

FRANCHISE DISCLOSURE DOCUMENT



Rapha X, LLC
A Minnesota Limited Liability Company
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As an Arubah franchisee, you will operate a business providing outpatient mental and emotional health therapeutic support services. Our brand uses an all-inclusive approach for both therapists and clients and a primary focus on serving the unseen and ignored. Franchisees will operate the business under the brand “Arubah.”

The total investment necessary to begin operation of an Arubah franchise is \$44,390 to \$69,617. This includes \$25,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a two to five-unit Multi-Unit Development Agreement (including the first unit) is \$65,390 to \$154,617. This includes \$45,000 to \$105,000 that must be paid to the franchisor. There is no minimum number of Arubah units that you are required to develop under the Multi-Unit Development Agreement.

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

To discuss the availability of disclosures in different formats, you may wish to receive your disclosure document in another format that is more convenient for you. Please contact Anissa Keyes Powell and Tamia McLaughlin at 705 42nd Ave N, 3rd Floor, Minneapolis, MN 55412 and 612-284-8115.

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 an 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, D.C. 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.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **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.
3. **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.
4. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Unregistered Trademark.** The primary trademark 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.

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.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	7% of your gross sales	Bi-Weekly, on the 20 th and the 5 th of each month.	<p>All Franchise Fees will be collected bi-weekly.</p> <p>The Royalty Fee due on the 20th will be for the time period of the 1st through the 15th of that month.</p> <p>The Royalty Fee due on the 5th will be from the time period of the 16th through the end of the previous month.</p> <p>See Note 1 and Note 2.</p>
Brand Fund Contribution	1% of your gross sales	Bi-Weekly, on Monday	See Item 11 for a detailed discussion about these funds. Amounts due will be withdrawn by electronic wire transfer from your designated bank account.
Market Cooperative Contribution	As determined by co-op. Currently, None.	Bi-Weekly, on Monday	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales. Any location owned by us or any affiliate will have the same voting rights as our franchisees. Dues will be imposed by a majority vote and will not be less than 1% of gross sales. If any location owned by us or any affiliates have a majority vote, the maximum fees imposed will not exceed 3% of gross sales.
Local Marketing/Required Spending	2% of your gross sales	Monthly	You will be required to execute a local marketing campaign in your area where you will invest this money to promote your franchised business and advertise in your market. These costs will be paid directly to advertising media locally and then reported to us at the end of each month. You may only use promotional materials and branded items that we have approved.

Type of Fee	Amount	Due Date	Remarks
Billing Services	<p>Will vary depending on the Monthly Revenue Billing for any given month:</p> <p>Monthly Revenue: \$7,500 to \$19,999 = 7% Billing Rate \$20,000 to \$39,999 = 6% Billing Rate \$40,000 to \$59,999 = 5% Billing Rate \$60,000 to \$79,999 = 4.5% Billing Rate \$80,000 or higher = 4% Billing Rate</p>	Monthly	<p>You will pay the billing service rate to a approved billing provider, not to us. This Billing Rate will be paid to the service provider for collecting payments and billing your clients each month.</p>
Replacement / Additional Training fee	Currently , \$500 per day	Prior to attending training	<p>If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.</p>
Third party vendors	<p>Pass through of costs, plus reasonable administrative charge. Currently, None.</p>	Varies	<p>We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.</p>
Software subscription	Currently , \$275 per month	Monthly	<p>We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.</p>
Non-compliance fee	\$500	On demand	<p>We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.</p>
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	<p>If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.</p>

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employee/team members providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$500, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.

Supplier and is currently overseen by our internal marketing and sales departments. Participation in the Opening Support Program is mandatory, and we may require you to spend certain amounts on services or content that is supplied by one (1) or more of our Approved Supplier(s). The Initial Marketing Spend will not count towards your Local Advertising Requirement.

Required spending. After you open, you must spend at least 2% of gross sales each month on marketing your business.

Point of Sale and Computer Systems

We require you to purchase, lease and maintain such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording sales, scheduling, and other functions that we require. You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your computer system as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your computer system in compliance with certain security standards specified and modified by us. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our System Standards for all item(s) associated with your computer system and will otherwise operate your computer system in accordance with our System Standards.

To ensure full operational efficiency and optimal communication capability between and among computer systems installed by you, us, and other franchisees, you agree, at your expense, to keep your computer system in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct. It is your responsibility to confirm and verify that your systems and operating technology are HIPAA compliant in how you operate the business and use your technology.

We may require you to update or upgrade any computer hardware or software during the term of the Franchise. There is no contractual limit on the frequency or cost of this obligation.

Computer System as follows:

Software:

EHR & BambooHR -platforms

QuickBooks -Accounting & payroll

Hardware:

Desktop computer and/or laptop/tablet(s)

Camera systems

current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The behavioral health market and demand for services is growing and continues to become a larger and more significant market segment. There is no seasonality for this business model. The market for autistic children and young adults seeking help to improve their quality of life is becoming more competitive in the United States.

Laws and Regulations

From a general business perspective, operation of a Arubah will require you to be aware of federal, state and local regulations that are common to all businesses including federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements.

The health care industry is heavily regulated. Some of the laws, regulations, and licensing requirements that apply to mental health clinics and will apply to your Franchised Business, relate to the practice of mental health and the licensing and operation of counseling services. Your Franchised Business will be subject to many federal, state, and local laws, regulations, and licensing requirements. You must comply with all laws, regulations, and licensing requirements that apply to your Franchised Business. You are responsible for investigating and evaluating the federal, state, and local laws that may apply to the structuring and operation of your Franchised Business, and the federal, state, and local restrictions regarding the ownership of your Franchised Business and the individuals that may or may not provide services through your Franchised Business. We require you to consult with an attorney regarding the laws and regulations and the permit, license, and certificate requirements that may apply to your Franchised Business before signing a Franchise Agreement with us.

You are responsible for obtaining all licenses required for you to operate your Business. If you are an individual or legal entity purchasing an Arubah (regardless of the model), you either must be a licensed behavior analyst or you must partner with (or hire) someone who is a licensed behavior analyst and the Business must be under a licensed behavior analyst's direct supervision at all times. The behavioral health industry is heavily regulated and such laws may include federal, state and local regulations relating to: the practice of mental health care and the operation and licensing of mental health or behavior modification services; the relationship between providers and suppliers of mental health care or behavior modification services; payment systems for mental health care or behavior modification services and benefits available to individuals through insurance and government resources (including Medicare and Medicaid); and advertising of mental health care or behavior modification services. You and all other licensed behavior analysts that you hire must also comply with privacy of client records and the Health Insurance Portability and Accountability Act ("HIPAA") and Health Information for Economic and Clinical Health Act ("HITECH") as well as any state privacy laws and state mental health privacy obligations which might encompass more stringent privacy obligations than HIPAA and HITECH.

You (if you are a licensed behavior analyst) and all other behavior analysts that work in the Business (or represent your interest) must be in good standing with your state and local Board of Mental Health., Examiners of Professional Counselors or whatever agency regulates licensed

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

You should sign both copies of the receipt, return one copy to us and retain one for your records. If the receipt pages, or any other page or Exhibit is missing from your copy of the franchise disclosure document, please contact us immediately.

