

FRANCHISE DISCLOSURE DOCUMENT



KOALA ASSOCIATES, LLC

a Nevada limited liability company 11825 North State Route 40, Suite 100 Dunlap, Illinois 61525 Phone: (309) 243-9239

Website: www.koalaassoc.com life@koalasleepcenters.com

Koala Associates, LLC will offer to dentists and other qualified persons a franchise that provides patients with a variety of services in the treatment of orofacial pain, such as temporomandibular joint disorders, and sleep disorders, such as obstructive sleep apnea and snoring, weight loss, and offers consumer products, such as pillows, TENS units, appliance cleaning products, anti-snore aids, bed sheets, sleep masks, sleep-related music and aromatherapy products, and other services and products that we approve from time to time. Some franchisees may also offer additional services such as weight loss programs and positive airway pressure ("PAP") therapies. The franchise operates under the name "Koala Center For Sleep Disorders®".

The total investment necessary to begin operation of a stand-alone Koala Center For Sleep Disorders® franchise ranges from \$274,926 to \$494,735. This includes between \$62,706.50 and \$64,856.50 that must be paid to the franchisor or affiliate. The total investment necessary to begin operating a Koala Center For Sleep Disorders® fractional franchise ranges from \$223,062 to \$494,735. This includes between \$62,706.50 and \$64,856.50 that must be paid to the franchisor or affiliate.

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 the 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 Donna Willey, Co-Founder and Executive Director, at 11825 North State Route 40, Suite 100, Dunlap, Illinois 61525, and telephone number (309) 243-9239.

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 yours 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, 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 31, 2018



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 US BY LITIGATION ONLY IN THE COUNTY AND STATE WHERE OUR HEADQUARTERS ARE LOCATED (CURRENTLY, PEORIA COUNTY, ILLINOIS). OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.



STATE EFFECTIVE DATES

The following states require that this 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 either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California

Connecticut Exempt

Florida November 13, 2017

Hawaii

Illinois May 1, 2017 Indiana August 9, 2017

Kentucky

Maine Exempt

Maryland Michigan Minnesota Nebraska New York

North Carolina Exempt

North Dakota

Rhode Island

South Carolina Exempt

South Dakota

Texas Utah Virginia Washington Wisconsin

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