

FRANCHISE DISCLOSURE DOCUMENT

ALKALIGN

Alkalign Franchising, LLC
A California Limited Liability Company
3528 Alameda de las Pulgas, Menlo Park, CA 94025
Telephone: (650) 854.8361
Website: www.alkalignstudios.com
Email: info@alkalignstudios.com

As a franchisee, you will acquire a franchise to own and operate an integrative health and wellness studio that provides specialized fitness and body alignment using yoga, pilates, a ballet barre, myofascial release, nutrition coaching and related goods and services under the “Alkalign[®]” name and marks.

The total investment necessary to begin operation of each Alkalign studio ranges from \$173,250 to \$521,000. This includes \$44,000 to \$47,500 paid to franchisor or its affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate 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 Alkalign Franchising, LLC, 3528 Alameda de las Pulgas, Menlo Park, CA 94025 at (650) 854-8361.

The terms of your contract will govern your franchise relationship. Don’t rely on this 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.

ISSUANCE DATE: January 19, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH THE FRANCHISOR BY ARBITRATION OR LITIGATION ONLY WITHIN SANTA CLARA COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH THE FRANCHISOR IN CALIFORNIA, THAN IN YOUR HOME STATE.

2. IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT. THE SPOUSES OR DOMESTIC PARTNERS OF THE OWNERS MUST CONSENT TO THE GUARANTY, WHICH PLACES THE SPOUSES' OR DOMESTIC PARTNERS' PERSONAL AND MARITAL ASSETS AT RISK.

3. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

4. YOU MUST PAY US MINIMUM MONTHLY ROYALTY PAYMENTS OF \$800 EVEN IF YOUR FRANCHISE DOES NOT GENERATE REVENUE.

5. THE AUDITOR'S NOTES ACCOMPANYING FRANCHISOR'S FINANCIAL STATEMENTS EXPRESS SUBSTANTIAL DOUBT ABOUT FRANCHISOR'S ABILITY TO CONTINUE AS A "GOING CONCERN" DUE TO FRANCHISOR'S RECURRING LOSSES AND MEMBERS' DEFICIT. FRANCHISOR LACKS THE FINANCIAL RESOURCES TO PROVIDE SERVICES & SUPPORT TO YOU.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

The following states require that the Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California: Pending

Illinois: Pending

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of January 19, 2017.

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