

FRANCHISE DISCLOSURE DOCUMENT



KCA Holdings LLC
a Colorado limited liability
company 753 S. University Blvd. Denver,
CO 80209
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www.hydrateivbar.com

Hydrate IV Bar businesses provide intravenous (“IV”) hydration therapy, intramuscular and subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty (“Hydrate IV Bar Businesses”). We offer franchises for single Hydrate IV Bar Businesses from a “Wellness Spa” or a “Hydrate Minibar” (as defined in Item 1). We grant qualified individuals the right to open multiple Hydrate IV Bar Businesses or Hydrate Minibars.

The total initial investment necessary to begin operation of a franchised Wellness Spa Hydrate IV Bar Business is between \$242,050 and \$448,100. The total initial investment necessary to begin operation of a franchised Hydrate Minibar is between **\$95,800** 94,800 and \$166,050. **Regardless of which you operate, these estimates include** This includes between \$53,550 and \$56,100 that must be paid to the franchisor or its affiliates.

The total initial investment necessary to begin operation of a Wellness Spa Hydrate IV Bar Business with the rights for between two and three Hydrate IV Bar Businesses is between \$264,550 and \$493,100. The total initial investment necessary to begin operation of a Hydrate Minibar with the rights for between two and three Hydrate Minibars is between **\$95,800** 118,300 and **\$166,050**211,050. **Regardless of which you operate, this estimate** This includes between \$76,050 and \$101,100 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Katie Wafer Gillberg, CEO and President, KCA Holdings LLC, 753 S. University Blvd., Denver, Colorado 80209, 303-209-0989.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, such as a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Professional Fees ¹⁶	\$3,500	\$6,000	As incurred	As incurred	Attorneys, CPAs and Other Professionals
Insurance Premium (Annual) ¹⁷	\$7,500	\$15,000	As incurred	As incurred	Approved Insurance Company
Market Introduction Program ¹⁸	\$20,000	\$25,000	Lump sum	90 days before through 90 days after opening	Approved Suppliers
Additional Funds (3 months) ¹⁹	\$5,000	\$20,000	As incurred	As incurred	Third Parties
Total	\$95,800 <u>\$94,800</u>	\$166,050			

Notes to tables above:

Generally. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Hydrate IV Bar Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We have not included any state or local sales taxes in any of the above estimates. Some of these fees may deviate based on fluctuations in the real estate market and economy in the location where you open your Hydrate IV Bar Business. These fees may be higher if you, in your own discretion, determine that you wish to install higher end leasehold improvements than those recommended or required.

1. Franchise Fee. See Item 5 for more information on the Initial Franchise Fee for a single unit.
2. Technology Setup Fee. See Item 5 for more information about the Technology Setup Fee.
3. Technology Fees. This includes the monthly payments due after signing your lease or purchase agreement for your Hydrate IV Bar Business location and prior to opening, as well as the payments due during your Business's first three months of operation.
4. Travel to Training Expenses. We provide training at our training center in Denver, Colorado or at another mutually agreed upon location, if we elect to do so. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees, or for our trainers if we travel to your location. Initial training is provided at no charge for up to five people (which must include your designated owner, your medical director, your Lead Nurse and any Spa Manager), provided all individuals attend the same initial training program in Denver. If additional initial training is required, you choose to train at another location, or more people must be trained, an additional fee of \$500 per day, will be assessed for four days of the training program.
5. Project Management Fees. This fee includes the estimated costs of using our required, designated suppliers for real estate and construction management. The low-end estimate assumes you have a smaller space with a standard buildout. The high-end estimate assumes your space will require more management of the project.
6. Architect Fees. You are required to use an architect we approve or designate to have your site plans reviewed and approved. The low-end estimate assumes you have a smaller space that fits our standard design. The high-end estimate assumes your space will require a more custom layout and management of

7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory. You do not receive the right to acquire additional Hydrate Franchises within the Territory. You are not given a right of first refusal on the sale of existing Hydrate Franchises.

If you wish to purchase an additional Hydrate Franchise, you must apply to us, and we may, at our discretion, offer an additional Hydrate Franchise to you. We consider a variety of factors when determining whether to grant additional Hydrate Franchises. Among the factors we consider, in addition to the then- current requirements for new Hydrate IV Bar franchisees, are whether or not the franchisee is in compliance with the requirements under its current Franchise Agreement.

ITEM 13 TRADEMARK S

We grant you the right to operate your Hydrate IV Bar Business using the Marks. You may also use other current or future trademarks developed by us or our affiliates to operate your Hydrate IV Bar Business.

The Marks and the System are owned by our affiliate, Hydrate IP, and are licensed to us. Hydrate IP has granted us a license (“Trademark License”) to use the Marks to franchise the System. The initial term of the Trademark License is perpetual and began on May 1, 2020. The Trademark License will continue in effect provided we are not in default or do not materially breach the Trademark License. If the Trademark License is terminated, Hydrate IP has agreed to license the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated.

Hydrate IP has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
HYDRATE IV BAR	5682423	February 19, 2019	Registered on the Principal Register
	5720648	April 9, 2019	Registered on the Principal Register
			
DON'T WAIT, HYDRATE!	5936758	December 17, 2019	Registered on the Principal Register
THE KATIE COCKTAIL	6123905	August 11, 2020	Registered on the Principal Register

	Provision	Section in Franchise Agreement	Summary
			of the Hydrate IV Bar Business.
d.	Termination by franchisee	Section 20.1	You may terminate the Franchise Agreement if we materially breach the Franchise Agreement and fail to cure 15 days following receipt of written notice, subject to applicable state law.
e.	Termination by franchisor without cause	None	None
f.	Termination by franchisor with cause	Section 20.2	We may terminate the Franchise Agreement only if you are in default in performance under the terms of Franchise Agreement.
g.	“Cause” defined – curable defaults	Section 20.3	Curable defaults include: franchisee violates Franchise Agreement or any obligation in the Franchise Brand Standards Manual other than the non-curable defaults.
h.	“Cause” defined – non-curable defaults	Section 20.2	Non-curable defaults include: if you fail to complete initial training requirements, obtain approval for site within time required, timely execute a lease or open your Hydrate IV Bar Business; if you become insolvent, make a general assignment for the benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have a receiver appointed, have proceedings with creditors instituted, a final judgment remains unsatisfied or of record for 30 days, are dissolved or execution is levied against your business or property, a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days, the real or personal property of the Hydrate IV Bar Business is sold after levy by a law enforcement officer, or you violate a material provision: (i) in another agreement with us or our affiliate or (ii) with a landlord related to your Wellness Spa that is non-curable or is curable and you fail to cure it during the cure period; if you fail three or more times during the term of the Franchise Agreement to comply with a material provision of the Franchise Agreement; if your lease for your Hydrate IV Bar Business is terminated due to your default, if you or one of your principals or managers has ever been or is convicted of, or has ever entered or enters a plea of <u>nolo contendere</u> to, a felony, a crime involving moral turpitude, or any other crime or offense we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill, or our interests; if any threat or danger to public health or safety is not immediately cured or removed; if you abandon or fail to actively operate your Hydrate IV Bar Business for three consecutive business days; if you provide services outside your Territory without our prior <u>our prior</u> written consent; if you <u>if you</u> make a material misrepresentation or omission in the application for the franchise; if you make an unauthorized assignment or transfer of the Franchise Agreement, your Hydrate IV Bar Business or an ownership interest in the Franchisee; if you make any unauthorized use of Intellectual Property or breach any brand protection covenants or Owners Agreement; if your medical director resigns or is terminated and is not replaced with another medical director approved by us within the earlier of 30 days or the time frame required by local or state laws; if you fail to pay any amount owed to us or an affiliate within 10 days after receipt of demand for payment; if you underreport any amount owed by at least 2% on two or

			more occasions; if we terminate any other agreement between you and us or any affiliate because of your default.
i.	Franchisee's obligations on termination/ nonrenewable	Section 21	Obligations include: requirement to remove identification and cease use of Intellectual Property, payments of amounts due,

	Provision	Section in Franchise Agreement	Summary
			and must be litigated, if applicable, in the state or federal court in which our principal place of business is located (currently Denver, CO) subject to applicable state law.
w.	Choice of law	Section 25.1	Colorado law, subject to applicable state law.

Some states may have statutes, and other states may have court decisions, that may supersede the Franchise Agreement and Multi-Unit Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

Provisions in the Franchise Agreement and the Multi-Unit Development Agreement that provide for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

**ITEM 18
PUBLIC
FIGURES**

We do not use any public figure to promote our Franchise.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

This Item 19 presents historical financial information from the four affiliate-owned Hydrate IV Bar Businesses open and operating (“Affiliate-Owned Outlets”) for at least one year, and eight franchised Hydrate IV Bar Businesses (“Franchised Outlets”) open and operating for at least one year as of December 31, 2024 (“Reporting Outlets”). As of the date of this Disclosure Document, there are five Affiliate-Owned Outlets and **fifteen** twelve Franchised Outlets in operation. The outlets that are not disclosed did not meet our sole criteria for reporting which was to be open for at least one year as of December 31, 2024.

For all Affiliate-Owned Locations, the data was obtained from our accounting team. The information in this Item 19 was not audited. For the reporting Franchised Outlet, the franchised Hydrate IV Bar Business provided us with the data presented. The information provided by Franchised Outlets was not audited.

The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

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for all other items.

12. Average Ticket. “Average Ticket” means the average gross revenue generated per sale transaction.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.

We have provided this information to help you make a more informed decision. You should not use this information as an indication of how your specific Hydrate IV Bar Business may perform. The success of your Hydrate IV Bar Business will depend largely on your individual abilities and your market. You should conduct your own independent research and due diligence to assist in preparing your own projections. Written substantiation of all data illustrated above will be made available to you upon reasonable request.

Other than the preceding financial information, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Katie Wafer Gillberg, KCA Holdings LLC, 753 S. University Blvd., Denver, CO 80209, Phone: 303-209-0989, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
System-wide Outlet
Summary For Years 2022 to
2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	2	6	+4
	2023	6	8	+2
	2024	8	12	+4
Company Owned*	2022	4	4	0
	2023	4	4	0
	2024	4	5	+1
Total Outlets	2022	6	10	+4
	2023	10	12	+2
	2024	12	17	+5

*These are owned by affiliates.

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the
Franchisor) For Years 2022 to 2024**

State	Year	Number of Transfers
	2022	0

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

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	2	2	0
Colorado	0	2	0
Georgia	1	3	0
New Jersey	0	1	0
South Carolina	1	1	0
Texas	3	3	0
Wisconsin	0	1	0
Total	7	13	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one year period ending December 31, 2024, or who has not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with KCA. During the last three years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Hydrate Franchise system. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. If you buy a Franchise, your contact information will be disclosed in the next year's Franchise Disclosure Document and may be disclosed to other buyers when you leave the Franchise System.

As of the issuance date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21
FINANCIAL
STATEMENTS**

Exhibit [A](#) [B](#) contains the required audited financial statements as of December 31, 2024, December 31, 2023, and December 31, 2022.

**ITEM 22
CONTRACTS**

The following contracts are attached as Exhibits:

Contract	Exhibit or Location in FDD
Franchise Agreement	FDD Exhibit C
Onwer's Agreement Personal Guaranty	FA Attachment D
Franchisee Compliance Questionnaire	FA Attachment E
Development Addendum	FA Attachment F

State Addenda and Riders	FDD Exhibit
Form General Release	FDD Exhibit G-1
Form System Protection Agreement	FDD Exhibit G-2
Contract	Exhibit or Location in FDD
ACH Authorization Form	FDD Exhibit G-3

<u>Contract</u>	<u>Exhibit or Location in FDD</u>
Form Assignment Approval	FDD Exhibit G-4
Lease Addendum	FDD Exhibit G-5
Managed Services Agreement	FDD Exhibit G-6

**ITEM 23
RECEIPT
S**

Two copies of a detachable receipt are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address: KCA Holdings, LLC, Attn: Katie Wafer Gillberg, 753 S. University Blvd., Denver, CO 80209. The duplicate is for your records.



**HYDRATE IV BAR
FRANCHISE AGREEMENT**

Franchise #: _____

Franchisee: _____

Date: _____

Location: _____

Brand Standards Manual. Your Hydrate IV Bar Business will also offer packages of services, walk-ins and single appointments.

13. FEES.

13.1. Initial Franchise Fee. You agree to pay us an initial franchise fee in the amount set forth in Attachment B to this Franchise Agreement (“Initial Franchise Fee”) in one lump sum at the time you sign this Franchise Agreement. If you are qualified and we agree to allow you to develop more than one Franchise, you will sign the Development Addendum attached as Attachment F to this Agreement. Upon signing Attachment F, Attachment B will reflect your total Initial Franchise Fee which is equal to the single unit franchise fee plus 50% of the total additional amount owed for the additional units you agree to develop. Your remaining balance for each location is due at the time you sign the then current franchise agreement for each unit and shall be listed in the Development Addendum. The Initial Franchise Fee is fully earned by us when received and is not refundable under any circumstances (even if you fail to open one or more Franchises). If this Franchise Agreement is the renewal of a prior franchise agreement with us for an existing Hydrate IV Bar Business or the transfer of the Hydrate IV Bar Business from another franchisee, then no Initial Franchise Fee is due.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and Franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to the Franchisor’s financial condition.

13.2. Technology Setup Fee and Monthly Technology Fee. You must pay us a technology set-up fee of \$1,000 upon execution of this Franchise Agreement. Additionally, you must begin paying a monthly technology fee, currently \$850, beginning when you execute a purchase or lease for your Site or the vehicle for your Hydrate IV Bar Business and continuing throughout the Term of your Franchise Agreement (“Technology Fee”). The Technology Fee shall be due to us each month at the same time that you pay your Royalty.

13.3. Royalty. On 15th day of each month (or such other date as we designate), you agree to pay us a royalty fee (“Royalty”) equal to eight percent (8%) of Gross Revenue during the previous calendar month. This Royalty is an ongoing payment that allows you to use the Marks and Intellectual Property of the System.

13.4. Other Fees and Payments. You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Franchise Agreement in a timely manner as if fully set forth in this Section 13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Franchise Agreement).

13.5. Late Fee. If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us \$100 per occurrence, plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest rate allowed by law. If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

~~the due date. Our current form of ACH Authorization Form is attached to the Franchise Disclosure Document in Exhibit G. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Hydrate IV Bar Business. You must make sufficient~~

14.7. Method of Payment. You must complete and send us an ACH Authorization

the due date. Our current form of ACH Authorization Form is attached to the Franchise Disclosure Document in Exhibit G. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Hydrate IV Bar Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event, any excess amounts that you owe will be payable upon demand, together with a non-sufficient funds fee of the greater of \$50 per occurrence or the highest rate allowed by law, and any late charge imposed pursuant to Section 13.5. If you make any payment to us or our affiliate(s) by credit card for any fee required, you shall pay our then- current payment service fee (currently three percent (3%) of total charge). We reserve the right to charge a payment service fee of up to four percent (4%) of the total charge. We reserve the right to periodically specify (in the Franchise Brand Standards Manual or otherwise in writing) different required payment methods for any payment due to us or our affiliates.

13.7. Payment Frequency. We reserve the right to periodically specify (in the Franchise Brand Standards Manual or otherwise in writing) different payment frequencies (for example, weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

13.8. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We will not be bound by any instructions for allocation you specify.

13.9. Payment Obligations. Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Franchise Agreement or any other agreement, loan, transaction or relationship between the parties.

14. BRAND PROTECTION COVENANT.

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

14.2. Our Confidential Information. You will use the Confidential Information only in the operation of the Hydrate IV Bar Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Franchise Brand Standards Manual in a secure location. Access to Confidential Information must be limited to only your employees or independent contractors: (i) who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment, and (ii) who have first signed our System Protection Agreement (the form of which are attached to the Franchise Disclosure Document in Exhibit G). You will not copy or permit copying of Confidential Information. Your obligations under this section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential

information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

15.3.

All data that you collect, create, provide or otherwise develop (including, but not limited to, customer list and customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Franchise Agreement and solely for your use in connection with the Hydrate IV Bar Business. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data, including, but not limited to, customer information resulting from a breach of such data caused, in whole or in part, by you.

The restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

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

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

14.5. Employees and Others Associated with You. Any Store Manager, Medical Director and, if you are an Entity, any officer that does not own equity in you must sign our System Protection Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit G before having access to Confidential Information. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Hydrate IV Bar Business who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit G, before having access to our Confidential Information. You must sign all System Protection Agreements and send them to us. You must use your best efforts to ensure that these individuals comply with the terms of the System Protection Agreements, and you must immediately notify us of any breach

that comes to your attention. You agree to assist us and reimburse us for all reasonable expenses that we incur in enforcing a System Protection Agreement, including reasonable attorney fees and court costs.

15.7.

14.6. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Hydrate franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Hydrate IV Bar Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You and the Owners hereby waive any right to challenge the terms of this Section 14 as being overly broad, unreasonable or otherwise unenforceable.

14.7. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 14 will cause substantial and irreparable damage to us and/or other Hydrate franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 14 will entitle us to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed

\$1,000. None of the remedies available to us under this Franchise Agreement are exclusive of any other, but may be combined with others under this Franchise Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 14.

14.8. Ownership of Public Companies. Notwithstanding the provisions of this Section 14, you and the Owners will have the right to own up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Business; provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

15. YOUR OTHER RESPONSIBILITIES.

15.1. Insurance. Before you attend initial training or your Hydrate IV Bar Business first opens for business, you must obtain insurance in the types and amounts specified herein. You will maintain all required insurance in force during the term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (a) comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Hydrate IV Bar Business or your conduct of business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate; (b) business property insurance at replacement cost; (c) business interruption and rent insurance for a period adequate to re-establish normal business operations, but not less than \$1,000,000 per occurrence; (d) an umbrella liability insurance policy with minimum liability coverage of \$2,000,000; (e) employer's liability of \$1,000,000 per incident and Workers' Compensation or other employer's

liability insurance as well as such other insurance as may be required by statute or rule in the state in which the Hydrate IV Bar Business is located; (f) ~~professional liability insurance of \$1,000,000 per occurrence and \$3,000,000 aggregate or at least the~~

professional liability insurance of \$1,000,000 per occurrence and \$3,000,000 aggregate or at least the minimum amounts required by state law; and (g) any other insurance that we may require in the future or that may be required according to the terms of the lease for the Hydrate IV Bar Business.

Our insurance requirements are subject to change during the term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us a copy of your Certificate of Insurance or other proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated “A” or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Hydrate IV Bar Business. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us (and our members, officers, directors and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30-days’ prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days’ notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a \$500 administrative surcharge.

15.2. Books and Records. You agree to prepare and maintain for at least seven years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Hydrate IV Bar Business. You must send us copies of your books and records within five days of our request.

15.3. Reports. You will prepare written periodic reports, in the forms that we require, containing the information we require about your operations during each reporting period. You will submit all required monthly reports to us within 10 days after the month to which they relate, and all other reports within the time period required by the Franchise Brand Standards Manual. We may modify the deadline days and times for submission of all reports. If you do not submit the reports to us within five days of the request, we will debit your Account a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be payable to the Brand Fund or to us. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the Franchise Brand Standards Manual. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense, and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

~~provide us with complete signed copies of all state sales tax returns and state and federal income tax returns~~ **16.5.**

15.4. Financial and Tax Statements. You will deliver monthly Financial Statements to us within 20 days after the end of each calendar month, which must be certified by you as complete and accurate. You must also prepare annual Financial Statements within 45 days after the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. During the first year of operation, you must use an accepted accounting service to ensure your compliant preparation of required reports and financial

provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Hydrate IV Bar Business within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit required Financial Statements or tax returns. These fees will be deposited into the Brand Fund or payable to us.

15.5. Legal Compliance. You are solely responsible for complying with all Applicable Laws including without limitation federal, state and local tax laws, agree to timely pay all applicable federal, state and local taxes, and timely file all returns, notices and other forms required to comply with all federal, state and local tax laws in connection with the operation of the Hydrate IV Bar Business. You will indemnify us for any taxes that arise out of or result from your operation of the Hydrate IV Bar Business. If any franchise, sales or other tax which is based upon the revenues, receipts, sales, business activities or operation of the Hydrate IV Bar Business is imposed on us by any taxing authority, you will reimburse us for all such taxes paid by us within 15 days of receiving an invoice from us for such taxes. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Hydrate IV Bar Business, and operate and manage your Hydrate IV Bar Business in full compliance with all Applicable Laws. You must notify us in writing within three business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Hydrate IV Bar Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

You and the Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and the Owners certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti- Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

15.6. Photo/Video Release. You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands and causes of action which you may have in connection with this authorization.

15.7. Alcoholic Beverages. You may not serve any alcoholic beverages at the Wellness Spa without our prior written consent, which may be withheld in our sole discretion. If we allow you to sell/serve alcoholic beverages at the Wellness Spa, then you agree to comply with all Applicable Laws licensing, insurance and other laws, rules and regulations applicable to the sale of alcoholic beverages and to obtain the liquor liability insurance requirements set forth in the Franchise Brand Standards Manual.

- (i) All amounts due under this Franchise Agreement or otherwise by you;
- (ii) All sums which we may, at our option, expend or advance for the maintenance, preservation and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (iii) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Franchise Agreement; and
- (iv) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations and indebtedness of you to us or third parties under this Franchise Agreement, however created, and specifically including all or part of any renewal or extension of this Franchise Agreement, whether or not you execute any extension agreement or Successor Agreement.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Hydrate IV Bar Business, including, but not limited to, a real property mortgage and equipment leases.

23.3. 25.3. Additional Documents. You will, from time to time as required by us, join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions or modifications thereof) in form satisfactory to us.

23.4. 25.4. Possession of Collateral. Upon default and termination of your rights under this Franchise Agreement, we shall have the immediate right to possession and use of the Collateral.

23.5. 25.5. Our Remedies in Event of Default. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Colorado (or other Applicable Laws), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

23.6. 25.6. Special Filing as Financing Statement. This Franchise Agreement shall be deemed a Security Agreement and a Financing Statement. This Franchise Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

24. GENERAL PROVISIONS.

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

ATTACHMENT “D” TO THE HYDRATE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by KCA Holdings LLC (“we” or “us”) of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (an “Owner” and collectively the “Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Hydrate IV Bar business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

ATTACHMENT “F” TO THE FRANCHISE

AGREEMENT DEVELOPMENT ADDENDUM

This Development Addendum (this “Addendum”) is made between KCA Holdings, LLC, a Colorado limited liability company (“KCA”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this Addendum, KCA and Franchisee have entered into the Franchise Agreement, to which this Addendum is attached, for the franchise of a Hydrate IV Bar Business (capitalized terms used but not defined in this Addendum have the meanings given in the Franchise Agreement). KCA and Franchisee desire that Franchisee develop multiple Hydrate IV Bar Businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Hydrate IV Bar Businesses on the following schedule:

Unit #	Deadline for Opening	Total # of Units to be Open and Operating on Deadline	Initial Franchise Fee Due At Signing of Corresponding Franchise Agreement
1		1	\$
2		2	\$
3		3	\$
Total Initial Franchise Fee Due:			\$

(b) Payment. Upon execution of this Addendum, Franchisee shall pay KCA the Initial Franchise Fee for one unit plus 50% of the Initial Franchise Fee owed for the remaining number of Hydrate IV Bar Businesses you agreed to develop. The Initial Franchise Fee is non-refundable.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and Franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to the Franchisor’s financial condition.

2. Form of Agreement. For Hydrate IV Bar #1, Franchisee and KCA have executed the Franchise Agreement simultaneously with this Addendum. For each additional Hydrate IV Bar franchise, Franchisee shall execute KCA’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This Addendum does not give Franchisee the right to construct, open, or operate a Hydrate IV Bar Business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Hydrate IV Bar Business only pursuant to a separate franchise agreement executed pursuant to this Addendum for each such Hydrate IV Bar Business.

3. Site Selection Area. Franchisee shall locate each Hydrate IV Bar Business it develops under this Addendum within the following area: _____(the “Site Selection Area”).

Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Hydrate IV Bar Businesses in the Site Selection Area.

4.

4. Default and Termination. KCA may terminate this Addendum by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) KCA has the right to terminate any franchise agreement between KCA and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not KCA actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee's commitment to develop Hydrate IV Bar Businesses is in the nature of an option only. If KCA terminates this Addendum for Franchisee's default, Franchisee shall not be liable to KCA for lost future revenues or profits from the unopened Hydrate IV Bar Businesses. Franchisee may terminate this Addendum at any time but Franchisee shall not receive a refund for any amounts paid.

6. Conditions. Franchisee's right to develop each Hydrate IV Bar Franchise after Hydrate IV Bar #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Hydrate IV Bar Business, in the reasonable judgment of KCA, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Hydrate IV Bar Businesses, and not in default under any Franchise Agreement or any other agreement with KCA.

7. Dispute Resolution; Miscellaneous. The laws of the State of Colorado (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Colorado law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this Addendum without the prior written consent of KCA, and any Transfer without KCA's prior written consent shall be void. The provisions of Section 22 (Dispute Resolution) and Section 24 (General Provisions) of the Franchise Agreement apply to and are incorporated into this Addendum as if fully set forth herein.

[SIGNATURES ON NEXT PAGE]

ILLINOIS

Illinois law governs the Disclosure Document and Franchise Agreement(s).

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.

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.

Your 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 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.

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

MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.
5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.
6. [NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \\$30 on service charges.](#)

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

NEW YORK

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

1. 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 THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-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 **subjectto** [subject to](#) a currently effective injunction or restrictive order relating to any other business activity as a result of an action

VIRGINIA

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

Additional Disclosure: The following statements are added to Item 17:

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 grounds for default or termination stated in the Franchise Agreement do 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.

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

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

SIGNATURE PAGE FOR APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

California	<input type="checkbox"/>	Michigan	<input type="checkbox"/>	Rhode Island
a Hawaii	<input type="checkbox"/>	Minnesota	<input type="checkbox"/>	South Dakota
Illinois	<input type="checkbox"/>	New York	<input type="checkbox"/>	Virginia
Iowa	<input type="checkbox"/>	North Dakota	<input type="checkbox"/>	Washington
Indiana	<input type="checkbox"/>	Dakota Ohio	<input type="checkbox"/>	Wisconsin
Marylan	<input type="checkbox"/>	Ohio		

- [California](#)
- [Hawaii](#)
- [Illinois](#)
- [Iowa](#)
- [Indiana](#)
- [Maryland](#)

Date: _____

FRANCHISOR:

KCA Holdings, LLC

Name:

Title:

FRANCHISEE:

FRANCHISEE

Name:

Title: