

FRANCHISE DISCLOSURE DOCUMENT



Live 2 B Healthy Senior Fitness, LLC
A Minnesota Limited Liability Company
3485 230th St. E.
Prior Lake, Minnesota 55372
651-661-9351
Franchise@Live2BHealthy.com
www.Live2BHealthy.com

The Live 2 B Healthy® Senior Fitness system offers fitness and other programs to senior residential community residents and staff, senior citizen centers, and community centers. We award franchises allowing franchisees to offer Live 2 B Healthy® Senior Fitness programs. Your Live 2 B Healthy® Senior Fitness business will offer proprietary fitness training programs specially designed for seniors and staff at senior communities, senior citizen centers, and community centers located in Protected Territory(ies). You may also offer these programs to seniors and staff members at churches, parks, and businesses.

The total investment necessary to begin operation of a Live 2 B Healthy® Senior Fitness franchise is from ~~\$57,725~~\$58,725 to ~~\$227,220~~\$228,720. This includes from \$56,500 to \$214,000 that must be paid to us.

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 for you. To discuss the availability of disclosures in different formats, contact our franchise administration office at 3485 230th St. E., Prior Lake, Minnesota 55372, and telephone number 651-661-9351 .

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, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. 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: ~~July 5~~October 28, 2024.

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment Is To Be Made
Insurance (Note 8)	\$100 - \$1,000	As Arranged with Provider	As Arranged with Provider	Insurance Company
Business Licenses and Other Permits Needed for Opening (Note 9)	\$500 - \$3,000	Lump Sum	As Incurred	State/Local Authorities and Third Parties
Rent – Real Estate	(Note 10)	Lump Sum	Typically upon Signing Lease	Landlord
Utility Deposits and Fees	(Note 10)	Lump Sum	Upon Application for Service	Utility Companies
Furniture and Fixtures (including cell phone, work surface, office chair and a file cabinet)	\$0 - \$1,000	As Arranged with Suppliers	As Arranged with Suppliers	Third Party Vendors
Background Checks on Potential Trainers (Note 11)	\$40 - \$225	Lump Sum	As Incurred	Third Party Vendors
Operating Equipment and Supplies (general office supplies: paper, pens, stapler, staples, tablets, folders, etc.)	\$490 - \$895	Lump Sum	As Incurred	Third Party Vendors
Payments to Contractors, Including Trainers (Note 12)	\$0 - \$900	As Agreed with Contractors	As Incurred	Contractors
Additional Funds - first 3 months of operations (Note 13)	\$501,550 - \$5002,000	As Agreed with Suppliers	As Incurred In First Three Months	Contractors, Suppliers
TOTAL (Note 14)	\$57,225 <u>\$58,725</u> - \$227,220 <u>\$228,720</u>			

We do not offer direct or indirect financing to franchisees for any items. All amounts that you pay to us or our affiliates are nonrefundable. Third party suppliers will decide if payments to them are refundable. None of the amounts above include state or local sales taxes, which you may need to pay. You will be required to pay all taxes, including personal property taxes on your purchases. Unless expressly noted, the amounts stated in this Item 7 refer to your estimated initial investment for the first Protected Territory. If you purchase multiple Protected Territories your initial investment will be higher. See Items 5 and 6.

Notes:

(1) If you purchase only one Protected Territory the Initial Franchise Fee will be \$50,000. The Initial Franchise Fee will increase if you have more than one Protected Territory, up to \$200,000 if you have 5 Protected Territories. See Items 5 and 12.

(2) You must start paying Royalties for your first Protected Territory the second month after you execute the Franchise Agreement. The estimate includes 1 to 3 Royalty payments that you may have to make before you start operating your business. If you do not start operations within 4 months from the date of the Franchise Agreement, the actual payments for Royalties before you start operations will be higher.

7. Periodically, as we reasonably determine to be necessary, (i) contact Senior Communities in the Protected Territory(ies) and participate in or observe sessions where you or your personnel provide the Live 2 B Healthy® Senior Fitness programs, (ii) inspect your Live 2 B Healthy® Senior Fitness business (including observing and/or interviewing the Sales and Operations Manager, the Training Coordinators, and other members of your team), and (iii) conduct any other type of audit or review necessary to evaluate your compliance with all required standards, specifications or procedures (Franchise Agreement, Section 4.F).

8. From time to time, make suggestions and give mandatory instructions regarding the operation of your Live 2 B Healthy® Senior Fitness business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System (Franchise Agreement, Section 4.F).

Advertising Programs. We have instituted a national marketing program, which is supported by your payment of a monthly MAP Fee of is \$500 per month for each Protected Territory in your Franchise Agreement or 2% of your gross revenue, whichever is greater. We may increase the MAP Fee by providing you 30-day prior notice, but during the initial term of your Franchise Agreement the MAP Fee will not be more than the greater of \$525 per month for each Protected Territory in your Franchise Agreement or 4% of your gross revenue. We will contribute to the Marketing Fund for any Protected Territory operated by us, on the same basis as comparable franchisees. Other franchisees may be required to pay different MAP Fees depending on the date they join our system or on other circumstances particular to those franchisees.

We will administer the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund. The Marketing Fund will not be audited. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund. Of the amounts we spent from the Marketing Fund during the fiscal year concluded December 31, 2023, we spent 70% on design, development and production, 30% on media placement, and 0% on administrative expenses. MAP Fees not used in one year will be carried over to the next year. We and our affiliates will only receive payment from the Marketing Fund for the costs incurred by us for marketing and promotion programs established by us and for providing other goods and services at arms-length prices, including the expenses of administering the Marketing Fund. We may use whatever media we consider most appropriate for the system. The media coverage may be local, regional or national. We may produce the marketing materials ourselves or we may hire national, regional or local advertising agencies. We have no obligation to undertake any specific advertising campaigns or to conduct advertising in any particular area, or to spend a prorated amount on each Live 2 B Healthy® Senior Fitness business or in each advertising market. We may use the funds to (1) formulate, develop and implement marketing, advertising and promotional campaigns; and (2) pay us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the marketing functions. There is currently no advertising council of franchisees that advises us on advertising policies. No portion of the MAP Fees will be spent for advertising principally designed to solicit the sale of franchises. You will not receive periodic accounting or reports of how the MAP Fees are spent (Franchise Agreement, Sections 6.C and 8). Also, see Items 6 and 9 for additional disclosures relating to advertising.

In addition to the MAP Fee, you will be required to spend ~~every calendar year~~ each month at least \$500 for each Protected Territory in your Franchise Agreement or 1% of your gross revenues, whichever is greater, ~~per month~~ in local marketing. This is not a fee charged by us; it is an expense you will incur in local marketing spending. The following activities will count towards your required local marketing expenses: trial classes, brochures, sandwich boards, networking events and group membership, association membership dues, and other similar expenses. (Franchise Agreement, Section 8.B).

**ITEM 23
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 Live 2 B Healthy Senior Fitness, 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 in connection with the proposed franchise sale. Those states identified in Exhibit A with “Effective Dates” may require us to provide you a copy of this disclosure document upon the earlier of (i) our first personal meeting, (ii) 14 calendar days before you sign a binding agreement with, or make a payment to us; or (iii) 10 business days before you sign a binding agreement with, or make a payment to us. In all such cases, we will provide you a copy of the disclosure document by or before the date mandated by the laws of the particular state.

If Live 2 B Healthy Senior Fitness, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchise seller for this offering is Cory Czepa, our Chief Manager and President, or Justin Brady, our Vice President, Live 2 B Healthy Senior Fitness, LLC, 3485 230th St. E., Prior Lake, Minnesota 55372, 651-661-9351.

Issuance Date: ~~July 5~~October 28, 2024, provided that in the states identified in Exhibit A with “Effective Dates” this disclosure document will become effective in each such state on the date set forth in Exhibit A for such state.

See Item 1 and Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated ~~July 5~~October 28, 2024, that included the following Exhibits:

- A. State Franchise Administrators and Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
- D. List of Franchisees and Former Franchisees
- E. Table of Contents of the Operating Manual
- F. Confidential Disclosure Agreement and Receipt
- G. Franchisee Questionnaire

If a business entity:

If an individual:

By: _____
Its: _____

_____ (Print Name)

Date: _____
(do not leave blank)

Please sign this copy of the receipt, date your signature, and return it to Live 2 B Healthy Senior Fitness, LLC, 3485 230th St. E., Prior Lake, Minnesota 55372. This disclosure document is also available in pdf format through e-mail.

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If a business entity:

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_____ (Print Name)

Date: _____
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Please sign this copy of the receipt, date your signature, and return it to Live 2 B Healthy Senior Fitness, LLC, 3485 230th St. E., Prior Lake, Minnesota 55372. This disclosure document is also available in pdf format through e-mail.

G. Protection. You shall execute any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Trademarks or to maintain their validity or enforceability, or to aid us or Mr. Czepa in acquiring rights in or in registering any of the Trademarks or any trademarks, copyrights, trade names, service marks, trade dress, slogans, logos or emblems that we subsequently adopt.

8. **MARKETING.** You agree to actively promote your Live 2 B Healthy® Senior Fitness business, to abide by all of our advertising requirements, and to comply with the following provisions:

A. Marketing Fund. You shall pay us the MAP Fee as set forth in Section 6.C. All MAP Fees will be placed in a Marketing Fund that we own and manage. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. We are not required to spend a prorated amount on each Live 2 B Healthy® Senior Fitness business or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost to formulate, develop and implement marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the marketing functions. If at the end of our fiscal year we have not spent all the MAP Fees collected, we will carry forward any balances. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Required Local Expenditures; Approved Materials. You must use your best efforts to promote and advertise your Live 2 B Healthy® Senior Fitness business and participate in any local marketing and promotional programs we establish from time to time. In addition to the MAP Fee you will be required to spend ~~every calendar year~~ each month at least \$500 for each Protected Territory in your Agreement or 1% of your gross revenues, whichever is greater, on approved local marketing and promotion. Upon our request you must provide us with itemization and proof of marketing and an accounting of the monies that you spend on approved local marketing. You must use only the marketing materials that we furnish, approve or make available, and the materials must be used only in a manner that we approve. Furthermore, any promotional activities you conduct in Live 2 B Healthy® Senior Fitness business are subject to our approval.

C. Advertising Cooperatives. We have the right to designate local advertising markets, and if designated you must direct your local advertising expenditures to the cooperative advertising and marketing programs in your designated local advertising market. Each Live 2 B Healthy® Senior Fitness franchisee within a designated local advertising area is a member of the local advertising group and has one vote on all matters requiring a vote. We reserve the right to designate the bylaws that govern the operation of local advertising groups, although the bylaws cannot modify the voting structure set forth in the prior sentence.

D. Ownership of Advertising. All materials and rights resulting from your advertising and marketing that are related to your Live 2 B Healthy® Senior Fitness business or the Live 2 B Healthy® Senior Fitness program shall become our sole and exclusive property. You agree that if requested by us, you will execute a recordable assignment and other proper documents prepared by us for securing and maintaining any such rights of ownership, including copyrights, and for vesting title in us.

9. **INDEMNIFICATION; INSURANCE.**

A. Indemnification. We and you are independent contractors. Neither we nor you will make any agreements, representations or warranties in the name of or on behalf of the other, or indicate that our