale of a franchise unit which has been sold in your Development Area and terminated prior to opening for business or for failure to open. If you elect to use a franchise broker to assist you in selling franchises to be located in your Development Area and such franchise broker or any other third party is entitled to receive a payment (a “Broker Payment”) as the result of, or in connection with, the sale of a franchise to be located in your Development Area then that Broker Payment will be deducted from your 50% share of the initial franchise fee. In addition, you will be solely liable to such broker or other party for any amounts owed to them which exceed 50% of the initial franchise fee paid to us by the franchisee in connection with the applicable franchise sale. In all cases we will be entitled to at least 50% of the initial franchise fee, without deductions of any kind. Any and all proposed franchise broker arrangements that you wish to establish must be approved by us in writing before you engage such broker. If you fail to meet one or more of the development deadlines set forth in Exhibit A to your ARA, then we may engage at your expense, or require you to directly engage, a franchise broker to assist you in locating franchise prospects in your Development Area during all periods in which you remain in breach of your obligations under your ARA.

You will earn Forty Percent (40%) of the aggregate royalty fees and renewal fees (but not transfer fees) that we receive from our Franchisees in your Development Area for performing support services. These fees will be paid to you once per month. If you fail to perform support services for any franchisee in your Development Area, we may terminate your ARA.

If you fail to fulfill any of your duties under your ARA or you otherwise default on your obligations under such agreement, then you will not be entitled to receive any portion of the royalties or renewal fees paid to us during the period that you remain in default under your ARA. For each retail NuSpine Chiropractic® Unit Franchise owned by you, we shall collect the full royalty fees and renewal fees, and remit back to you your share thereof. If you transfer your rights to a retail NuSpine Chiropractic® Unit Franchise owned by you, you must pay us the full transfer fee and you will not receive a remittance of any portion of such transfer fee. Once the transferee’s training is complete you will begin receiving your portion of the royalties paid to us by the transferee.

ITEM 6
OTHER FEES

<u>Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Minimum Franchise Development Advertising Requirement	\$1,500 per month.	Payments for local advertising are due when billed by the local advertiser.	We may increase the Minimum Local Advertising Requirement to a maximum of \$2,000 per month on not less than 30 days' written notice to you.
Advisory Council Fee (2)	Set by the bylaws of the council	As set by bylaws of the Advisory Council.	Currently, there is not an Advisory Council for Area Representatives. See Item 11.
Interest	The lesser of 18% per year or the maximum lawful rate.	On demand.	We may charge interest on all overdue amounts.
Additional Training	At our option, a per diem rate of \$300 for each trainer, based on our costs of providing the training.	Before additional training.	See Item 11 You must also pay the expenses of your personnel attending training.
On-site Remedial Training	The then-current per diem fee for remedial training, plus costs. Our current per diem rate is \$300 per trainer.	When billed.	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your NuSpine Chiropractic® (or other location agreeable to us if you do not operate a NuSpine Chiropractic® Unit Franchise).
Transfer Fee	20% of the total purchase price (including the value of any non-cash consideration), provided that the transfer fee will not exceed \$25,000.	With Transfer application.	You must pay us this fee upon any transfer of your ARA.

<u>Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Renewal Fee	An amount equal to 25% of the Initial Area Representative Fee you paid to us in connection with the execution of your ARA.	Upon renewal of the ARA.	In order to renew your ARA you must, among other things, pay us the renewal fee in a lump sum payment.
Securities Offering Fee	An amount equal to our reasonable costs and expenses associated with the proposed securities offering, but in no event more than \$10,000.	When billed.	You must pay this fee to us if you elect to offer securities in your entity using a prospectus or other offering document/materials, which must be approved by us in advance of its distribution. This fee covers our expenses for having attorneys or other professionals review your offering materials. We limit our review to the manner in which the offering materials describe your and our relationship.
Inspection and Testing	Cost of inspection, if applicable, and cost of testing products.	When billed.	Before approving a supplier, we will require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses). These costs will vary depending on the nature of the products being tested and the nature and location of the facilities being inspected.
Indemnification	Varies according to loss.	On demand.	You must indemnify us when certain of your actions result in loss to us.
Audit Fee	Cost of audit.	When billed.	Payable if an examination or audit shows you have understated any amount owed to us by 2% or more.

<u>Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Software and Technology Fee	Currently, there are no required Area Representative Software and Technology Fees, but we reserve the right to implement such fees in the amount of \$500 per month upon written notice to you.	Due on the 1 st day of each month.	These monthly fees are in addition to any software and/or technology fees you must pay under any Franchise Agreements to which you may be a party.
Insurance Fee	A reasonable amount based on our expenses.	On demand.	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee, plus our expenses.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the ARA.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) In the future, we may form an Area Representative advisory council made up of Area Representatives to advise us on matters relating to the System and NuSpine Chiropractic® businesses in general. If we establish an advisory council, you may be required to pay an annual advisory council fee set by us in accordance with the council's bylaws. We reserve the right to modify the advisory council fee from time to time in accordance with the council's bylaws. We may form, merge, change or dissolve any advisory council at any time in our sole discretion.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT*					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Area Representative Fee	\$97,500	\$292,500	Lump Sum	On signing ARA	Us
Travel and Other Expenses While Training	\$1,000	\$3,000	As required	As incurred	Airlines, Hotels, Restaurants

YOUR ESTIMATED INITIAL INVESTMENT*					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Costs of Complying with Franchise Laws applicable in the Development Area ¹	\$1,000	\$10,000	As arranged	As arranged	State Agencies and/or Attorneys
Office/Computer Equipment ²	\$500	\$5,000	As arranged	As arranged	Approved Suppliers
Insurance – 3-Months ³	\$250	\$12,500	As arranged	As arranged	Insurance Companies
Advertising 3-Months ⁴	\$4,500	\$15,000	As incurred	During first three months of operation	Approved Suppliers
Professional Fees ⁵	\$3,000	\$12,000	As arranged	As arranged	Attorney, Accountant
Additional Funds – 3 Months ⁶	\$25,000	\$60,000	As arranged	As arranged	Vendors
TOTAL	\$132,750	\$410,000			

In general, none of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment. For each NuSpine Chiropractic® Unit Franchise that you own and operate in your Development Area, you will incur the initial investment costs described in the Franchisee initial investment table set forth in Item 7 of our FDD for Unit Franchises.

Notes:

1. **Franchise Law Compliance.** Most states do not require Area Representatives to register separately from the franchisor. However, if your Development Area includes any portion of New York or Washington, those states will require you to register as a franchise broker, which includes filing your own broker registration document with the applicable state agencies. You may incur annual re-registration fees (see Item 6).

2. **Office/Computer Equipment.** You must purchase the computer equipment we specify for Area Representatives. You will also have office/computer equipment requirements under your Franchise Agreement (See the table set forth in Item 7 and the computer requirement disclosures in Item 11 of our FDD for Unit Franchises.). Our specifications for your computer equipment will be included in our confidential Manuals.

3. **Insurance.** Requirements are described in greater detail in Item 8 of this Disclosure Document. Factors that may affect your cost of insurance include location of your Development Area and other factors. Our estimate represents an annual premium. You may pay your premiums monthly, quarterly or semi-annually.

4. **Advertising.** You are required to spend a minimum amount of \$1,500 on local advertising each month.

5. **Professional Fees.** We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.

6. **Additional Funds.** These amounts are the minimum recommended levels to cover operating expenses for the start-up phase of the Area Representative Business, which we calculate will be three months, but we cannot guarantee that this amount will be sufficient. These amounts do not include any estimates for debt service or any salary or draw for you. Additional working capital may be needed. Your actual costs will depend on factors

like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. Our estimates are based on our experience over the course of 2016 in selling Area Representative Business, as well as based on information known to or gathered by our officers, employees and other staff relating as it relates to the operation of Area Representative Businesses in similar business models.

At the present time, we have no plans to increase payments we control.

We do not offer any financing for your Area Representative Fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

As a general rule, you are not obligated to purchase or lease from us, our affiliates, or other designated third party suppliers all of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating your NuSpine Chiropractic® Area Representative Business, but we may impose several sourcing/supplier requirements for certain items, including, among other things, such as franchise marketing materials or computer software or systems used to sell or track the sale of NuSpine Chiropractic® Unit Franchises, and we reserve the right to require you to purchase some or all of such items from us, our affiliates or other third party designated suppliers in the future. Our sourcing/supplier requirements will impact you as the owner of a retail NuSpine Chiropractic® Unit Franchisee and may also impact the operation of your Area Representative Business.

Designated Suppliers

We reserve the right to designate specific suppliers for the products and services used in connection with your NuSpine Chiropractic® Area Representative Business (and we or our affiliates may be the sole source for some products or services). We also reserve the right to change or add designated suppliers from time to time at our option upon written notice to you. Currently, neither we nor any of our affiliates is approved or designated supplier of any required goods or products that must be used in connection with your Area Representative Business.

Approved Suppliers

If we have approved suppliers (including manufacturers, distributors and other sources) for any items, supplies, materials, fixtures, furnishings, equipment, sight plans and designs, computer systems and other products used in connection with your NuSpine Chiropractic® Area Representative Business, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the NuSpine Chiropractic® Unit Franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. Neither we nor any of our affiliates are currently an approved or designated suppliers of any items, but we or our affiliates may be in the future. Before opening a retail NuSpine Chiropractic® Area Representative Business (and from time to time as needed during operation), you must purchase from approved suppliers, certain items required for the operation of your NuSpine Chiropractic® Area Representative Business, including, among other things, uniforms, approved signage and a designated computer system. None of our officers own an interest in any approved suppliers.

We have the right to make available to you NuSpine Chiropractic® business merchandise identifying the System. This may include NuSpine Chiropractic® memorabilia, like T-shirts, cups and hats. If we make this type of merchandise available, we may require you to purchase it from us, our affiliate or a supplier we designate in amounts necessary to meet your customer demand.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time, but we will use commercially reasonable efforts to notify you within 30 days once we have completed our evaluation of the proposed product or supplier. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to Franchisees and approved suppliers.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered in connection with your NuSpine Chiropractic® Area Representative Business. Among other things, the following must comply with our specifications:

Site Selection and Construction

We have not established site selection requirements for Area Representatives as we anticipate that you will operate your Area Representative Business from a home office. However, as an Area Representative your duties will include assisting Franchisees in your Development Area with finding sites that satisfy our site selection requirements for Unit Franchises.

Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

Insurance

As an Area Representative, you must carry, under policies of insurance issued by licensed insurers approved by us, the insurance coverages that we from time to time require. This insurance coverage is in addition to the insurance you are required to maintain as a Unit franchisee under your Franchise Agreement. You will also maintain any additional insurance that may be necessary to comply with any legal requirements applicable to your Franchised Business. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes

in circumstances. The insurance policies required by us must name us as an additional named insured and contain a waiver of all subrogation rights against us and our affiliates and comply with other conditions set forth in the ARA.

If you fail or refuse to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums therefor, we may, at our option, obtain such insurance coverage on your behalf and you shall fully cooperate with us in our effort to obtain such insurance, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Franchised Business which are required to obtain or maintain such insurance, and pay to us on demand any costs and premiums incurred by us. If you fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement, then we may terminate your ARA. The maintenance of sufficient insurance coverage shall be your responsibility.

Purchasing Arrangements

During our 2021 fiscal year, we received approximately \$10,880 in rebates from Sidmar Manufacturing on tables purchased by Unit Franchisees and \$82 in rebates from Paysafe on credit card processing paid by Unit Franchisees. In the year ending December 31, 2021, revenues from sale of required products and services to Unit Franchisees was \$10,962, or approximately 6.8% of our total revenues of \$159,902.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as uniforms, logoed paper products, insurance, design/architecture services, music/on-hold messaging services, supplies or other items, with suppliers for the benefit of Franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates or other material consideration from approved or designated sources. We will not provide material benefits to Franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the NuSpine Chiropractic® business is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the NuSpine Chiropractic® business as described in Item 7. We estimate that your total initial required purchases for an Area Representative Business will range between 0% and 10% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of an Area Representative Business will range between 0% and 10% of your annual purchases or leases.

None of our officers hold any ownership interest in any privately-held suppliers or any material interest in any publicly-held suppliers of the NuSpine Chiropractic® franchise system. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Area Representative Agreement 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.

Obligations	Section in Area Representative Agreement	Disclosure Document Item(s)
(a) Site selection and acquisition/lease	Article I	Items 8 and 11
(b) Pre-opening purchases/leases	Article I	Items 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	Article V	Items 1, 7, 8 and 11
(d) Initial and ongoing training	Article III	Items 6, 7 and 11
(e) Opening	Article I	Items 7 and 11
(f) Fees	Article I	Items 5, 6, 7 and 11
(g) Compliance with standards and policies	Article V	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Article VI	Items 11, 13 and 14
(i) Restrictions on products/services offered	Not applicable	Items 8 and 16
(j) Warranty and Customer Service Requirements	Article V	Item 16
(k) Territorial Development and Sales Quotas	Article I	Item 12
(l) On-going products/services purchases	Not applicable	Items 8, 11 and 16
(m) Maintenance, appearance and remodeling requirements	Not applicable	Item 8
(n) Insurance	Article V	Items 7 and 8
(o) Advertising	Article VII	Items 6, 8 and 11
(p) Indemnification	Article XIV	Item 6
(q) Owners Participation management/staffing	Article V	Items 1, 11 and 15
(r) Records/reports	Article V	Item 11
(s) Inspections/audits	Article III	Items 6, 8 and 11
(t) Transfer	Article VIII	Items 6, 12 and 17
(u) Renewal	Article II	Items 6, 12 and 17
(v) Post-termination obligations	Article XII	Item 17

Obligations	Section in Area Representative Agreement	Disclosure Document Item(s)
(w) Non-competition covenants	Article X	Item 17
(x) Dispute resolution	Article XXI	Item 17

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: Before you open your Area Representative Business, we or our designee will:

1. Conduct an initial training program. (Section 3.1 of the ARA and Sections VI.B. and VIII.A. of the Franchise Agreement); and
2. Provide access to or loan you one (1) set of our Manuals. (Section 3.2 of the ARA).

Post-Opening Obligations: During the operation of your Area Representative Business, we will:

1. Use our best efforts to promptly process all franchise applications made by prospective Franchisees and forwarded to us by you. (Section 3.3 of the ARA);
2. Provide pre-opening training, support and assistance for two (2) Unit Franchises (inclusive of any Unit Franchise you open) within your Development Area, however, you will be required to assist us in doing so. You will be responsible for the pre-opening training, support and assistance for all other Unit Franchises within your Development Area.
3. Provide for the collection of and distribution to you of your share of initial franchise fees, and we shall be responsible for distributing to you your share of the Royalty fees received from each franchisee operating in your Development Area. (Section 3.4 of the ARA);
4. Continue our efforts to maintain high standards of quality professionalism and service of your Area Developer Business, and to that end may conduct inspections of any business premises operated by you and closely monitor your promotional efforts and service efforts. (Section 3.5 of the ARA);
5. When established, we will administer an Area Representative advisory council made up of Area Representatives to advise us on matters relating to the System and NuSpine Chiropractic® businesses in general (Section 7.1 of the ARA); and

Site Selection and Construction

We anticipate that you will operate your Area Representative Business from a home office, so generally no construction or renovations are required to begin operating your Area Representative Business. Accordingly, we

have not established site selection guidelines for Area Representative Businesses. We estimate that it will be approximately 0 to 30 days from the time you sign the ARA to the time you begin operation of your Area Representative Business, but other than the agreed development schedule there is no deadline for beginning operations under the ARA. This time period may be shorter or longer depending various factors, such as delays or difficulties in completing our training program, obtaining financing or forming a business entity. You must comply with the development schedule timeline set forth in Exhibit A of your ARA, but otherwise there is no deadline for when you must begin operating your Area Representative Business. (ARA, Exhibit A)

Time Between Signing the Agreement and Opening

You must begin operation of your Area Representative Business within thirty (30) days of signing your ARA. You do not need to open your required Unit Franchise (see Item 5) in order to begin the operation of your Area Representative Business.

Advertising

Local Advertising

Under your ARA you will be required to spend a minimum of \$1,500 per month on advertising and promoting the NuSpine Chiropractic® Unit Franchise offering in your Development Area (“Minimum Local Advertising Requirement”). These funds must be spent directly by you in order to identify prospective franchisee candidates and promote the NuSpine Chiropractic® Unit Franchise offering in your Development Area. (ARA, Section 7.5). In our sole discretion on not less than 30 days’ written notice, we may increase the amount of your Minimum Local Advertising Requirement up to a maximum of \$2,000 per month. At our request, you must submit to us monthly reports (including substantiating receipts) detailing your local advertising expenditures. (ARA, Section 7.5).

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

You may not advertise, promote, post or list information relating to your NuSpine Chiropractic® Area Representative Business on the internet (through the creation of a website or otherwise), but we may, at our option, decide to include information about your NuSpine Chiropractic® Area Representative Business on our Website.

Advertising Fund and Advertising Council

As of the date of this disclosure document, we do not have an Area Representative Advertising Fund. As of the date of this disclosure document, we do not have an advertising council. In the future, we may establish an Area Representative advisory council made up of Area Representatives to advise us on matters relating to the System and NuSpine Chiropractic® businesses in general. If we establish an advisory council, you may be required to pay an annual advisory council fee set by us in accordance with the council’s bylaws. We reserve the right to modify the advisory council fee from time to time in accordance with the council’s bylaws. We may form, merge, change or dissolve any advisory council at any time in our sole discretion.

Computer Systems

We do not require our Area Representatives to purchase any specific computer systems or POS systems, but we do require all Area Representatives to maintain adequate computer hardware and software that meets our

minimum standards and specifications and enables you to successfully operate the Area Representative Business. Each Area Representative's electronic equipment must include a mobile telephone, a business telephone, an operating fax machine, e-mail address and a laptop computer with the latest versions of Windows and Microsoft Office, and such other software and computer accessories as we may require from time to time. Your mobile phone number, business phone number, fax number and email address must be given to each franchisee in the Development Area and to us.

When it becomes available, as an Area Representative, you will be required to regularly (i.e. at least once per day) access and update our proprietary intranet system to include all information related to your activities throughout the term of your ARA. In addition, you will have to comply with the computer/electronic system requirements for your NuSpine Chiropractic® Unit Franchise.

The required computer hardware needed to operate the computer system for your Area Representative Business, costs approximately \$500 to \$5,000 (as shown in Item 7 of this disclosure document) depending on the equipment you choose to purchase. This amount includes the cost of purchasing a business phone and fax machine.

You must also install and maintain a compatible computer for your use to manage your NuSpine Chiropractic® Area Representative Business that has internet access via high speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by NuSpine Chiropractic® Businesses. However, we estimate that the annual cost of any optional or required maintenance or upgrades of your computer system would not be expected to exceed the cost of your original purchase of the computer system.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the POS System or any of your computer systems. The software programs and hardware used at NuSpine Chiropractic® Unit Franchisees are designed to enable us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to or use of the information we obtain. Currently, there is no required software for Area Representative Businesses. However, if Area Representatives are required to use a computer system in the future, we will have unrestricted access to the information generated and stored by that system.

We may revise our specifications for the hardware and any software used in the NuSpine Chiropractic® business as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your NuSpine Chiropractic® business. In addition, you must update and upgrade the hardware and software described in this Item 11 from time to time as we require, and you must install any other hardware or software for the operation of the NuSpine Chiropractic® business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

Confidential Operations Manuals

After you sign the ARA, we will grant you online access to our Manuals (in electronic format only), which we may amend from time to time upon written notice to you. A copy of the table of contents of the Manual for ARs is attached as Exhibit B to this Disclosure Document with currently consist of approximately 16 pages. We consider the contents of our Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of our Manuals.

Training

Within sixty (60) days of signing your NuSpine Chiropractic® ARA, you and your owner(s) and your designated manager, if applicable, must attend and complete our initial Area Representative training program to our satisfaction. (Section 5.2 of ARA)

The training program will be conducted at our offices in Scottsdale, AZ and/or virtually. We provide instructors and training materials at no charge, but you must pay all expenses you and your personnel incur in initial training, including costs of travel, lodging, meals and wages. We may charge a reasonable training fee for training all successor or replacement personnel. (Section 5.2 of ARA)

Our initial training program is offered as needed during the year depending on the number of new Franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new NuSpine Chiropractic® businesses. The subjects covered and other information relevant to our initial training program are described below.

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On the Job Training	Location
AR Role and Expectations	1		Our offices in Scottsdale, AZ and/or virtually
Marketing and Advertising	2		Our offices in Scottsdale, AZ and/or virtually
Sales Process & FDD	3		Our offices in Scottsdale, AZ and/or virtually
Real Estate	1		Our offices in Scottsdale, AZ and/or virtually
Site Development	1		Our offices in Scottsdale, AZ and/or virtually
Hiring & Recruiting	1		Our offices in Scottsdale, AZ and/or virtually
Franchise and On-Site Training	3		Our offices in Scottsdale, AZ and/or virtually
Royalties & Accounting	1		Our offices in Scottsdale, AZ and/or virtually
POS System	2		Our offices in Scottsdale, AZ and/or virtually
Totals	15.0 hours	0 hours	

Our training program is conducted under the direction of our Director of Training, Justene Chavez, our , Aaron Hedlund, our Director of Clinic Excellence, Dr. Gerard Hinley, our Chief Development Office, Tim O'Sullivan, and our Director of Operations, Ronny Record. Dr. Hinley has 30+ years of experience in the chiropractic industry, and 1 year of experience with us or our affiliates. Aaron, Justene, Tim and Ronny have developed all training materials and have authored our manuals and train our affiliate's non-medical staff, and each have at least 2 years' of experience in the subject matter that they cover in our initial training.

We may require your owner(s) and your designated manager, if applicable, to attend additional training programs and seminars or refresher course, from time to time. We have the right to charge a reasonable fee for these additional training programs and seminars. You must pay all expenses you or your personnel incur in any training program or seminar, including the cost of travel, lodging, meals and wages. (Section 5.2 of ARA).

ITEM 12

TERRITORY

The ARA gives you the right to operate a NuSpine Chiropractic® Area Representative Business within a designated geographic area (“Development Area”). You must operate your NuSpine Chiropractic® Area Representative Business from a location you choose, which we anticipate will be a home office. The Development Area boundaries will be agreed upon by you and us before your execution of the ARA and may range from a portion of a city or an unincorporated area to an entire state or states. You cannot relocate your NuSpine Chiropractic® Area Representative Business without our consent. If you lose possession of the premises of your NuSpine Chiropractic® Area Representative Business through no fault of your own, you may apply to us for our approval to relocate your NuSpine Chiropractic® Area Representative Business to another site in the Development Area. 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 at your current location. However, you may not relocate your Area Representative Business to a location outside of your Development Area.

You will not receive an exclusive territory. You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Your right to promote franchises for locations in your Development Area is non-exclusive. We may recruit prospective Franchisees and sell franchises for locations in your Development Area. You will earn the portion of the initial franchise fee due for franchises that we sell in your Development Area for which you have the development rights, as long as you are in compliance with the terms of your Area Development Agreement at the time of the sale.

Your Development Area will have a population of at least 500,000 people unless you request particular Development Area boundaries which include a lower population, in which case we will consider reducing your development obligations to less than 10 franchise units. The population in your Development Area will be determined based on population tracking data, including the U.S. Census.

Your territorial development rights are limited to the total number of franchise units you are authorized to develop in your Development Area at the time of signing your ARA, and is specified in Exhibit A of your ARA. The ARA sets forth conditions and restrictions relating to your ability to purchase the development rights for additional franchise units within your Development Area.

Under the ARA we grant you the right to solicit, service and coordinate a specified number of NuSpine Chiropractic® Unit Franchises in the Development Area. Unless we otherwise agree in writing, you will not have any right to solicit, service or accept orders or sales of any kind from NuSpine Chiropractic® businesses or other parties located outside the Development Area (including through any alternative channels of distribution such as the internet, telemarketing or other direct marketing channels). The Development Area is typically described in terms of municipal or county boundaries and the actual size of the Development Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for NuSpine Chiropractic® businesses in the Development Area. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites or franchise prospects which do not meet our criteria. (Article I of the ARA)

Except as described below, during the term of the ARA we will not operate or grant a franchise for the operation of a NuSpine Chiropractic® Area Representative Business to be located within the Development Area. However, we have the right to terminate your territorial rights if you or your controlled affiliates are not in full

compliance with your development obligations or the development schedule (each set forth in Exhibit A to your ARA) and all of the terms and conditions of your ARA and any Franchise Agreements signed by you or a controlled affiliate. Your territorial rights do not include (i) any right to sell products or services at any location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned Businesses at any time or at any location outside the Development Area.

Except as expressly limited by the ARA, we and our affiliates reserve and retain all rights with respect to NuSpine Chiropractic® businesses, the Marks, the sale of proprietary products and any other products and services anywhere in the world, including the right to (i) establish company-owned or franchised NuSpine Chiropractic® businesses within or outside the Development Area, (ii) offer and sell products or services under the Marks through outlets other than NuSpine Chiropractic® businesses, without compensating you, (iii) sell any products through any alternative distribution channel or method (such as the internet) within or outside the Development Area under the Marks or any other trademarks, without compensating you; (iv) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more franchise units located within your Development Area; and (v) use the Marks in any advertising or promotion.

In addition, upon the earlier of (a) the expiration of the term of the ARA or (b) when a Franchise Agreement for the last NuSpine Chiropractic® Location Franchise to be developed within the Development Area is signed, your rights under the ARA with respect to selling and developing retail NuSpine Chiropractic® Unit Franchises within the Development Area will terminate, and we and our affiliates will have the right to develop and operate and to grant to others rights to develop and operate NuSpine Chiropractic® Unit Franchises within the Development Area. This right will be subject only to any territorial rights under the Franchise Agreements for NuSpine Chiropractic® Unit Franchises in the Development Area. Your rights and obligations to service the Franchisees within the Development Area will continue until the ARA is terminated or expires, according to the terms of the ARA.

Except for the requirement to meet your development schedule deadlines (which will be set forth in Exhibit A to your ARA) as described above, continuation of any territorial rights does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Protected Area.

Rights of First Refusal

We generally do not grant any options, rights of first refusal or similar rights to obtain additional Area Representative Businesses. If you wish to obtain an additional Area Representative Business, you must enter into a separate ARA for that Area Representative Business.

Neither we nor our affiliates have established or have present plans to establish franchises, company-owned outlets or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the ARA that would prohibit us from doing so.

You may use the internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the ARA.

ITEM 13

TRADEMARKS

We grant you the right and license to use the Marks and the System solely in connection with your Area Representative Franchise. You may use our trademark “NuSpine Chiropractic®” and such other Marks as are designated in writing by us for your use. In addition, you may use them only in the manner authorized and permitted by us and you may not directly or indirectly contest our ownership of or rights in the Marks.

The following 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	Pending	Pending	Principal
NuSpine Chiropractic Logo	90870510	August 6, 2021	Pending	Pending	Principal

There are no effective agreements that limit our right to license the Marks. With respect to the Marks, there are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding. We do not have a federal registration for our logo/design trademark at this time. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. All affidavits have been filed.

We will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify us immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. We, at our option, may, but is not required to, defend and control the defense of any proceeding relating to any Marks. We have the exclusive right to control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Marks. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole judgment for us to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used in our business name, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect an Area Representative’s use of the Marks in any state.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise. We have no patent applications pending at this time.

Copyrights

The Company claims a common law copyright and treats the information in the Manuals as confidential trade secrets, but you are permitted to use the material as part of your Franchised Business.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Company's copyrighted materials in any state.

Confidential Operations Manuals

Under the ARA, you must operate the NuSpine Chiropractic® Area Representative Business in accordance with the standards, methods, policies, and procedures specified in the Manual for ARs. You will be loaned a copy of the Manual for ARs and Manual for Units for the term of the ARA, when you have completed the initial training program to our satisfaction. You must operate your Area Representative Business strictly in accordance with the Manual for ARs, as it may be revised by the Company from time to time. You must at all times, treat the Manuals and the information in them, as well as any other materials created for or approved by us for the operation of your Franchised Business, as confidential, as required by the ARA. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manuals will remain our sole property and must be returned in the event that you cease to be an Area Representative Business owner.

We may from time to time revise the contents of the Manuals, and you must comply with each new or changed provision in the Manuals. You must ensure that our Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained by us at Company's home office will be controlling.

You do not have any right to compensation if we require you to modify or discontinue using any subject matters covered by a patent or copyright.

Confidential Information

The ARA requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manuals. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the ARA and relating to the System will be deemed a part of the Confidential Information protected under the ARA. See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchised Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Except as otherwise approved by us in writing, you (or if you are a business entity, your principal owner) or your designated general manager, who must be approved by us in writing and must have completed, to our satisfaction, all required training programs, must devote full time energy and best efforts to the management and operation of the Area Representative Business. We recommend, but do not require, that you personally perform all Area Representative functions. If the Area Representative is a business entity, there is no requirement that the manager designated by the entity have a percentage interest in the business. Without our written consent, your principal owner may not engage in any business other than the development and operation of your NuSpine Chiropractic® Area Representative Business. Upon our request you may be required to hire a full-time operations

support manager to support the Franchisees in your Development Area and/or a full-time marketing/sales manager for your Development Area.

You (or if you are a business entity, your principal owner) must satisfy our training requirements and standards.

If you elect to use designated managers or other field representatives in your business operations (rather than perform all Area Representative functions personally) then your designated managers and field representatives must successfully complete our required training and pass a background check. While there are no written restrictions on who may act as your manager or representative, we expect that you will select someone that will at all times act in a manner that is protective of the franchise brand and the goodwill of the Marks. If your relationship with a field representative terminates for any reason, you must promptly designate a replacement acceptable to us who shall, at your expense and subject to our then-current charges, satisfactorily complete our required training. You must hire and maintain the number and level of management personnel required for the adequate management and support of all NuSpine Chiropractic® businesses developed under the ARA. You are responsible for ensuring that your personnel are properly trained to perform their duties. If you designate one or more managers or field representatives to supervise or assist with your operations, you (or your principal owner if you are a business entity) remain ultimately responsible for the performance of such persons and your Area Representative Business.

If you are a business entity, each of your owners and their spouses must personally guarantee your obligations under the ARA by signing the owner's guaranty and assumption agreement attached as Exhibit C to the ARA.

At our request, you must have your field representatives, managers, and any other personnel who will have access to our training or confidential information, sign covenants not to compete, and such persons must agree to maintain the confidentiality of information they have access to through their relationship with you (See Item 14). We have the right, in our sole discretion, to decrease the period of time, scope of activity or geographic scope of the non-competition covenants or eliminate the non-competition covenant altogether for any reason.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products and services that you use or provide to Franchisees in connection with your NuSpine Chiropractic® Area Representative Business must conform to our standards and specifications. (See Item 8) These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations, including franchise disclosure and relationship laws, and secure all appropriate governmental approvals for operation of the NuSpine Chiropractic® Area Representative Business.

You must offer only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize. You must stop offering any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must perform all services using the procedures contained in our Manuals or other written instructions. You must not use or offer nonconforming products or services unless we first give you our written consent. You must operate the NuSpine Chiropractic® Area Representative Business on a full-time basis, but we do not specify particular operating hours for your Area Representative Business.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any such sale must

be conducted in accordance with our System Standards. We do not impose any other restrictions in the ARA or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17

**RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP		
This table lists important provisions of the Area Representative Agreement. You should read these provisions in the agreements attached to this Disclosure Document.		
Provision	Section in Area Representative Agreement	Summary
a. Length of the term of the franchise	Article II	10 years.
b. Renewal or extension of the term	Article II	You may renew this Agreement for one additional 10-year period.
c. Requirements for you to renew or extend	Article II	Give notice, compliance with ARA, sign then-current ARA, sign release, comply with current qualifications and requirements. Your renewal right permits you to remain as an Area Representative after the initial term of your agreement expires. However, to remain an Area Representative, you must meet all required conditions to renewal, including signing our then-current ARA, which may contain materially different terms and conditions from your original contract, except that the fees we charge on renewal will not be greater than the fees that we then impose on similarly situated renewing Area Representatives.
d. Termination by you	None	You may seek to terminate your ARA on any ground permitted by law.
e. Termination by us without cause	None	
f. Termination by us with cause	Article XI	Breach of ARA and other grounds; see Article XI for details.
g. "Cause" defined – curable defaults	Article XI	Breach of ARA and other grounds, such as failure to pay fees, advertising, submitting false reports, see Article XI.
h. "Cause" defined – defaults which cannot be cured	Article XI	Breach of ARA, such as filing for bankruptcy, assignment for the benefit of creditors or lease termination, felony or other crime conviction,

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Area Representative Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Area Representative Agreement	Summary
		repeated defaults, within a 12-month period, failure to comply with any requirements imposed by the ARA, any default under the Franchise Agreement, failure to conduct minimum advertising, unauthorized transfer. If we terminate your ARA for cause due to a non-curable default, we may have the right to terminate any franchise agreements you with us for the same reason, and vice-versa.
i. Your obligations on termination/non-renewal	Article XII	Obligations include stop to operate business; stop providing services or assistance to system Franchisees; stop to use confidential methods, procedures and techniques; stop using the Proprietary Marks and distinctive forms, slogans, signs, equipment, advertising materials, stationery, forms, symbols, and devices associated with system; cancel any assumed name or equivalent registration which contains the mark “NuSpine Chiropractic®” or any other service mark or trademark and shall furnish us with evidence of cancellation; de-identification and payment of amounts due; pay all damages, costs, expenses and attorney’s fees incurred by us as a result of a default or injunctive relief or other relief for enforcement of any provisions; turn over to us all materials related to operating the business; see Article XII for details.
j. Assignment of contract by us	Article VIII	No restriction on right to transfer.
k. “Transfer” by you – defined	Article VIII	Transfer all or substantially all of the assets of your business.
l. Franchisor approval of transfer by franchisee	Article VIII	We have the right to approve transfers.
m. Conditions for our approval of transfer by you	Article VIII	No sales in the first year. Includes payment of money owed, non-default, sign release, transferee qualifications, sign new agreement, refurbishment and payment of the transfer fee; must attend and complete our Area Representative training class; you must train the transferee/assignee for 2 months prior and 2 months after transfer.

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Area Representative Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Area Representative Agreement	Summary
n. Our right of first refusal to acquire your business	Article VIII	We can match any offer.
o. Our option to purchase your business	None	
p. Your death or disability	None	Franchise must be assigned to an approved buyer within 12 months.
q. Non-competition covenants during the term of the franchise	Article X	Includes prohibition on owning or operating business which sells similar services.
r. Non-competition covenants after the franchise is terminated or expires	Article X	Includes prohibition on owning or operating any business which sells similar services for two years and located within the Development Area or located within 100 miles of any NuSpine Chiropractic® business in the System.
s. Modification of the agreement	Article XXIII	Must be in writing by both parties.
t. Integration/merger clause	Article XX	Only the terms of the ARA and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and ARA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XXI	After mediation, the parties must submit disputes to binding arbitration through the American Arbitration Association in Lancaster County, Nebraska (except either party may pursue an action for injunctive relief).
v. Choice of forum	Article XXI	Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court which has general jurisdiction in Lancaster County, Nebraska.
w. Choice of law	Article XXI	Except to the extent governed by Lanham Act, or other federal law, including the Federal Arbitration Act, or other applicable federal or state law, Nebraska law applies.

The ARA contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised.

A provision in the ARA which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote Area Representative Businesses. You have no right to use the name of any public figure for purposes of promotional efforts, advertising or endorsements, except with our prior written consent. No public figure has any investment in the System or us.

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 financial performance 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 Aaron Hedlund, Chief Operating Officer, 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260, (402) 975-2500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

**OUTLETS AND FRANCHISEE INFORMATION
(Area Representatives)**

**Table No. 1
Systemwide Outlet Summary
For Years 2018 to 2020**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	6	+6
	2021	6	11	+5
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2019	0	0	0
	2020	0	6	+6
	2021	6	11	+5

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2019 to 2021

State(s)	Year	Number of Transfers
Arizona	2019	0
	2020	0
	2021	1
Texas	2019	0
	2020	0
	2021	1
All Other States	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	2

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

State/Regional	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	1
California	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2

State/Regional	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Colorado	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Georgia	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Idaho / Montana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Illinois	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Iowa	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Kansas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Maryland	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Minnesota	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Missouri/ Nebraska	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	1	0	0	0	0
Nevada	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Mexico	2019	0	0	0	0	0	0	0

State/Regional	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
New York	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
North Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Oregon	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Pennsylvania	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Tennessee / Arkansas / Oklahoma. West TX	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Texas	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Utah	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Virginia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Washington	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	6	0	0	0	0	6
	2021	6	6	1	0	0	0	11

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table No. 5
Projected Openings As Of December 31, 2021

State	Area Representative Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in 2022	Projected New Company-Owned Outlets in 2022
Arizona	0	0	0
California	0	1	0
Colorado	0	1	0
Florida	0	2	0
Georgia	0	0	0
Illinois	0	1	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Maryland	0	0	0
Michigan	0	1	0
Minnesota	0	1	0
Nebraska	0	0	0
Nevada	0	0	0
New Mexico	0	0	0
New Jersey	0	1	0
New York	0	0	0
North Carolina	0	0	0
Ohio	0	1	0
Oklahoma	0	0	0
Oregon	0	1	0
Pennsylvania*	0	0	0

State	Area Representative Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in 2022	Projected New Company-Owned Outlets in 2022
South Carolina	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Virginia	0	1	0
Washington	0	0	0
Wisconsin	0	0	0
All other states	0	0	0
Total	0	10	0

Exhibit G lists the names of all of our operating Area Representative and their addresses and telephone numbers as of December 31, 2021. Exhibit G lists the Area Representatives who have signed ARAs for which were not yet operational as of December 31, 2021, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Area Representative who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under an ARA 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.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

We have not Area Representatives that have signed confidentiality clauses with us during the last three years which would restrict their ability to speak openly about their experience with us.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements as of December 31, 2020. The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

ITEM 22

CONTRACTS

- Area Representative Agreement with State-Specific Addenda (Exhibit A)

ITEM 23

RECEIPTS

Exhibit H includes Receipts acknowledging that you received this Disclosure Document. Please sign the Receipt and return it to us. A duplicate of the Receipt is also attached for your records.

EXHIBIT A

AREA REPRESENTATIVE AGREEMENT



NUSPINE FRANCHISE SYSTEMS, LLC
AREA REPRESENTATIVE AGREEMENT

Date: _____

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EXHIBITS

- A – Development Rights, Area and Schedule
- B – Disclosure Questionnaire
- C – Owner’s Guaranty and Assumption Agreement
- D – Confidentiality, Non-Disclosure and Non-Competition Agreement
- E – State-Specific Addenda

AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT, entered into this ____ day of _____, 20____, by and between NuSpine Franchise Systems, LLC, a Delaware limited liability company (hereinafter, “we”, “us” or “our”), and _____, whose principal place of business is _____ (hereinafter, “you” or “your”).

W I T N E S E T H:

WHEREAS, we have the right to use and license the use of a business system (the “System,” as further defined below) for the establishment and operation and/or management of chiropractic clinics (“Clinic(s)”) that will specialize in providing chiropractic services to the general public at specific locations under the trademark “NuSpine Chiropractic®” (each, a “NuSpine Chiropractic® Unit Franchise” or “Unit Franchise”).

WHEREAS, NuSpine Chiropractic® Franchises operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (hereinafter referred to as the “Marks”);

WHEREAS, we grant to qualified persons the right to become a “NuSpine Chiropractic®” Area Representative who will be required to develop an agreed upon number of “NuSpine Chiropractic®” franchises within an agreed upon area (“Development Area”) according to an agreed upon schedule (“Development Schedule”) (each described and set forth in Exhibit A to this Agreement) and to provide on-going support, training and assistance to NuSpine Chiropractic® franchisees (“Franchisees”) operating within your assigned Development Area utilizing our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Marks;

WHEREAS, you acknowledge that you have read this Agreement and our Franchise Disclosure Document and acknowledge that you understand the importance of our high standards of quality and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications;

WHEREAS, you also acknowledge the importance of assisting Franchisees serviced by you to provide quality products and services, achieve maximum sales levels, make maximum efforts to control costs, and fully conform to our policies and procedures as set forth in our confidential operations manual for Area Representatives (“Confidential Operations Manual”); and

WHEREAS, you desire to serve as our Area Representative in the Development Area designated in Exhibit A to this Agreement, and you wish to be licensed to use the Marks and receive the training and other assistance provided by us in connection with the operation of the Area Representative business offered under this Agreement (hereinafter the “Franchised Business” or “Area Representative Business”);

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

ARTICLE I **APPOINTMENT AND FEES**

1.1 We hereby grant to you, subject to the terms and conditions of this Agreement, the right to serve as our Area Representative within the territory described in Exhibit A to this Agreement (hereinafter referred to as the “Development Area”) and to develop the total number of NuSpine Chiropractic® Franchises set forth in Exhibit A to this Agreement (hereinafter referred to as the “Development Rights”). In connection therewith, we grant you the right you a non-exclusive license to use the Marks and the System, as they may be changed, improved, and further developed by us from time to time. You must commence operations of your Area Representative Business within thirty (30) days of signing this Agreement.

During the initial term of the Agreement, if we or you wish to develop additional franchise units within the Development Area over and above your Development Rights, and we have determined, in our sole discretion, that the Development Area can sustain such additional franchise units, you shall have the right to purchase the development rights for such additional franchise units within thirty (30) days of receipt of our written offer or your written request, as applicable, to purchase the development rights for such additional franchise units at a per unit cost of \$9,750, or 25% of the then-current initial franchise fee, whichever is greater. If you decline our offer to purchase, or fail to pay the amount due for such additional franchise units before the end of the thirty (30) day period, we shall have right to grant or sell others the right to establish and operate additional franchise units within your Development Area. You will not receive any portion of the initial franchise fees for any franchise units for which you decline to purchase the development rights. However, you may receive royalty fees on such units based on your support of such additional franchise units. Nothing herein shall be construed to affect our ability or right to develop company-owned units within your Development Area.

1.2 You hereby undertake, in conjunction with our designees, the obligation to diligently and continuously screen and evaluate individuals interested in becoming NuSpine Chiropractic® Franchisees at locations within the Development Area, to undertake all of our field responsibilities (including training, development, support and any other services we may prescribe herein or in our Confidential Operations Manual) to Franchisees who operate (or are preparing to operate) NuSpine Chiropractic® businesses franchised by us in the Development Area, and to perform any other responsibilities we designate from time to time. You shall not be permitted to solicit or screen individuals outside of the Development Area. You may undertake and perform only our field responsibilities for sales, training, supervising local advertising and servicing of Franchisees and any other responsibilities we designate from time to time. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for NuSpine Chiropractic® businesses in the Development Area. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites or franchise prospects which do not meet our criteria.

1.3 During the term of this Agreement, provided there is no uncured default by you hereunder, we agree that we will not license any other Area Representative for the Development Area.

1.4 For so long as you remain in compliance with the terms of this Agreement, you shall be entitled, as provided under Section 4.1 hereof, to receive compensation from us for each NuSpine Chiropractic® business franchise sold by us or by our designee within the Development Area during the term of this Agreement.

1.5 You must present us with potential Franchisees and develop your Development Area in the time and manner described in Sections 5.4(h) and 5.5 below, and you must comply with the Development Schedule set forth in Exhibit A to this Agreement. You shall screen and propose Franchisees interested in opening NuSpine Chiropractic® businesses only in the Development Area. Unless otherwise agreed by us in writing, you shall not be entitled to any compensation as the result of, or in connection with, our sale of a NuSpine Chiropractic® business franchise if the NuSpine Chiropractic® business is located (or will be located) outside of your Development Area.

1.6 For so long as you maintain your territorial rights pursuant to Article V of this Agreement, and provided you are not in default of any of your obligations hereunder, we shall not, during the term of this Agreement, own or operate, or license others to own or operate, an NuSpine Chiropractic® Area Representative Business in the Development Area; however, we reserve and retain the right to conduct any other business activities under the Marks or otherwise, both within and outside your Development Area, including, but not limited to, the right to (i) establish company-owned or franchised NuSpine Chiropractic® businesses within or outside the Development Area, (ii) offer and sell products or services under the Marks through outlets other than NuSpine Chiropractic® businesses, (iii) sell any products through any alternative distribution channel or method (such as the internet) within or outside the Development Area under the Marks or any other trademarks; (iv) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Development Area; and (v) use the Marks in any advertising or promotion.

1.7 Initial Area Representative Fee. Upon execution of this Agreement, you shall pay us an Initial Area Representative Fee in the amount of _____ (\$ _____), which shall be deemed fully earned and non-refundable upon receipt by us.

1.8 Software and Technology Fees. As of the date of this Agreement, you are not required to pay us a software and technology fee (“Software and Technology Fee”) to operate your Area Representative Business. However, we reserve the right to implement a Software and Technology Fee upon providing 30 days’ written notice to you if we determine, in our sole discretion, that additional or upgraded technology and/or software may assist you in operating your NuSpine Chiropractic® Area Representative Business or in fulfilling your obligations under this Agreement. A Software and Technology Fee, if implemented by us, will not exceed \$500 per month. If implemented, you will be required to pay a Software and Technology Fee via electronic funds transfer (with the full amount debited from your account on the 1st day of each month) or any other means we reasonably specify.

1.9 EFT Payments and Interest on Late Payments. You must execute an authorization and any other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer (“EFT”) in the amount of the Software and Technology Fees and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. If any payments due to us under this Agreement are not received when due, interest may be charged on any past due amounts. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. Upon written notice to you, we may designate another method of payment and require you to immediately begin using such payment method.

1.10 Reserved.

1.11 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

(a) “NuSpine Chiropractic® business” – A business that: (a) is required to offer only products and services approved by us; (b) is required to meet our standards and specifications; (c) is required to operate using the Marks and the System; and (d) is operated either by us or our affiliates or pursuant to a valid license from us.

(b) “Competitive Business” – Any business (other than a NuSpine Chiropractic® business) that is the same as or similar to a NuSpine Chiropractic® Business, including any business that offers and sells nail care, barbering or related services (or grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business that is the same as or similar to a NuSpine Chiropractic® business).

(c) “Franchised Business” – The Area Representative Business that you are licensed to operate under this Agreement, in which you will be responsible for soliciting Franchisees for the System and providing pre-opening and post-opening obligations to such Franchisees on our behalf.

ARTICLE II

TERM AND RENEWAL

2.1 Except as otherwise provided, the term of this Agreement shall be for ten (10) years from the date we execute this Agreement.

2.2 You may renew this Agreement for one additional term of ten (10) years, provided that prior to the end of the initial term:

(a) You have given us written notice of your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term.

(b) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us or our subsidiaries or affiliates, and have complied with all of the terms and conditions of such agreements during the terms thereof.

(c) You shall have executed upon renewal our then-current form of renewal Area Representative Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing Area Representatives.

(d) You shall execute a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries or affiliates, and their respective officers, shareholders, directors, agents, and employees.

(e) You shall comply with our then-current qualification and training requirements, including, without limitation, any training requirements specifically designed for renewing Area Representatives. For any training required by this section, we shall provide and pay for the instructors, training facilities, and training materials, but you must pay for all other expenses incurred in training including, without limitation, the costs of travel, room, board, and wages (for employees required to attend).

(f) You shall pay to us a renewal fee equal to 25% of the Initial Area Representative Fee you paid to us in connection with the execution of this Agreement.

ARTICLE III **OUR DUTIES**

In addition to our other obligations and duties set forth in this Agreement, we agree as follows:

3.1 We shall provide an initial training program to be conducted at our headquarters or at another location designated by us in our reasonable discretion, for you and one (1) of your managers, and shall make available such other subsequent training programs to you, your manager, or other employees as we deem appropriate. All training provided by us shall be subject to the terms set forth in Article V of this Agreement and shall be at such times and places as may be designated by us. We shall not charge you a training fee for the initial training program, but you shall be solely responsible for all expenses incurred by you, your manager or other employees, including, without limitation, the costs of travel, room, board, and wages.

3.2 We shall provide you, at no cost to you, with an electronic or hard copy version of our applicable and then-current Confidential Operations Manual. We shall also provide you with materials for promoting the sale of System franchises, provided that you must reimburse us for the cost of such materials.

3.3 We shall use our best efforts to promptly process all applications made by prospective Franchisees and forwarded to us by you and shall not unreasonably withhold our approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial, and other qualifications as we may establish from time to time for new Franchisees.

NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROVIDE YOU WITH THE POWER OR AUTHORITY TO GRANT FRANCHISES OR TO EXECUTE ANY FRANCHISE AGREEMENTS WITH FRANCHISEES ON OUR BEHALF. WE SHALL HAVE THE OPTION, IN OUR SOLE DISCRETION, TO APPROVE OR DENY A FRANCHISE TO ANY PROSPECTS PROPOSED TO US BY YOU, AND WE WILL HAVE THE SOLE AUTHORITY TO EXECUTE FRANCHISE AGREEMENTS WITH FRANCHISEES.

3.4 We shall provide for the collection of and distribution to you of your share of initial franchise fees, and we shall be responsible for distributing to you your share of the Royalty fees received from each franchisee operating in the Development Area for which you provide services and support in accordance with this Agreement.

3.5 We shall continue our efforts to maintain high standards of quality professionalism and service of the Franchised Business, and to that end may conduct inspections of any business premises operated hereunder by you and closely monitor your promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing Franchisees and monitoring sales presentations by you and your personnel.

3.6 We shall not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to you, a franchisee, or any third parties to which we would not otherwise be subject. However, we will not be excused for our breaches or civil wrongs.

ARTICLE IV **COMPENSATION PAYABLE TO YOU**

4.1 **Initial Franchise Fees.** In consideration of soliciting, screening and submitting to us during the term of this Agreement applications for prospective Franchisees in connection with the grant of a franchise to be located in the Development Area, you shall be entitled (except as described below), for as long as this Agreement remains in effect and you are not in default hereunder, to an amount up to Fifty Percent (50%) of each initial franchise fee paid by each franchisee who purchases a NuSpine Chiropractic® Franchise located in the Development Area. Your right to receive a portion of the initial franchise fee is subject to the following conditions: (i) you must collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (ii) both we and the franchisee must sign a Franchise Agreement and the franchisee must pay us the entire initial franchise fee during the term of this Agreement; (iii) the sale must be for a new NuSpine Chiropractic® Franchise and not a resale of an existing franchise by another franchisee; (iv) there must be no outstanding sale contingencies, such as the initial franchise fee being paid into an escrow account; (v) the sale must be related to the sale of a franchise unit for which you have the Development Rights, or for which you have acquired the Development Rights pursuant to Section 1.1; and (vi) you must be in compliance with all terms and provisions of this Agreement. You will not receive a commission on the resale of a franchise unit which has been sold in your Development Area and terminated prior to opening for business or for failure to open. If you elect to use a franchise broker to assist you in selling franchises to be located in your Development Area and such franchise broker or other third party is entitled to receive a payment (a “Broker Payment”) as the result of, or in connection with, the sale of a NuSpine Chiropractic® Franchise, then such Broker Payment will be deducted from your 50% share of the initial franchise fee. In addition, you will be solely liable to such broker or other party for any amounts owed to them which exceed 50% of the initial franchise fee paid to us by the franchisee in connection with the applicable franchise sale. In all cases we will be entitled to at least 50% of the initial franchise fee, without deductions of any kind. Any and all proposed franchise broker arrangements that you wish to establish must be approved by us in writing before you engage such broker. If you fail to meet one or more of the deadlines set forth in Exhibit A to this Agreement, then we may engage at your expense, or require you to directly engage, a franchise broker to assist you in locating franchise prospects in your Development Area during all periods in which you remain in breach of your obligations under Exhibit A to this Agreement.

4.2 **Royalties and Renewal Fees.** In consideration for undertaking our field responsibilities for developing and servicing all Franchisees that operate NuSpine Chiropractic® businesses located in the Development Area, you shall receive Forty Percent (40%) of all royalties and renewal fees received by us during the term of this Agreement from any franchised NuSpine Chiropractic® business located in the Development Area for services rendered by you to such Franchisees. Payments to you under this Section 4.2 shall be made once per month following our collection of royalties from the franchised NuSpine Chiropractic® businesses located in the Development Area. If you fail to fulfill any of your duties under this Agreement or you otherwise default on your obligations under this Agreement, then you will not be entitled to receive any portion of the royalties or renewal fees paid to us during the period that you remain in default under this Agreement. For each NuSpine Chiropractic® business owned by you, we shall collect the full Royalty Fee, and remit back to you your share thereof. If you transfer your rights to a franchised NuSpine Chiropractic® business owned by you, you must pay us the full transfer fee and you will not receive a remittance of any portion of such transfer fee. Once the transferee’s training is complete you will begin receiving your portion of the royalties paid to us by the transferee.

4.3 Monthly Reports. We shall track all initial franchise fees, royalties and renewal fees owed pursuant to the franchise agreements between us and Franchisees located within the Development Area and provide you with a report on or before the twentieth (20th) day of each month summarizing (in a format determined by us) the amounts collected by us during the preceding month, along with the payments due to you from such amounts. We shall have sole discretion as to the terms and conditions of collections from Franchisees, including the right to defer or refund initial franchise fees. In no event shall any such deferred payments become payable to you by us until and unless such fees are paid to us by the franchisee. In the event we refund amounts collected or if a franchisee for any reason owes amounts to us, we shall have the right, as we deem appropriate, to either deduct from any payments due to you your portion of any amount so refunded or any amount owed to us, or to require you to remit any such portion of the refunded amount or other amounts to us immediately upon request. We shall have no liability to you for payments under this Section 4.3 in the event that any franchisee, for any reason, fails to pay any fee owed to us.

4.4 Form of Payment. All amounts payable pursuant to this Article IV shall be made in U.S. dollars and payment shall be made by way of electronic funds transfer or other means designated by us from time to time in our sole discretion.

ARTICLE V **YOUR DUTIES**

5.1 You understand and acknowledge that every detail of the Franchised Business is important to you, us, other Area Representatives and Franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for NuSpine Chiropractic® Franchises and the demand for services and products sold by NuSpine Chiropractic® Franchisees, and to protect our reputation and goodwill.

5.2 You (or your owners, if applicable), and at our discretion one (1) manager designated by you and approved by us, shall attend and complete, to our satisfaction, our initial training program, and you, your manager or other employees, as we may designate, shall attend and complete, to our satisfaction, such other training sessions as we may reasonably require from time to time. For any training session we shall only pay for the instructors, training facilities, and training materials, and you shall pay for all other expenses incurred by you, your manager or other employees, including, without limitation, the costs of travel, room, board, and wages. In addition, we reserve the right to charge you a reasonable training fee, as determined by us based on the specific training offered, for any additional training programs we provide to you or your successor or replacement personnel throughout the term of this Agreement.

5.3 If you form a corporation, limited liability company or other entity to operate the Franchised Business, you shall comply with the following requirements throughout the term of this Agreement:

(a) You shall furnish us with your Articles of Incorporation, Bylaws, Articles of Organization, Operating Agreement, and any other governing documents, and any other documents we may reasonably request, and any amendments thereto.

(b) Except as otherwise agreed by us in writing, you shall confine your activities, and shall at all times provide us proof that your activities are confined exclusively, to operating the Franchised Business.

(c) You shall maintain stop transfer instructions against the transfer on your records of any equity securities, and each stock certificate, LLC certificate or similar ownership documents shall at all times have conspicuously endorsed upon its face a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments or transfers by this Agreement.

(d) You shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock or membership interests in you and shall furnish the list to us upon request.

5.4 You shall perform the following services throughout the term of this Agreement:

(a) Maintain System operational standards for all NuSpine Chiropractic® businesses in the Development Area. You agree to be the primary operational support to the Franchisees in your Development Area.

(b) Maintain NuSpine Chiropractic® brand integrity standards for all NuSpine Chiropractic® businesses in the Development Area.

(c) Provide marketing and advertising support for all NuSpine Chiropractic® businesses located in the Development Area. You agree to be the primary sales/marketing support for the Franchisees in your Development Area.

(d) Provide, or have your designated representative provide, tours for prospective Franchisees at NuSpine Chiropractic® businesses located in your Development Area.

(e) Assist in the continued refinement of NuSpine Chiropractic® training materials and operational materials.

(f) Assist us in the enforcement of all provisions of any Franchise Agreement for any NuSpine Chiropractic® business established in the Development Area. If we incur expenses to enforce or defend the Franchise Agreements or to commence termination or eviction of Franchisees within the Development Area, we may charge you one-half (1/2) of our expenditures.

(g) Conduct your business in strict compliance with all applicable federal, state and local laws, ordinances and regulations (including, but not limited to, any applicable franchise disclosure laws), and obtain, at your own expense, all necessary permits and licenses for the operation of your business and maintain same in good standing, including any franchise broker or franchise sales agent registrations.

(h) Devote your full-time best efforts (or the full-time best efforts of an approved General Manager who has been designated by you and approved by us in writing after successfully completing our required training program) to the development of the Development Area and comply with the development requirements set forth in Exhibit A to this Agreement.

(i) Monitor the construction of, and installation of equipment into, NuSpine Chiropractic® businesses established in your Development Area, which must meet our standards for design, construction, appearance and function as specified in our Confidential Operations Manual.

(j) Assist Franchisees in the selection of approved locations for NuSpine Chiropractic® businesses in accordance with the guidelines established by us, including negotiation of leases for said locations in accordance with our standards.

(k) Advise Franchisees in the proper construction of their NuSpine Chiropractic® business in accordance with our standards and specifications, including, but not limited to, color schemes, design of the interior, hiring of contractors, and purchase of equipment and signs. All advice provided to Franchisees must be in accordance with the guidelines established by us.

(l) Provide advertising advice to Franchisees in accordance with the guidelines established by us.

(m) Inspect all NuSpine Chiropractic® businesses in the Development Area at least once every six months and report to us on evaluation forms supplied by us regarding items and services sold, the cleanliness and appearance of the NuSpine Chiropractic® business, and other operational aspects of the NuSpine Chiropractic® business as we may require. Notwithstanding the foregoing, if any NuSpine Chiropractic® business

in your Development Area receives more than three (3) customer complaints during any 6-month period you must promptly notify us in writing of the number and nature of the complaints and you must review such NuSpine Chiropractic® practices and procedures for resolving customer complaints to make sure such practices and procedures comply with our Confidential Operations Manual requirements, and if such complaints are not promptly resolved to our satisfaction you shall inspect such NuSpine Chiropractic® business and promptly report your findings to us in writing. Following such report, you must take reasonable action to address and remedy such complaints after advising us of the proposed remedial actions.

(n) Have a mobile telephone, a business telephone, an operating fax machine, email address and a laptop computer with the latest versions of Windows and Microsoft Office, and such other software and computer accessories as we shall require. Your mobile phone number, business phone number, fax number and email address must be given to each franchisee in the Development Area and to us.

(o) Refrain from making any misrepresentations to us, our Franchisees or any prospective Franchisees, and refrain from taking any actions that are likely, in our judgment, to impair or in any way damage the reputation, business or profitability of any NuSpine Chiropractic® businesses (or the System as a whole), our employees or officers, or any NuSpine Chiropractic® Franchisee.

(p) Shall not solicit or accept any kickback or other payment of any kind or share in the profits from any vendor on sales to Franchisees.

(q) Conduct your business in such a way as to maintain a reasonable degree of satisfaction by the NuSpine Chiropractic® Franchise in your Development Area. You must return all franchisee phone calls within twenty-four (24) hours unless extenuating circumstances prohibit, and you must personally meet with each franchise owner at one of the owner's NuSpine Chiropractic® businesses periodically, at intervals recommended by us, to discuss the Franchisees business and for quality inspections. This meeting is in addition to the semi-annual inspections, but may take place directly before or after a NuSpine Chiropractic® business inspection.

(r) Maintain the accounts of all NuSpine Chiropractic® Franchises fully or partially owned by you in perfect status (no unpaid balances) with us and all of our affiliates and your landlord and other vendors, and you further agree that all NuSpine Chiropractic® businesses located within the Development Area will participate in our electronic funds transfer program. We shall have the right to offset any monies owed to you against any obligation of yours to us or our affiliates, including monies due to us based upon the operations of NuSpine Chiropractic® businesses owned by you.

(s) When it becomes available, regularly (i.e. at least once per day) access and update our proprietary intranet system to include all information related to your activities throughout the term of this Agreement.

(t) Although we will provide pre-opening training, support and assistance for two (2) NuSpine Chiropractic® Franchises (inclusive of any Location Franchise you open) within your Development Area, you will be required to assist us in doing so. You will be responsible for the pre-opening training, support and assistance for all other NuSpine Chiropractic® Franchises within your Development Area.

(u) Provide such other reasonable support and assistance to the NuSpine Chiropractic® Franchises within your Development Area as we may require from time to time.

5.5 You must sign a Franchise Agreement and own, operate and maintain at least one franchised NuSpine Chiropractic® business in the Development Area throughout the term of this Agreement. The following requirements will apply to such NuSpine Chiropractic® business: (a) the NuSpine Chiropractic® business must be located within the Development Area; and (b) you shall be required to remit the Royalty Fee, as that term is defined in your Franchise Agreement, and any other fees due to us or our affiliates pursuant to the terms of said agreement, and receive the reimbursement pursuant to the terms of Article IV of this Agreement. If we agree, the Initial Franchise Fee for the first NuSpine Chiropractic® business you own and operate in the Development Area will be

covered by the Initial Area Representative Fee paid to us pursuant to this Agreement. However, if you open a second or subsequent NuSpine Chiropractic® businesses you will be required to pay the Initial Franchise Fees for each of those locations pursuant to the terms of our then-current Franchise Agreement.

5.6 You shall grant us and our representatives the right to enter your Franchised Business or any of your NuSpine Chiropractic® businesses at any time without prior notice for the purposes of conducting inspections and monitoring your operations, and you shall cooperate fully with our representatives in such steps as may be necessary to immediately correct any deficiencies detected during such inspections or monitoring.

5.7 During the term of this Agreement, you shall maintain in force, under policies of insurance issued by licensed insurers approved by us, the insurance coverages that we from time to time require. This insurance coverage is in addition to the insurance you are required to maintain as a franchisee under your Franchise Agreement. Such insurance coverage will include:

(a) broad form comprehensive general and professional liability coverage including, against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the conduct of business by you pursuant to this Agreement and broad form contractual liability coverage under one or more policies of insurance containing minimum liability coverage prescribed by us from time to time, but in no event in an amount less than One Million Dollars (\$1,000,000) aggregate. Such insurance shall not have a deductible or self-insured retention in excess of Five Thousand Dollars (\$5,000); and

(b) worker's compensation and employer's liability insurance in statutory amounts, unemployment insurance and state disability insurance as required by governing law for your employees.

5.8 You shall also maintain any additional insurance that may be necessary to comply with any legal requirements applicable to your Franchised Business. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

5.9 The insurance policies required herein shall:

(a) name us as an additional named insured and contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns;

(b) provide for thirty (30) days' prior written notice to us of any material modification, cancellation, or expiration of such policy;

(c) provide that the coverage applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(d) contain no provision which in any way limits or reduces your coverage in the event of a claim by any one or more of the parties indemnified under this Agreement;

(e) be primary to and without right of contribution from any other insurance purchased by the parties indemnified under this Agreement; and

(f) extend to and provide indemnity for all obligations assumed by you hereunder and all other items for which you are required to indemnify us under this Agreement.

5.10 You shall provide us with a Certificate of Insurance evidencing that the insurance required hereunder has been obtained no more than thirty (30) days after delivery of the original proof of insurance. Thereafter, prior to the expiration of the term of each insurance policy you shall furnish us with a copy of each renewal or replacement Certificate of Insurance showing the insurance to be maintained by you for the immediately

following term and evidence of the payment of the premium therefor. If you fail or refuse to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums therefor, we may, at our option, and in addition to our other rights and remedies hereunder, obtain such insurance coverage on your behalf and you shall fully cooperate with us in our effort to obtain such insurance, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Franchised Business which are required to obtain or maintain such insurance, and pay to us on demand any costs and premiums incurred by us. If you fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement, then we may terminate this Agreement upon written notice without opportunity to cure.

5.11 The maintenance of sufficient insurance coverage shall be your responsibility. Your obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us, nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement.

5.12 You shall comply with all other requirements set forth in this Agreement.

ARTICLE VI **MARKS**

6.1 We represent with respect to the Marks that:

(a) We are the owner of one or more of the Marks. One of our principal owners is the owner of one or more of the Marks and has granted us the right to use the Marks and to license others to use the Marks.

(b) We have taken, and will take, all steps reasonably necessary in our judgment to preserve and protect our rights to, and interest in, the Marks.

(c) We will permit you, on a non-exclusive basis, to use the Marks only in accordance with the System and our standards and specifications, which underlie the goodwill associated with any products or services symbolized by the Marks.

6.2 With respect to your licensed use of the Marks pursuant to this Agreement, you agree that:

(a) You shall use only the Marks designated by us and shall use them only in the manner authorized and permitted by us.

(b) You shall use the Marks only for the operation of the business franchised hereunder, or in advertising for the business conducted at or from that location.

(c) Unless otherwise authorized or required by us, you shall operate and advertise the business franchised hereafter only under the name “NuSpine Chiropractic®” with such trademark registration symbol as is designated by us, and without prefix or suffix.

(d) During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, advertisements and promotional pieces, as well as at such conspicuous locations at the offices used for the operation of the Franchised Business as we shall designate in writing. The identification shall be in the form which states your name, followed by the words “Area Representative of NuSpine Franchise Systems, LLC”, or such other identification as shall be approved by us.

(e) Your rights to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

(f) You shall not use the Marks to incur any obligation or indebtedness on our behalf.

(g) You shall not use the Marks as part of your corporate or other legal name or identification.

(h) You shall comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) In the event that you learn of any infringement or threatened infringement or piracy of any of the Marks, or any actual or intended common law passing-off by reason of imitation, confusion or otherwise, or that any third party alleges or claims or intends to allege or claim that any of the Marks are liable to cause deception or confusion to the public, or that any third party alleges or claims or intends to allege or claim that any of the Marks infringe on its trade marks in any manner, you shall promptly give notice thereof to us together with all such information with respect thereof as you may from time to time obtain. The parties undertake and agree to consult with each other with respect to how to respond to each infringement or violation. However, only we shall, in our absolute discretion, institute proceedings or defend proceedings as we shall deem advisable, and you shall not, under any circumstances whatsoever, institute any legal proceedings relating to the Marks without first obtaining our prior written consent. In the event we undertake the defense or prosecution of any such legal proceedings, you agree to execute any and all documents and take such actions as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution.

6.3 You expressly understand and acknowledge that:

(a) As between the parties hereto, we have the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them.

(b) The Marks are valid and serve to identify the System and the NuSpine Chiropractic® businesses and franchises.

(c) You shall not directly or indirectly contest the validity of, or our right to use or to license others to use, the Marks.

(d) Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the non-exclusive license granted herein.

(e) Any and all goodwill arising from your use of the Marks in your operation of the Franchised Business shall inure solely and exclusively to us and our affiliates. No monetary amount shall be assigned as attributable to any goodwill associated with your operation of the Franchised Business or your use of the Marks.

(f) The rights and license of the Marks granted hereunder to you are non-exclusive and we thus have and retain all rights not expressly granted to you under this Agreement. Our rights include, but are not limited to, the following:

(i) To grant other licenses for the Marks, in addition to those licenses already granted to existing Franchisees;

(ii) To use the Marks in connection with selling products and services;

(iii) To develop and establish other systems and franchised businesses under the same or similar Marks or any other marks, and to grant licenses or franchises thereto within or outside the Development Area without providing any rights therein to you.

(g) We reserve the right to substitute different or additional Marks for use in identifying the Franchised Business, the System and the NuSpine Chiropractic® businesses operating thereunder if we can no longer use or license the use of the Marks or otherwise determine that it is in the best interest of the System as a whole to use different marks. In such event, you shall be required to promptly implement the changes we require and conform your use of the Marks to the use of same by us, at your expense.

ARTICLE VII **ADVERTISING**

7.1 The parties hereto recognize and acknowledge the value of advertising and promotion in locating and soliciting individuals to become Franchisees, and the importance of consistency of such advertising and promotion to the furtherance of the goodwill and public image of the Franchised Business and the System. We may, at our option, form an Area Representative advisory council made up of Area Representatives to advise us on matters relating to the System and NuSpine Chiropractic® businesses in general. The matters to be considered by the advisory council may include advertising and exploring ways to improve the System and the NuSpine Chiropractic® brand. The advisory council will act in an advisory capacity only and will not have decision making authority. All Area Representatives in good standing will be represented on the Area Representative council. If we establish an advisory council, you may be required to pay an annual advisory council fee set by us in accordance with the council's bylaws. We reserve the right to modify the advisory council fee from time to time in accordance with the council's bylaws. We may form, merge, change or dissolve any advisory council at any time in our sole discretion.

7.2 You shall affix the Marks in the manner prescribed by us to all stationery, cards, signs, and other advertising materials used in connection with your operations hereunder.

7.3 All advertising by you in any medium shall be conducted in a dignified manner, shall conform to the standards and requirements prescribed by us, and shall comply with all applicable laws, rules, and regulations relating to the advertising of franchises.

7.4 You shall submit to us (by mail, return receipt requested, electronic mail or by fax), for our prior written approval, samples of all advertising and promotional plans and materials, and all other materials displaying the Marks, that you desire to use and that have not been prepared or previously approved by us. Within seven (7) days from the date of receipt by us of such materials, we shall notify you whether such materials conform to our standards and requirements and whether such materials, in the opinion of our counsel, are required to be approved by or submitted to any government agency. If you are notified by us that the materials conform to our standards and requirements and are required to be approved or submitted, we will submit the materials and will advise when and if the materials are approved or disapproved or if the use of the materials otherwise become permissible under law, such as if notice of disapproval is not received from a governmental agency within a stated period of time prescribed by law.

7.5 Local Advertising. Each month throughout the term of this Agreement you must maintain a local advertising program meeting our minimum criteria (which will be described in our Confidential Operations Manual or other written materials). You must spend at least \$1,500 per month on local marketing efforts in your Development Area. We may increase the required advertising amount up to a maximum of \$2,000 on not less than 30 days' written notice to you. We may require you to provide us with receipts or other written evidence acceptable to us showing the amounts spent by you on local advertising.

7.6 Reserved.

7.7 You shall be responsible for overseeing any local advertising that is being conducted by the Franchisees located within your Development Area.

7.8 At our option, we may establish one or more websites to advertise, market and promote NuSpine Chiropractic® businesses, the services they offer and sell, and/or the franchise opportunity. You shall not maintain

a website or otherwise maintain a presence or advertise on the internet (including any social media sites such as Facebook and Twitter) or any other public computer network in connection with the Franchised Business without our prior written consent. If we deem it necessary or appropriate, we will establish your internet domain name and website, which will be a website separate from our website with a distinct domain name. We shall have the sole authority to establish domain names and websites, and you agree to assist us in customizing your website for your Development Area. We will, at all times during the term of this Agreement, own your website and domain name, and we reserve the right to suspend your website if it includes any unapproved or objectionable content.

7.9 You must use our designated vendor to design, create, host and maintain a website(s) focused on your Development Area, which website(s) must comply with our standards and specifications. You agree to promptly provide the designated vendor with any information necessary to update the website(s) throughout the term of this Agreement.

ARTICLE VIII

TRANSFER OF INTEREST

8.1 This Agreement shall inure to the benefit of our successors and assigns. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Following any transfer or assignment of this Agreement we shall be under no further obligation hereunder.

8.2 You understand and acknowledge that the rights and obligations created by this Agreement are personal to you, and that we have granted such rights to you in reliance on the character, skills, aptitude, as well as the business, legal and financial capacity of you and your directors, officers and shareholders. Except as is hereinafter set forth in this Section, you shall not, without our prior written consent, directly or indirectly, sell, assign, transfer, convey, donate, pledge, mortgage, charge, grant any security interest or otherwise encumber any interest in this Agreement or in the Franchised Business or in the right and license to use the System, the Confidential Operations Manual or the Marks. Any such purported action, whether occurring by operation of law or otherwise including any assignment by a trustee in bankruptcy, without our prior written consent shall be a material default hereunder, shall be null and void, and shall entitle us to immediately terminate this Agreement. In addition, you will not, during the term of this Agreement, without our prior written consent, participate in any corporate activity, issue or sell, or be a party to the issuance or sale of, any further shares or interest in the Franchised Business of any kind, or any other securities which would cause or may cause the present effective voting control of you to change.

8.3 Subject to our prior written consent, which consent shall not be unreasonably withheld, you shall have the right to sell, assign and transfer your interest in this Agreement or the right and license granted herein, subject to the following conditions:

- (a) No sale can occur during the first year of this Agreement;
- (b) The transferee/assignee must meet our then-current financial and operational requirements for Area Representatives;
- (c) The transferee/assignee must attend and successfully complete our Area Representative training class;
- (d) All amounts owed by you in connection with this Agreement or your operation of the Franchised Business must be paid in full prior to assignment;

(e) Unless otherwise agreed by us in writing, the transferee/assignee and its management team must attend, at the transferee/assignee's sole expense, our required training program and complete such training program to our satisfaction (such training shall be conducted at our corporate headquarters or other location designated by us); and

(f) At closing, you must pay us a transfer fee equal to 20% of the total purchase price (including the value of any non-cash consideration), provided that the transfer fee will not exceed \$25,000.

8.3.1. Upon your death, or in the event you are determined to suffer any legal incapacity (or, if you are a corporation or partnership or other business entity, then upon the death or legal incapacity of the shareholder or partner responsible for the operation of your business), the transfer of your interest to your heirs, legatees, personal representatives or conservators, surviving partner(s) or fellow shareholder(s), as applicable, shall not constitute an "assignment" hereunder and shall not give rise to our right of first refusal to purchase the business as set forth in Section 8.5 hereof, if the following conditions are met:

(a) The heirs, legatees, personal representatives, conservators, surviving partner(s) or fellow member(s) or shareholder(s), as applicable, meet our standards for qualification of new Area Representatives and agree in writing to be bound by the terms and conditions of this Agreement.

(b) Within ninety (90) days after your death or legal incapacity (or, if you are a corporation, limited liability company, partnership or other business entity, within ninety (90) days after the death or legal incapacity of the principal shareholder, member or partner responsible for the operation of the Franchised Business), a person designated by your heirs, legatees, personal representative(s), conservator(s), surviving partners or fellow shareholders, as applicable, shall have satisfactorily completed our then-current training requirements. If at the time of such death or legal incapacity you have employed a manager who has satisfactorily completed any version of our Training Program, this requirement shall be deemed satisfied. The term "legal incapacity" as used in this Section 8.3.1, shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Legal incapacity shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed legally incapacitated as of the date of such refusal for the purpose of this Section 8.3.1. We will pay the costs of any examination required by this Section 8.3.1.

(c) In order to prevent any interruption of the business operations which would cause harm to the Franchised Business, thereby depreciating the value of the Franchised Business, you hereby authorize us, at our option, to operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies generated from the operation of the Franchise Business by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

8.3.2. In the event you wish to transfer your interests herein to a corporation, limited liability company, partnership or other entity formed by you solely for the convenience of ownership, you must obtain our prior written consent, which consent shall be granted if:

(a) You shall be the owner of all the voting stock of the corporation (or membership interests of the limited liability company or equity interests of the partnership, as applicable) or, if you comprise more than one (1) individual, each such individual shall have the same proportionate ownership interest in the entity as it held in Franchised Business prior to the contemplated transfer; and

(b) Appropriate forms of corporate resolutions and minutes, which have been duly adopted, are furnished to us prior to the transfer. A transfer under this Section 8.3.2 may be effected one (1) time only during the term of this Agreement, and may be made without payment of a Transfer Fee.

8.4 Any proposed sale, assignment and transfer pursuant to this Section must be a sale, assignment and transfer of all or substantially all of your assets used in the operation of the Franchised Business, including, without limitation, your rights under this Agreement and all other assets of the Franchised Business, and you shall not be entitled to sell same on an individual basis other than with our prior written consent.

8.5 Upon receipt of your application pursuant to Section 8.3 and notwithstanding the right to sell, assign and transfer granted to you pursuant to the terms of this Section, we shall have the absolute right of first refusal, to be exercised by notice in writing delivered to you within thirty (30) days of the date we receive your application, to purchase the said right and license and other of your assets proposed to be sold, assigned or transferred. If we exercise our right of first refusal to purchase as provided herein, we shall complete the purchase upon the same terms and conditions set out in the said application.

8.6 In the event we do not exercise our right of first refusal as set out in Section 8.5 hereof and we do consent to the sale, assignment and transfer to your proposed purchaser, the sale, assignment and transfer shall be completed between you and the proposed purchaser upon the same terms and conditions as were set out in the application submitted by you to us. Otherwise, you shall, before selling, assigning and transferring your said right and license and other assets, again make application to us in the manner as set out in this Section, and the right of first refusal provisions of Section 8.5 shall apply notwithstanding our election not to purchase based on the terms in your prior application, and this right of first refusal process shall be repeated as often as you desire to complete any sale, assignment and transfer.

8.7 For the purposes of this Section, any sale, transfer or assignment of the issued and outstanding shares of the capital stock of or other beneficial interest in you, the effect of which, whether through one or several transactions, would result in a change of the effective control of you, shall, for the purposes thereof, be deemed to be a sale, assignment and transfer of all or a significant portion of all of your assets in respect of the business carried on by you pursuant to the provisions of this Agreement and, accordingly, all of the provisions of this Section shall apply.

8.8 Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your owners retain a controlling interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your owners and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

ARTICLE IX

CORPORATE REQUIREMENTS

9.1 If you are a business entity, you shall furnish to us, upon execution of this Agreement, a list of all stockholders of record or members, and all persons having beneficial ownership of shares of the stock or membership interests in you indicating their equity holdings, as well as a list of your directors, officers and managers. You shall promptly advise us in writing of any change in the equity holders, directors, officers and managers from time to time.

9.2 If you are a business entity, all equity holders in you shall execute a personal guaranty in the form of personal guaranty attached hereto as Exhibit C, or in such other form as may be specified from time to time by us.

9.3 If you are a corporation, you shall maintain stop transfer instructions against the transfer on your records of any securities with voting rights and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

“TRANSFER OF THIS STOCK IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AREA REPRESENTATIVE AGREEMENT WITH NUSPINE FRANCHISE SYSTEMS, LLC DATED _____ REFERENCE IS MADE TO THE PROVISIONS OF THE SAID AREA REPRESENTATIVE AGREEMENT AND TO THE ARTICLES AND BY-LAWS OF THIS CORPORATION.”

ARTICLE X **COVENANTS**

10.1 You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you (or if you are a corporation, limited liability company, partnership or other business entity, your principal or general partner) or your designated manager (who must have been approved by us and must have completed, to our satisfaction, all required training programs) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business. You further covenant that if we request you to do so, you will hire a full-time operations support manager to support the Franchisees in the Development Area and/or a full-time marketing/sales manager in the Development Area.

10.2 You covenant that during the term of this Agreement you shall not, either directly or indirectly, for yourself, or in conjunction with others:

10.2.1 Divert or attempt to divert any business or customer of any NuSpine Chiropractic® business operated under the System to any competitor or do any other act injurious or prejudicial to the goodwill associated with the System;

10.2.2 Employ or seek to employ any person who is at that time employed by us or any of our Franchisees, or directly or indirectly induce such person to leave their employment; or

10.2.3 Own, maintain, operate, affiliate with, be employed by or have any interest or involvement in any Competitive Business which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.3 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted two (2) year period beginning with the expiration, termination or transfer of this Agreement, either directly or indirectly, own, maintain, operate, affiliate with, be employed by or have any interest or involvement in, any Competitive Business which is located within the Development Area or within a radius of one hundred (100) miles from any NuSpine Chiropractic® business under the System, whether owned by us, our affiliates or any franchisee.

10.4 Sections 10.2 and 10.3 shall not apply to your ownership of an interest in any NuSpine Chiropractic® business operated under the System under a franchise granted by us or of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.

10.6 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 10.2 and 10.3 of this Agreement, or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof; and you agree that you shall immediately comply with any covenant as so modified, which shall be fully enforceable.

10.7 You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 10. You agree to pay all costs and expenses (including reasonable attorneys' fees and expenses) incurred by us in connection with the enforcement of this Section 10.

10.8 You shall require and obtain execution of covenants of confidentiality, non-disclosure, and non-competition as set forth in Exhibit D to this Agreement (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (1) all of your managers and any other personnel employed by you who have received or will receive training from us; (2) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Area Representative, and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and (3) the general partners and any limited partners (including any entity, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any entity which controls, directly or indirectly, any general or limited partner), if you are a partnership. The covenants required by this Section 10 shall be in a form specified by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenant with the independent right to enforce it.

10.9 You covenant and agree to maintain the confidentiality of any "Confidential Information" we disclose to you. The term "Confidential Information" includes any information, knowledge or know-how concerning the methods of operation of an NuSpine Chiropractic® businesses or the Franchised Business that may be communicated to you or of which you may be apprised in connection with the operation of the Franchised Business under this Agreement or the operation of a franchised NuSpine Chiropractic® business under the terms of a Franchise Agreement, including but not limited to: (1) site selection and design specifications; (2) operating methods, formats, specifications, standards, systems, procedures for servicing customers, sales and marketing techniques, knowledge, and experience used in developing and operating NuSpine Chiropractic® businesses; (3) marketing and advertising programs for NuSpine Chiropractic® Franchises and Area Representative Businesses; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain materials, equipment and supplies; (5) knowledge of the operating results and financial performance of NuSpine Chiropractic® businesses in the Development Area; (6) terms of this Agreement and any other agreement between you and us; (7) the Confidential Operations Manual; (8) graphic designs and related intellectual property; (9) customer lists and information; and (10) our Intranet, if applicable.

ARTICLE XI

DEFAULT AND TERMINATION

11.1 You shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you attempt to transfer this Agreement without complying with the transfer provisions of Article VIII above, or if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation, limited liability company or other business entity, shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or

insolvent; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against your business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, if not cured per this Article XI, effective immediately upon your receipt of notice, upon the occurrence of any of the following events:

(a) If you are (or an officer, director, shareholder, member or partner of you is) convicted of (or pleads guilty or nolo contendere to) a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the Franchised Business, the System, the Marks, the goodwill associated therewith, or our interest therein;

(b) If you abandon your Area Representative Business. Abandonment in this context means any action or omission that demonstrates your intention to permanently relinquish and renounce your rights and duties under this Agreement;

(c) If you, after curing a default pursuant to Section 11.2, commit the same default again within twelve (12) months, whether or not cured after notice;

(d) If you repeatedly (i.e. more than 3 times during any 12-month period) fail to comply with any of the requirements imposed by this Agreement, whether or not cured after notice and regardless of which provisions of this Agreement are violated;

(e) If you commit any default under any Franchise Agreement between you and us (and you fail to timely cure such default in the event that the applicable default can be cured in accordance with the terms of the Franchise Agreement);

(f) If you (or if you are a corporation, limited liability company, partnership or other business entity, your principal or general partner) or your designated manager (who must have been approved by us and must have completed, to our satisfaction, all required training programs) fail to devote full time, energy, and best efforts to the management and operation of the Franchised Business; or

(g) You fail to timely pay us or our affiliates any amounts owed under, or in connection with, this Agreement (and you fail to cure such default within 10 days after receiving written notice from us describing the past due amount).

11.3 Except as otherwise provided in Sections 11.1, and 11.2 of this Agreement, you shall have thirty (30) days after your receipt from us of a notice of default within which to remedy such default hereunder and provide evidence satisfactory to us. If any such default is not cured within that time, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period. You shall be in default hereunder for any failure to comply with any of the requirements imposed by this Agreement, or to carry out the terms of this Agreement in good faith.

ARTICLE XII

OBLIGATIONS UPON TERMINATION OR EXPIRATION

12.1 Upon termination or expiration of this Agreement, all rights granted hereunder to you shall immediately terminate and, except to the extent permitted by any Franchise Agreement entered into by you:

(a) You shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former area representative or franchisee of ours. After such termination or expiration, you shall immediately cease providing services and assistance to Franchisees located within the Development Area.

(b) You shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the Franchised Business; the Mark “NuSpine Chiropractic®” and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System or the Franchised Business. In particular, you shall cease to use, without limitation, all signs, equipment, advertising materials, stationery, forms, and any other articles, which display the Marks associated with the Franchised Business.

(c) You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “NuSpine Chiropractic®” or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

(d) You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks either in connection with such other business or the promotion thereof which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks; and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us.

(e) In the event of termination for any default by you, you shall promptly pay all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, fixtures, equipment, and inventory owned by you and at the business licensed hereunder at the time of the default.

(f) You shall pay us all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Article XII.

(g) You shall immediately turn over to us all materials including all manuals, records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, Franchise Disclosure Documents, and any and all other materials related to operating the Franchised Business hereunder in your possession and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

(h) The Franchise Agreement(s) you have executed for your NuSpine Chiropractic® business(s) shall remain in full force and effect, notwithstanding the termination of this Agreement, provided you are not in default under any of said Franchise Agreements.

ARTICLE XIII **TAXES AND INDEBTEDNESS**

13.1 You shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

13.2 In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.3 You shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Franchised Business, including, without limitation, a license to do business and provide services, fictitious name registration, sales tax and other permits. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the Franchised Business which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any applicable law, rule or regulation shall be forwarded to us by you within three (3) days of your receipt thereof.

13.4 You shall immediately notify us in writing of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business. Additionally, any and all consumer related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in such complaint. You must forward a copy of any such complaint to us within three (3) days of the date on which you receive the complaint.

ARTICLE XIV **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 (a) It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

(b) During the term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the System and the Marks. You agree to take such affirmative action as may be necessary to do so, including exhibiting to customers a sign provided by us in a conspicuous place on the premises of the Franchised Business.

(c) We shall not have the power to hire or fire your employees, and except as herein expressly provided, we may not control or have access to your funds or the expenditures thereof, or in any other way exercise dominion or control over the Franchised Business.

14.2 It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of yours in your conduct of the Franchised Business or any claim or judgment arising therefrom against us.

14.3 You agree at all times to defend, at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our parent, subsidiaries, affiliates, successors, assigns and designees, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (a) your alleged infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (b) your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (c) libel, slander or any other form of defamation by you; (d) your alleged violation or breach of

any warranty, representation, agreement or obligation in this Agreement; (e) any acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; (f) latent or other defects in the Franchised Business, whether or not discoverable by us or you; (g) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (h) any services or products provided by you at, from or related to the operation at the Franchised Business; (i) any services or products provided by any of your affiliates; (j) any action by any customer of the Franchised Business; and (k) any damage to the property of you or us, our respective agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of us or any of our agents or employees, or resulted from any strict liability imposed on us or any of our agents or employees.

14.4 You shall conspicuously identify yourself and the Franchised Business in all dealings with your clients, contractors, suppliers, public officials and others, as an independent Area Representative of ours, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as we may, in our sole and exclusive discretion, specify and require from time to time in our Confidential Operations Manual (as same may be amended from time to time) or otherwise.

14.5 Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and Area Representative. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

ARTICLE XV **APPROVALS AND WAIVERS**

15.1 Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefor and such approval or consent must be obtained in writing.

15.2 No failure of ours to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor shall such constitute our waiver of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver of any preceding breach by you of any terms, covenants or conditions of this Agreement.

ARTICLE XVI **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified mail return receipt requested, sent via facsimile, or dispatched by overnight delivery envelope to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: NuSpine Franchise Systems, LLC
Attention: President and/or COO
14000 N. Hayden Rd., STE 101
Scottsdale, AZ 85260
Telephone: (402) 975-2500
Email: franchise@nuspinechiropractic.com

Notices to Area Representative:

Any notice shall be deemed to have been given (a) at the time of personal delivery, (b) in the case of facsimile, upon transmission (provided confirmation is sent as described above), (c) in the case of overnight delivery service, on the next business day after mailing, or (d) in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

ARTICLE XVII
RELEASE OF PRIOR CLAIMS

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

ARTICLE XVIII
DISCLOSURE STATEMENT AND DISCLAIMER

18.1 You acknowledge, by your signature hereto, that you received from us a Federal Trade Commission Franchise Disclosure Document at least fourteen (14) calendar days prior to the execution of this Agreement.

18.2 You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions and obligations of this Agreement and agree to be bound thereby.

18.3 You acknowledge and accept the following:

YOUR SUCCESS IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, YOUR INDEPENDENT BUSINESS ABILITY. THIS OFFERING IS NOT A SECURITY, AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED BUSINESS RESTS SOLELY WITH YOU. YOU HAVE NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN

MADE BY US TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. WE HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO YOU AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER YOUR BUSINESS. YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

ARTICLE XIX
ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the attachments hereto, if any, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof, and supersede all prior agreements with no other representations as to having induced you to execute this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that we furnished to you. No amendment, change or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties in a writing executed by the authorized officers of each party.

ARTICLE XX
SEVERABILITY AND CONSTRUCTION

20.1 Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement.

20.2 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

20.3 All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof.

20.4 All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement in his/her individual capacity on your behalf. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

20.5 As used in this Agreement, the term "Area Representative" shall include all persons who succeed to the interest of the original Area Representative by transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Area Representative" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership; all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a

corporation or other business entity; and all members of the entity that executes this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, officers, directors and members of the entity that signs this Agreement as Area Representative acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement.

20.6 If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, acts of terrorism, war, explosion, unavoidable calamity or other act of God (a "Force Majeure"), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship upon any party, all parties shall be excused from their respective obligations hereunder for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement shall continue in full force and effect.

ARTICLE XXI

APPLICABLE LAW AND DISPUTE RESOLUTION

21.1 Governing Law. 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 Nebraska law (except for Nebraska conflict of law rules). Except as provided in section 21.2 and 21.3 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 are located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current county and state where our corporate headquarters is located, as set forth above.

21.2 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 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 Lincoln, Nebraska, 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 21.3. 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.

21.3 Arbitration. 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 Nebraska 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.

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.

21.4 Parties' Acknowledgments. You and we acknowledge that the agreements regarding applicable state law and forum set forth above provide each of us with the mutual benefit of uniform interpretation of this agreement and any dispute arising out of this agreement or the relationship created by this agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

21.5 LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 14.3, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

21.6 JURY TRIAL WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

21.7 NO CLASS ACTIONS. ONLY CLAIMS, CONTROVERSIES OR DISPUTES INVOLVING YOU AND YOUR CONTROLLING PRINCIPALS MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER AREA REPRESENTATIVE OR SUPPLIER, OR

CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY YOU OR THE CONTROLLING PRINCIPALS HEREUNDER.

21.8 ACKNOWLEDGMENT OF PARTIES. YOU, THE CONTROLLING PRINCIPALS AND WE ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN THIS ARTICLE XXI PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF YOU, THE CONTROLLING PRINCIPALS AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING APPLICABLE STATE LAW AND CHOICE OF FORUM HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

**ARTICLE XXII
WAIVER OF DAMAGES**

22.1 WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO SECTION 14.3 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

**ARTICLE XXIII
CHANGES AND MODIFICATIONS**

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

23.2 You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System must not remain static in order that it best serve the interest of us, our Franchisees, our Area Representatives and the System. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the NuSpine Chiropractic® businesses' services, methods, standards, forms, policies and procedures or other aspects of the System; adding to, deleting from or modifying the NuSpine Chiropractic® businesses, products and services which the NuSpine Chiropractic® businesses are authorized to offer; and changing, improving or modifying the Marks, franchise agreements, designs, manuals and procedures. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations.

ARTICLE XXIV
ACKNOWLEDGMENTS

24.1 YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF ALL ASPECTS OF THE FRANCHISED BUSINESS AND RECOGNIZE THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON YOUR SKILLS AND ABILITY AS AN INDEPENDENT BUSINESS PERSON OR ORGANIZATION. YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT, THE ATTACHMENTS HERETO AND AGREEMENTS RELATING THERETO, AND THAT WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

[Signatures on Next Page]

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

ATTEST:

Witness: _____

FRANCHISOR:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name:

Title: _____

ATTEST:

Witness: _____

AREA REPRESENTATIVE:

By: _____

Print Name: _____

Title: _____

EACH OF THE UNDERSIGNED OWNS A BENEFICIAL INTEREST IN AREA REPRESENTATIVE AND HAS READ THIS AGREEMENT, AND EACH AGREES TO BE INDIVIDUALLY BOUND BY ALL OF ITS TERMS AND CONDITIONS.

<u>Name</u>	<u>Percentage Interest</u>
By: _____	_____ %
Print Name: _____	
By: _____	_____ %
Print Name: _____	
By: _____	_____ %
Print Name: _____	
By: _____	_____ %
Print Name: _____	

Total:	100%

EXHIBIT A TO THE AREA REPRESENTATIVE AGREEMENT

DEVELOPMENT RIGHTS, AREA AND SCHEDULE

You have the right to development ____ Locations within your Development Area (“Development Rights”):

Your Development Area shall be: _____

During the term of this Agreement you must meet or exceed the following development requirements in the Development Area. Each “Development Period” (as used in the table below) equals 12 months, and the first Development Period begins on the Effective Date of this Agreement:

Development Schedule		
Development Period	Number of Locations That Must be Opened During Development Period	Cumulative Total Number of Locations That Must Be Open and in Operation by the End of the Development Period
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

AREA REPRESENTATIVE:

By: _____

Name: _____

Its: _____

FRANCHISOR:

NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

EXHIBIT B TO THE AREA REPRESENTATIVE AGREEMENT

DISCLOSURE QUESTIONNAIRE

Area Representative Name: _____
Permanent Address (**If an individual**) _____
(Physical address only, no P.O. boxes): _____

State of Organization:
(**If a corporation, LLC or partnership**):

Address of Area Representative _____
Principal Place of Business: _____

As you know, NuSpine Franchise Systems, LLC (the “Franchisor”) and you are preparing to enter into an Area Representative Agreement for the operation of a NuSpine Chiropractic® Area Representative franchise (the “Franchise”). It is imperative that no unauthorized statements or representations have been made and that applicable laws have been complied with in selling you this license.

CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Area Representative acknowledges the following:

- (1) Area Representative understands all the information in NuSpine Chiropractic® Disclosure Document.
- (2) Area Representative understands the success or failure of the Business will depend in large part upon Area Representative’s skills, abilities and efforts and those of the persons Area Representative employs, as well as many factors beyond Area Representative’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (3) That no person acting on behalf of NuSpine Franchise Systems, LLC made any statement or promise regarding the costs involved in operating a NuSpine Chiropractic® franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on NuSpine Chiropractic® behalf made any claim or representation to Area Representative, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on NuSpine Franchise Systems, LLC’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Area Representative may earn, or the total amount of revenue a NuSpine Chiropractic® franchise will generate, that is not in the Disclosure

Document or that is contrary to, or different from, the information in the Disclosure Document.

- (6) That no person acting on NuSpine Chiropractic® ' behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Area Representative understands that this Agreement contains the entire agreement between NuSpine Franchise Systems, LLC's and Area Representative concerning the franchise, which means that any oral or written statements not set out in this Agreement will not be binding.
- (8) In deciding to enter into this Agreement, Area Representative did not rely on any statement, promise, claim or representation not contained in this Agreement or in the Disclosure Document.

FRANCHISE APPLICANT

Dated: _____, 20____

FRANCHISE APPLICANT

Dated: _____, 20____

EXHIBIT C TO THE AREA REPRESENTATIVE AGREEMENT

OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given on _____, by the undersigned in connection with the Area Representative Agreement dated _____, between NuSpine Franchise Systems, LLC ("Franchisor") and _____ ("Area Representative").

In consideration of, and as an inducement to, the execution of the Area Representative Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Area Representative will punctually perform its obligations and pay all amounts due under the Area Representative Agreement, including, without limitation, amounts due for initial fees, ongoing periodic fees, and purchases of equipment, materials, and supplies.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Area Representative or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Area Representative arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Area Representative, but also among the Guarantors; and
- (ii) he or she will render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so; and
- (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Representative or any other person; and
- (iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Area Representative Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Area Representative or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Area Representative Agreement and for so long thereafter as there are any monies or obligations owing by Area Representative to Franchisor under the Area Representative Agreement; and
- (v) Area Representative's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Area Representative will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Area Representative Agreement and is obligated to perform thereunder, including,

without limitation, under Articles X., XII., XIII., XIV., XXI. AND XXII. (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

If Franchisor is required to enforce this Guaranty in an administrative or judicial proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, or judicial proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Area Representative Agreement was executed.

GUARANTORS

By: _____

Print Name: _____

EXHIBIT D TO THE AREA REPRESENTATIVE AGREEMENT

CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

(Area Representative's Owners and Spouses)

1. Pursuant to an Area Representative Agreement dated _____ (the "Area Representative Agreement"), _____ (the "Area Representative") has acquired the right and franchise from NUSPINE FRANCHISE SYSTEMS, LLC (the "Franchisor") to establish and operate a NuSpine Chiropractic clinic (the "Area Representative Business") and the right to use in the operation of the Area Representative Business the Franchisor'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 Franchisor's sole discretion, only in the following territory: _____ (the "Protected Area").

2. The Franchisor, 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 Franchisor 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 Franchisor agreeing to enter into an Area Representative Agreement with the Area Representative and my access to Confidential Information of Area Representative 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 Franchisor 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 Area Representative Business during the term of my spouse's association with the Area Representative or the expiration or termination of the Area Representative 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 Franchisor.

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

7. The Confidential Information is proprietary, involves trade secrets of the Franchisor, 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 Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with assisting the operation of the Area Representative Businesses, and will continue not to disclose or use any such information even after my spouse ceases to be associated with the Area Representative, 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 Area Representative under the Area Representative Agreement, a breach of the employees or associates of the Area Representative, or a breach of my own duties or the duties of my spouse hereunder.

8. Except as otherwise approved in writing by the Franchisor, I shall not, during my spouse's association with the Area Representative, 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 Area Representative 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 Area Representative Agreement or (b) my spouse's affiliation with the Area Representative (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 an Area Representative 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 Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without 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 Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Area Representative. I am aware that my violation of this Agreement will cause the Franchisor and the Area Representative irreparable harm; therefore, I acknowledge and agree that the Area Representative and/or the Franchisor 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 Area Representative and the Franchisor 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 Area Representative and the Franchisor, any claim I have against the Area Representative or the Franchisor 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 Franchisor.

13. The methods of dispute resolution and the governing law outlined in the Area Representative 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 Area Representative's and Franchisor'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 Franchisor, and any successor will be deemed substituted, for all purposes, as the "Franchisor" 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 Franchisor. I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

AREA REPRESENTATIVE OWNER(S)

By: _____
Print Name: _____
Date: _____

**AREA REPRESENTATIVE OWNER(S)
- SPOUSE(S)**

By: _____
Print Name: _____
Date: _____

ACKNOWLEDGED BY AREA REPRESENTATIVE (ENTITY, IF APPLICABLE)

By: _____

Print Name: _____

Title: _____

EXHIBIT E TO THE AREA REPRESENTATIVE AGREEMENT

STATE-SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises in the State of California, is amended to include the following:

1. Section 2.2(D) and Article XVII of the Area Representative Agreement are amended by adding the following at the end of these sections:

“This release will not apply to claims as you may have under the California Franchise Investment Law and the California Franchise Relations Act.”
2. The Area Representative Agreement is governed by California law. This requirement may be unenforceable under California law.
3. The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
4. The Area Representative Agreement currently requires that any litigation be conducted in California. This provision may not be enforceable under California law.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____
By: _____
Name: _____
Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC
By: _____
Name: _____
Its: _____

HAWAII ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Area Representative Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Area Representative Agreement.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

ILLINOIS ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. 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.

2. Illinois law governs the franchise agreements.

3. 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.

4. Payment of Area Representative 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.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

INDIANA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions will 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 disclosure document, the Area Representative Agreement, or Nebraska law, if the 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 including any material breach of the Area Representative Agreement, will supersede the provisions of Article XI of the Area Representative Agreement to the extent Article XI may be inconsistent with this prohibition.
3. Any provision in the Area Representative Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.
4. Section 10.2 of the Area Representative Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Area Representative Agreement as a second paragraph to Section 21.5:

Notwithstanding the foregoing provisions of this Section 21.5, any provision in this Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

MARYLAND ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

The following provisions will supersede any inconsistent provisions in the Area Representative Agreement and apply to all residents of the State of Maryland, all Area Representative Businesses to be operated in the State of Maryland, and all Area Representative Businesses offered and sold in the State of Maryland:

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

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

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

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

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

MINNESOTA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

The Area Representative 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.”

2. 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.

3. 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.

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

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

6. We will protect your rights under this Area Representative Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Area Representative Agreement and the System Standards.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

NEW YORK ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. No release language set forth in the Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.
2. Section 8.1 is amended by the addition of the following sentence immediately after the second sentence of that section:

Notwithstanding the foregoing, no assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement (to the extent assigned).

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____
By: _____
Name: _____
Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC
By: _____
Name: _____
Its: _____

NORTH DAKOTA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Area Representative Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. To the extent that Article XXI of the Area Representative Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Area Representative Agreement or Nebraska law.

4. Article XXI of the Area Representative Agreement is amended to include a statement that in the event that either party will make a demand for mediation, such mediation will be conducted in a mutually agreed upon site.

5. Article XXI of the Area Representative Agreement requires the franchisee to consent to a waiver of trial by jury. This jury trial waiver is deemed deleted and shall not in any way abrogate or reduce any rights of the franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

6. Article XXI of the Area Representative Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota Franchisees and is deemed deleted in each place it appears in the Agreement.

7. Article XXI of the Area Representative Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota Franchisees and is deemed amended to allow claims to be brought within the applicable statute of limitations under North Dakota law.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

RHODE ISLAND ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Article XXI of the Area Representative Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving a business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

VIRGINIA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

The franchise agreement is amended to include the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement and the Area Representative 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.

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

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

WASHINGTON ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any mediation involving a franchise purchased in Washington, the mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

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

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

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

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

WISCONSIN ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Area Representative Agreement that are inconsistent with that law.

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

Area Representative: _____

By: _____

Name: _____

Its: _____

Franchisor: NUSPINE FRANCHISE SYSTEMS, LLC

By: _____

Name: _____

Its: _____

EXHIBIT B

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OPERATIONS MANUAL
FOR AREA REPRESENTATIVES

NUSPINE CHIROPRACTIC®

AREA REPRESENTATIVE OPERATIONS MANUAL

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EXHIBIT C

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 Frisco, TX 75034	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4 th Street Frisco, TX 75034
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
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Division of Insurance Securities Regulation 1 Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57502
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 D
FINANCIAL STATEMENTS

NUSPINE FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members:
NuSpine Franchise Systems, LLC
Lincoln, Nebraska

Opinion

We have audited the accompanying financial statements of NuSpine Franchise Systems, LLC which comprise the balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020 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.

7517 S. McClintock Dr., Suite 107 / Tempe, Arizona, 85283
Member American Institute of Certified Public Accountants / Arizona Society of Certified Public Accountants

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

Tempe, Arizona
February 12, 2022

7517 S. McClintock Dr., Suite 107 / Tempe, Arizona, 85283
Member American Institute of Certified Public Accountants / Arizona Society of Certified Public Accountants

NUSPINE FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

<u>CURRENT ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 327,610	\$ 514,817
Royalty receivable	-	2,377
Franchise fees receivable	39,000	-
Deferred costs - current	<u>26,853</u>	<u>6,738</u>
Total Current Assets	393,463	523,932
 <u>PROPERTY AND EQUIPMENT</u>		
Property and equipment, net of accumulated depreciation	<u>185,277</u>	<u>-</u>
 <u>OTHER ASSETS</u>		
Deferred costs - long term	569,702	124,205
Deposits	<u>7,972</u>	<u>2,100</u>
Total Other Assets	<u>577,674</u>	<u>126,305</u>
Total Assets	<u>\$ 1,156,414</u>	<u>\$ 650,237</u>

LIABILITIES AND MEMBERS' DEFICIT

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 30,336	\$ 3,563
Accrued expenses	18,688	80,810
Deferred revenue - current	182,086	60,892
Notes payable	<u>-</u>	<u>45,200</u>
Total Current Liabilities	231,110	190,465
 <u>LONG-TERM LIABILITIES</u>		
Deferred revenue - long term	<u>2,073,563</u>	<u>702,537</u>
Total Liabilities	2,304,673	893,002
 <u>MEMBERS' DEFICIT</u>		
Members' capital	505,471	505,471
Accumulated deficit	<u>(1,653,730)</u>	<u>(748,236)</u>
Total Members' Deficit	<u>(1,148,259)</u>	<u>(242,765)</u>
Total Liabilities and Members' Deficit	<u>\$ 1,156,414</u>	<u>\$ 650,237</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenue		
Area representative	\$ 127,675	\$ 16,071
Royalties	32,227	3,523
Other	-	200
	<u>159,902</u>	<u>19,794</u>
Operating expenses		
General and administrative	<u>1,146,558</u>	<u>625,672</u>
Operating loss	(986,656)	(605,878)
Other income:		
Credit card rebates	25,082	-
Rebates on tables	10,880	-
PPP loan forgiveness	45,200	-
	<u>81,162</u>	<u>-</u>
Net loss	(905,494)	(605,878)
Members' deficit, beginning of year	<u>(748,236)</u>	<u>(142,358)</u>
Members' deficit, end of year	<u>\$ (1,653,730)</u>	<u>\$ (748,236)</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

NUSPINE FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Reconciliation of Net Loss to		
Cash Flows From Operating Activities		
Cash flows from operating activities	<u>2021</u>	<u>2020</u>
Net loss	\$ (905,494)	\$ (605,878)
Adjustments to reconcile net loss to		
net cash provided by operating activities:		
Forgiveness of PPP funds	(45,200)	-
Depreciation	5,294	-
(Increase) decrease in:		
Royalties receivable	2,377	(2,377)
Franchise fees receivable	(39,000)	-
Deferred costs	(465,612)	(130,943)
Deposits	(5,872)	-
Increase (decrease) in:		
Accounts payable	26,773	3,563
Accounts payable - related party	-	(8,525)
Accrued expenses	(62,122)	59,137
Deferred revenue	1,492,220	763,429
Net cash provided by operating activities	3,364	78,406
Cash Flows From Investing Activities:		
Purchases of property and equipment	(190,571)	-
Cash Flows From Financing Activities:		
Borrowings on note payable	-	45,200
Net (decrease) increase in cash	(187,207)	123,606
Cash, beginning of year	514,817	391,211
Cash, end of year	<u>\$ 327,610</u>	<u>\$ 514,817</u>
Non Cash Supplemental Disclosures:		
Forgiveness of PPP funds	\$ 45,200	-

The Accompanying Notes are an Integral Part of these Financial Statements.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020, the Company had approximately \$78,000 and \$265,000, respectively, in excess of FDIC insured limits.

Fair Value Measurement

The carrying values of cash, receivables, payables and accrued expenses approximates 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 \$210,000 and \$60,000 of advertising expenses during 2021 and 2020, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Customers and Major Suppliers

A major customer is defined as any customer from whom 10% or more of revenues are derived. During the years ended December 31, 2021 and 2020, the Company generated revenues for royalty, advertising fund and technology fees from three and one customers totaling approximately 85% and 100%, respectively.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition and disclosure through February 12, 2022, 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:

	<u>2021</u>	<u>2020</u>
Software	\$ 190,571	\$ -
Accumulated depreciation and amortization	(5,294)	-
	<u>\$ 185,277</u>	<u>\$ -</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$5,294 and \$0, 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 \$275 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.

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 \$9,250, 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.

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 4 – FRANCHISING (CONTINUED)

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 between January 1, 2020 and December 31, 2021,

Balance at January 1,	\$ -
Revenue recognized	(16,071)
Increase, excluding amounts recognized as revenue during the year	<u>779,500</u>
Balance at December 31,	<u>\$ 763,429</u>
Balance at January 1,	\$ 763,429
Revenue recognized	(127,675)
Increase, excluding amounts recognized as revenue during the year	<u>1,619,895</u>
Balance at December 31,	<u>\$ 2,255,649</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,	
2021	\$ 60,892
2022	72,200
2023	77,950
2024	77,950
2025	77,950
Thereafter	<u>396,487</u>
Total	<u>\$ 763,429</u>
Year ending December 31,	
2022	\$ 182,086
2023	224,483
2024	246,625
2025	246,625
2026	246,625
Thereafter	<u>1,109,205</u>
Total	<u>\$ 2,255,649</u>

NUSPINE FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 4 – FRANCHISING (CONTINUED)

The summary below represents the balances in deferred revenue as of December 31:

	<u>2021</u>	<u>2020</u>
Franchise fees	\$ 925,400	\$ 214,000
Area representative fees	1,300,855	549,429
Transfer fees	23,750	-
Ad fund fees	5,644	-
Total deferred revenue	<u>\$ 2,255,649</u>	<u>\$ 763,429</u>

NOTE 5 – NOTE PAYABLE

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Company obtained a PPP loan for \$45,200. The Company was notified by the Small Business Association (SBA) in January 2021 that the loan amount of \$45,200 in principal and \$305 in interest was forgiven.

NOTE 6 - OPERATING LEASE

The Company leases office space under a non-cancelable operating lease expiring June 2022. The lease requires monthly lease payments of \$3,500. The Company paid rent of \$31,500 and \$25,200 for the years ended December 31, 2021 and 2020. Total future minimum lease payments of \$21,000 are due through end of the lease term.

NOTE 7 - RELATED PARTY TRANSACTIONS

Consulting Services

The Company has entered into a franchise consulting services agreement with a member of the Company. The agreement currently requires monthly payments of \$20,000. During the years ended December 31, 2021 and 2020, consulting fees of \$240,000 and \$152,000 respectively, were paid to the related party.

SCHEDULE I

NUSPINE FRANCHISE SYSTEMS, LLC
 SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Advertising	\$ 210,099	\$ 59,479
Bank service charges	2,767	794
Business licenses and permits	3,577	3,204
Commissions	19,838	-
Computer, internet, software	15,876	59,688
Consulting fees	268,766	152,000
Depreciation	5,294	-
Donations	469	-
Guaranteed payment - NSFI	20,000	-
Insurance	31,704	15,937
Meals and entertainment	3,152	-
Office supplies	8,604	4,873
Payroll expenses	355,774	211,485
Payroll taxes	32,648	21,951
Postage	1,238	619
Professional services	69,100	60,378
Rent	31,500	25,200
Royalties	10,590	971
Signage	8,231	-
Training expense	8,765	1,308
Travel	35,706	3,435
Utilities	2,860	4,350
	\$ 1,146,558	\$ 625,672

See Independent Auditor's Report
 on Supplementary Information.

EXHIBIT E

GENERAL RELEASE

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE (“Release”) is signed on _____, by _____ (“Area Representative”) and _____ (“Guarantors”) as a condition of (1) the transfer of the NuSpine Chiropractic® Area Representative Agreement dated _____ between NUSPINE FRANCHISE SYSTEMS, LLC, a Delaware limited liability company (“we”, “us” or “our”) and Franchisee (“Area Representative Agreement”); or (2) the signing of a successor or renewal Area Representative Agreement between Franchisee and us.

1. Release by Franchisee and Guarantors. Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasers”) freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the “Released Parties”) from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releaser ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Area Representative Agreement and all other agreements between any Releaser and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

3. Covenant Not to Sue. Franchisee and Guarantors (on behalf of all Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee and Guarantors represent and warrant that: (i) Releasers are the sole owners of all Claims and rights released in Section 1 and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releaser has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

5. California Release. California Civil Code §1542 provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

6. Complete Defense. Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

7. Successors and Assigns. This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. Counterparts. This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

9. Capitalized Terms. Any capitalized terms that are not defined in this Release have the meaning given them in the Area Representative Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

AREA REPRESENTATIVE:

By: _____

Name: _____

Title: _____

Date: _____

GUARANTORS:

_____	Guarantor's Residential Address:	_____
Signature of Guarantor		_____
_____		_____ %
Printed/Typed Name of Guarantor	Guarantor's Title/Position with Franchisee:	
_____	_____	
Signature of Guarantor's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20_____

_____	Guarantor's Residential Address:	_____
Signature of Guarantor		_____
_____		_____ %
Printed/Typed Name of Guarantor	Guarantor's Title/Position with Franchisee:	
_____	_____	
Signature of Guarantor's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 20_____

_____	Owner's Residential Address:	Owner's % Ownership:
Signature of Owner	_____	
_____		_____ %
Printed/Typed Name of Owner	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		

Printed/Typed Name of Spouse	Date: _____	, 200_____

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EXHIBIT F

STATE-SPECIFIC DISCLOSURES

CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for NuSpine Franchise Systems, LLC in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with this disclosure document.
2. Neither the franchisor nor any person included in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provides rights to franchisees concerning termination or non-renewal of a franchise. If the Area Representative Agreement attached to this disclosure document contains a provision that is inconsistent with the law, the law will control.
4. Item 6 of this disclosure document is amended to include the following statement: The Area Representative Agreement attached to this disclosure document provides for interest to be paid (at a rate equal to the lesser of 18% per year or the maximum lawful rate) on any past due amounts owed to the franchisor. The maximum lawful rate of interest under California law is 10% per annum.
5. The Area Representative Agreement attached to this disclosure document provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
6. The Area Representative Agreement attached to this disclosure document contains a covenant not to compete which extends beyond the termination of the Area Representative Agreement. This provision may not be enforceable under California law.
7. The Area Representative Agreement attached to this disclosure document does not require disputes to be settled through binding arbitration.
8. The Area Representative Agreement attached to this disclosure document requires disputes to be settled in California under California law. 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 the Area Representative Agreement restricting venue to a forum outside the State of California.
9. The Area Representative Agreement attached to this disclosure document requires application of the laws of California. This provision may not be enforceable under California law.
10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

12. Regarding our website www.nuspinechiropractic.com, please note the following:

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

HAWAII

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.

A. 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 (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A 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 AREA REPRESENTATIVE 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 AREA REPRESENTATIVE.

1. Unless exempt, the registration or filing of this disclosure document is pending in the States indicated on the State Effective Dates page to this disclosure document.
2. No states have refused, by order or otherwise, to register these franchises.
3. No states have revoked or suspended the right to offer these franchises.
4. The proposed registration of these franchises has not been withdrawn in any state.
5. Any provision of the Area Representative Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is void to the extent that the provision violates this law.

ILLINOIS

Illinois law governs the Area Representative Agreement.

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.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

Item 5 of this disclosure document is supplemented by the addition of the following amended as follows:

Payment of Area Representative 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.

INDIANA

The following provisions supersede any inconsistent provisions in the disclosure document, 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 disclosure document, the Area Representative Agreement or Nebraska law, if these 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 including any material breach of the Area Representative Agreement, will supersede the provisions of Article XI of the Area Representative Agreement to the extent such sections may be inconsistent with this prohibition.
3. Any provision in the Area Representative Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.
4. The following provision will be added to the Area Representative Agreement at the end of Section 21.5:

No Limitation on Litigation. Notwithstanding the foregoing provisions of this Section 21.5, any provision in the Area Representative Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

The following provisions supersede any inconsistent provisions in the disclosure document, and apply to all residents of the State of Maryland, all franchises to be operated in the State of Maryland, and all franchises offered and sold in the State of Maryland.

1. Item 17 is amended to state that any provision in the Area Representative Agreement which terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

2. Item 17 is amended to state that the general release required as a condition of the renewal, sale and/or assignment/transfer of the Area Representative Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Item 17 is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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 arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable 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 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.

MINNESOTA

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

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."

2. 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.

3. 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.

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

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

6. We will protect your rights under this Area Representative Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding

your use of the Marks, if your use of the Marks is in compliance with the provisions of the Area Representative Agreement and the System Standards.

NEW YORK

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

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 THE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW INVESTOR PROTECTION BUREAU 28 LIBERTY ST. 21ST FL, NEW YORK, NY 10005. 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 THE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and 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.

The following is added to the end of Item 4:

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.

The following is added to the end of Item 5:

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

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

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

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.

The following is added 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.

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

NORTH DAKOTA

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Area Representative Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.
2. Item 17(u) and (v) are hereby amended to state that in the event that either party will make a demand for mediation, such mediation will be conducted in a mutually agreed upon site.
3. To the extent that Article XXI of the Area Representative Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Area Representative Agreement or Nebraska law.

5. The Area Representative Agreement requires the Area Representative to consent to a waiver of trial by jury. The jury trial waiver provision is deemed deleted and shall not in any way abrogate or reduce any rights of the Area Representative as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

6. The Area Representative Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota Area Representatives and is deemed deleted in each place it appears in the Disclosure Document and the Area Representative Agreement.

7. The Area Representative Agreement requires the Area Representative to consent to a limitation of claims within one year. That requirement will not apply to North Dakota Area Representatives and is deemed amended to allow claims to be brought within the applicable statute of limitations under North Dakota law.

RHODE ISLAND

The following provision supersedes the disclosure document and applies to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Article XXI of the Area Representative Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving an Area Representative Business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

SOUTH DAKOTA

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of South Dakota.

1. Covenants not to compete upon termination or expiration of the Area Representative Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided law.

2. Franchise registration, employment, covenants to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of Nebraska.

3. To the extent that Article XXI of the Area Representative Agreement would otherwise violate South Dakota law, these sections are amended by providing that all litigation by or between you and us, involving an Area Representative Business operating in the State of South Dakota, will be commenced and maintained, at our election, in the state courts of South Dakota or the United States District Court for South Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. Termination provisions covering breach of the Area Representative Agreement, failure to meet performance and quality standards, and failure to make any payments contained in the disclosure document and Area Representative Agreement will afford you thirty (30) days written notice with an opportunity to cure the default before termination.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for NuSpine Franchise Systems, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures:

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement and the Area Representative 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.

Item 5 is amended to provide:

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

WASHINGTON

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Washington:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your Area Representative Business. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. If any of the provisions in this disclosure document or Area Representative Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the disclosure document and Area Representative Agreement, as applicable, with regard to any franchise sold in the State of Washington.
2. In any mediation involving a franchise purchased in Washington, the mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
4. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as the right to a jury trial may not be enforceable. Any provision in the Area Representative Agreement which would require you to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by the Washington Franchise Investment Protection Act will be void to the extent that the provision violates the Act.
5. Transfer fees are collectable to the extent they reflect the franchisors reasonable estimated or actual cost in effecting a transfer.

WISCONSIN

The following provision supersedes any inconsistent provision in the disclosure document and applies to all franchises offered and sold in the State of Wisconsin:

The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of this disclosure document and the Area Representative Agreement that are inconsistent with that law.

EXHIBIT G

LIST OF AREA REPRESENTATIVES

LIST OF AREA REPRESENTATIVES

AREA REPRESENTATIVES

Opened as of December 31, 2021:

State/Development Area	Name of Area Representative	Contact Person	Address	Phone Number
Arizona	TAC AZ, LLC	Terry O'Neal	20235 N Cave Creek Rd., Phoenix, AZ 85024	623-764-2780
Arizona/ Los Angeles, CA*	Lee Consulting Group, LLC	Dr. Marvin Lee	1111 S Grand Ave #1002 Los Angeles, CA 90015	213-925-3368
San Diego, CA	Belton & Thompson Chiropractic, Inc.	Peter Thompson	1084 N El Camino Real Suite B390 Encinitas, CA 92024	760-889-2353
Georgia	NuWorld Development, LLC	Raj Kalra	5997 Downington Pt Acworth, GA 30101	404-828-0091
Idaho/Montana	NUDFW, LLC	Terry O'Neal	20235 N Cave Creek Rd., 104-472, Phoenix, AZ, 85024	623-764-2780
Nevada	VAWN, LLC	Dr. Michael Weinberger	3052 Via Venezia, Henderson, NV 89052	702-335-0844
North Carolina	CAS Development, LLC	Dr. Daniel Nugent	1517 Yardley Dr., Wake Forest, NC 27587	412-523-8846
Tennessee / Arkansas / Oklahoma/ West TX	Stoney Investments LLC	James Nelson	2520 Lilac Dr., Liberal, KS 67901	620-621-1172
Dallas, TX	NUDFW, LLC	Terry O'Neal	20235 N Cave Creek Rd., 104-472, Phoenix, AZ, 85024	623-764-2780
Houston/Austin/San Antonio, TX	Wahoo Franchise, LLC	Chris Keller	256 Spyglass Rd, McQueeney, TX 78123	210-854-8982
Utah	VAWN, LLC	Dr. Joseph Nicola	3052 Via Venezia, Henderson, NV 89052	702-335-0844

*Note that in March 2021, Dr. Lee transferred his territory from Arizona to California.

Signed but Not Opened as of December 31, 2021:

None

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Area Representatives who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Area Representative 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:

None

EXHIBIT H

STATE EFFECTIVE DATES

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	April 5, 2021
Hawaii	Not Registered
Illinois	April 21, 2021
Indiana	April 19, 2021
Maryland	Not Registered
Michigan	March 8, 2021
Minnesota	April 23, 2021
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	April 30, 2021
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPTS

RECEIPT

(YOUR COPY – RETAIN FOR YOUR FILES)

This Disclosure Document summarizes certain provisions of the Area Representative 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: Aaron Hedlund, COO and Ronny Record, Jr., Director of Operations, 14000 N. Hayden Rd. Ste. 101, Scottsdale, AZ 85260, (402) 975-2500; and
(Name) _____ (Address) _____; (Phone) _____.

Date of Issuance: March 15, 2022

I have received a Franchise Disclosure Document dated March 15, 2022. This Disclosure Document included the following Exhibits:

- A. Area Representative Agreement
- B. Table of Contents of Confidential Operations Manual
- C. List of State Administrators/Agents for Service of Process
- D. Financial Statements
- E. General Release
- F. State-Specific Disclosures
- G. List of Franchisees
- H. State Effective Dates
- I. Receipts

Date

Signature of Prospective Area Representative

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)

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