

FRANCHISE DISCLOSURE DOCUMENT



Body and Brain Center, LLC
an Arizona limited liability company
1223 S. Clearview Ave., Suite 101
Mesa, Arizona 85209
Phone: (480) 550-8644
Fax: (866) 324-4805
E-Mail: support@bodynbrain.com
Website: www.bodynbrain.com

Body and Brain Center, LLC offers franchises for Body & Brain Centers that provide holistic health and healing programs to individuals and small groups and sell related products and subscription services.

The total investment necessary to begin operation of a Body & Brain franchise ranges from \$52,930 to \$115,550. This includes an amount ranging from \$30,450 to \$33,700 that must be paid to us and our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate for 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 the franchisor at 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209 or call (480) 550-8644.

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

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

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

Issuance Date: February 3, 2020 (amended May 4, 2020)



3435 Wilshire Blvd. Suite 600
Los Angeles, CA 90010
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INDEPENDENT AUDITORS' REPORT

To the Members
BODY AND BRAIN CENTER, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Body and Brain Center, LLC (an Arizona limited liability company and wholly owned subsidiary of Body & Brain Yoga and Health Centers, Inc.), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statement of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Body and Brain Center, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

ABC CPAs
Los Angeles, CA

January 29, 2020



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ABC CPAs
Los Angeles, CA

April 29, 2020

BODY AND BRAIN CENTER, LLC
 Balance Sheet
 December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 397,810	\$ 613,654
Accounts receivable, Net	34,409	42,890
Interest receivable	485	570
Note receivable	380,000	380,000
Prepaid expenses	<u>7,047</u>	<u>6,295</u>
Total Current Assets	819,751	1,043,410
Restricted Cash	<u>265,025</u>	<u>192,846</u>
Total Assets	<u>\$ 1,084,776</u>	<u>\$ 1,236,256</u>
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	\$ 18,447	\$ 30,094
Accrued liabilities	17,813	18,718
Deferred revenue	141,540	121,540
Other payable	7,620	4,130
Unearned revenue	<u>35,553</u>	<u>1,000</u>
Total Current Liabilities	<u>220,973</u>	<u>175,482</u>
Total Liabilities	220,973	175,482
Member's Equity	<u>863,803</u>	<u>1,060,775</u>
Total Liabilities and Equity	<u>\$ 1,084,776</u>	<u>\$ 1,236,256</u>

See accompanying accountants' audited report and notes to financial statements.

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Current Liabilities		
Accounts payable	\$ 18,447	\$ 30,094
Accrued liabilities	17,813	18,718
Deferred revenue	141,540	121,540
Other payable	7,620	4,130
Unearned revenue, current portion	<u>7,967</u>	<u>1,000</u>
Total Current Liabilities	193,387	175,482
Non Current Liabilities		
Unearned revenue	<u>27,586</u>	<u>-</u>
Total Non Current Liabilities	<u>27,586</u>	<u>-</u>
Total Liabilities	220,973	175,482
Member's Equity	<u>863,803</u>	<u>1,060,775</u>
Total Liabilities and Equity	<u>\$ 1,084,776</u>	<u>\$ 1,236,256</u>

See accompanying accountants' audited report and notes to financial statements.

BODY AND BRAIN CENTER, LLC

Notes to the Financial Statements

December 31, 2019 and 2018

NOTE E – FRANCHISING ACTIVITIES

The following table presents the franchisee activity that changed for the year ended December 31, 2019:

	<u>Number of Centers (Retail Center)</u>	<u>Number of Centers (Home Based Center)</u>
Franchised centers as of December 31, 2018	43	17
New franchised centers	3	-
Terminated franchised centers	(3)	(7)
Total centers as of December 31, 2019	<u>43</u>	<u>10</u>

NOTE F – CONCENTRATION OF RISK

Credit Risk

Financial instruments that are potentially subjected to the Company in concentration of credit risk consist of cash and cash equivalents. These are deposited and maintained by several financial institutions and at times are in excess of Federal Deposit Insurance Corporation limit of \$ 250,000 per financial institution.

NOTE G – SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENT

During the years ended December 31, 2019 and 2018, there was no cash payment for interest.

NOTE H – SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through January 29, 2020, the date on which the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

See accompanying accountants' audited report and notes to financial statements

BODY AND BRAIN CENTER, LLC

Notes to the Financial Statements

December 31, 2019 and 2018

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During the years ended December 31, 2019 and 2018, there was no cash payment for interest.

NOTE H – SUBSEQUENT EVENTSDate of Management Evaluation

Management has evaluated subsequent events through April 29, 2020, the date on which the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

See accompanying accountants' audited report and notes to financial statements

10

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	March 3, 2020 <u>*Pending*</u>
Hawaii	March 10, 2020 <u>*Pending*</u>
Illinois	Pending*
Maryland	Pending*
Minnesota	Pending
New York	Pending*
Virginia	Pending*
Washington	March 12, 2020 <u>*Pending*</u>

* This effective date pertains to a separate state-specific FDD for the registration of this Body & Brain Center franchise.

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.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Body and Brain Center, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate for the proposed franchise sale.

If Body and Brain Center, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Sa Yong Kim, 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209, (928) 274-0409

Eun Jeong Lee, 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209, (650) 339-5366

Joung Yoon, 1234 S. Power Road, Suite 151, Mesa, Arizona 85206, (480) 320-9701

Joanne M. Howell, 1223 S. Clearview Ave. Suite 101, Mesa, Arizona 85209, (480) 550-8644

Body and Brain Center, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

Issuance date: February 3, 2020 (amended May 4, 2020)

I have received the Body & Brain Franchise Disclosure Document for the State of Minnesota that included the following Exhibits:

- EXHIBIT "A" State Agencies and Administrators
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Training Agreement
- EXHIBIT "E" General Release
- EXHIBIT "F" Referral Agreement
- EXHIBIT "G" Software Service Agreement
- EXHIBIT "H" Table of Contents of the confidential Operating Manuals
- EXHIBIT "I" State Addendum
- EXHIBIT "J" List of Franchisees
- EXHIBIT "K" Financial Statements of Body and Brain Center, LLC
- EXHIBIT "L" Franchisee Disclosure Questionnaire
- EXHIBIT "M" State Effective Dates and Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This receipt should be signed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Body and Brain Center, LLC.)

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