



Brain Balance[®]

FRANCHISE DISCLOSURE DOCUMENT

BB FRANCHISING LLC (A Delaware Limited Liability Company)

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We grant franchises to operate Brain Balance^{10} Centers that offer an effective and replicable nonmedical, non-pharmaceutical program designed to help children become more focused, improve their academic performance, and exhibit positive behavior, resulting in enhanced communication and social interaction skills. The Brain Balance Program[®] is a comprehensive, individualized program that integrates physical and cognitive exercises with dietary change. The goal of the Brain Balance Program[®] is to correct a fundamental imbalance between the two hemispheres of the brain – a "communication breakdown" that results in a range of negative symptoms and behaviors. The Brain Balance Program[®] integrates physical activities (sensory-based stimulation and motor exercises) with effective educational and behavioral methods, as well as supportive nutritional initiatives, in order to promote optimum brain and body function.

The total investment necessary to begin operation of a Brain Balance^M Center ranges from \$258,131 to \$396,456. This amount includes the initial fees set forth in Item 5 that must be paid to the franchisor before you open your Center.

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 at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or any affiliate in connection with the proposed franchise sale. Note, however, that no governmental 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 availability of disclosures in different formats, contact Cha California Blvd, Suite 330, Walnut Creek, CA 94596 and (510) 817-2786. FOO

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Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. Information comparing franchisors is available. Call your state agency or conduct research on the Internet for sources of information. More information on franchising, such as "Consumer's Guide to Buying a Franchise," is available from the Federal Trade Commission (FTC). You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at <u>www.ftc.gov</u> for additional information. Call your state agency or visit your public library for other sources of information on franchising. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

You should also know that 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 contracts carefully. Show your contract and this Disclosure Document to an advisor, such as a lawyer or an accountant.

The issuance date is: April 30, 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 C 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 US BY ARBITRATION/LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THE FRANCHISE AGREEMENT REQUIRES THAT YOUR SPOUSE, THE SPOUSES OF YOUR OWNERS OR PARTNERS (IF THE "FRANCHISEE" IS A BUSINESS ENTITY), AND ANY GUARANTORS' SPOUSES BE BOUND BY THE NON-COMPETITION COVENANTS OF THE FRANCHISE AGREEMENT, WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS.
- 4. AS A START UP BUSINESS, THE FRANCHISOR HAS LIMITED FINANCIAL AND PERSONNEL RESOURCES. PLEASE SEE THE COMPANY'S FINANCIAL STATEMENTS AND ACCOMPANYING NOTES, EXHIBIT B.
- 5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

TO THE EXTENT LOCAL LAW REQUIRES, YOU MAY HAVE CERTAIN RIGHTS UNDER THIS LAW. PLEASE SEE EXHIBIT E FOR AN EXPLANATION OF ANY APPLICABLE LOCAL LAW.

Effective Date: (Pending)

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