

## FRANCHISE DISCLOSURE DOCUMENT



Hi-5 ABA, Inc.  
a Virginia corporation  
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The franchisee will operate a “Hi-5 ABA” business that specializes in providing behavioral therapy services to individuals with developmental disabilities using Applied Behavior Analysis (ABA) therapy conducted through licensed professionals, which businesses are operated and managed using our system and standards.

The total investment necessary to begin operation of a Hi-5 ABA Business franchise is from \$~~15~~17,618 to \$~~74~~109,730. This includes \$2,500 (for a conversion franchisee) or \$12,000 to \$~~15~~50,000 (for a non-conversion franchisee) that must be paid to the franchisor or an 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 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 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 the availability of disclosures in different formats, contact Timothy Maddox at Hi-5 ABA, Inc., 5306 Lee Highway, Warrenton, Virginia 20187 (phone 703-598-7517).

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 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](http://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.

The issuance date of this Franchise Disclosure Document is ~~April 28, 2023~~ June 19, 2024.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit <a href="#">FG</a> .
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit <a href="#">GH</a> includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Hi-5 ABA business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Hi-5 ABA franchisee?</b>	Item 20 or Exhibit <a href="#">FG</a> lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit [DE](#).

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Virginia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Virginia than in your own state.
2. **Fee and Disbursement Process.** The franchisor or affiliate is collecting all payments and deducting any fees the franchisee may owe before the franchisee can receive any payments.
- ~~3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.~~
- ~~4.~~**3. Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
- ~~5.~~**4. Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
- ~~6.~~**5. Unopened Franchises.** The Franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**Hi-5 ABA, Inc.**  
**FRANCHISE DISCLOSURE DOCUMENT**

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A	Franchise Agreement	<del>GH</del>	Financial Statements
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		<del>MN</del>	Receipts (2 copies)

## **ITEM 1: THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

### The Franchisor

Hi-5 ABA, Inc. (“us,” “our,” or “we”) is the franchisor. We are a Virginia corporation formed on December 19, 2018. Our principal business address is 5306 Lee Highway, Warrenton, Virginia 20187. We conduct our business under our company name and the name “Hi-5 ABA.” Our agents for service of process are listed in Exhibit ~~EE~~ to this disclosure document.

We offer franchises to operate “Hi-5 ABA” behavioral therapy businesses, which specialize in providing behavioral therapy services to individuals with developmental disabilities using Applied Behavior Analysis (ABA) therapy. Hi-5 ABA Businesses are conducted through one or more Board Certified Behavior Analysts (each a “**BCBA**”) and professional technicians trained in ABA therapy and acting under the management and supervision of a BCBA (each a “**Technician**”). These businesses are operated and managed according to our System (which is further described below) and use our Proprietary Marks (as defined below) (each business is referred to as a “**Hi-5 ABA Business**” or a “**Franchised Business**”). We may refer to Hi-5 ABA Businesses, together, as the “**Hi-5 ABA Network**”.

We began offering franchises for Hi-5 ABA Businesses in March 2019. We are not involved in any other business activities and have never sold franchises in any other line of business. We do not, and have not, operated Hi-5 ABA Businesses, although our affiliate operates similar businesses, as described below.

### Our Affiliates

Our affiliate, ABC Behavior (the “**Division**”), which is a division of Cornerstone Missions, Inc. (“**Cornerstone**”). The Division first developed the System in 2015 and before the launch of our system operated nine offices offering behavioral therapy services under the name “ABC Behavior.” In 2019 following the launch of the “Hi-5 ABA” franchise program, the Division consolidated its offices into one business, incorporated the “Hi-5 ABA” name into its existing operations, and began operating as a licensee of our System, serving clients in multiple areas of Northern and Central Virginia. Additionally, the Division will provide Clinical Consulting Services to Hi-5 ABA Businesses (as described below under “Support Services Provided by Our Affiliates”). Cornerstone is a Virginia corporation formed in October 2003. Additionally, one of our founders has started two additional Hi-5 ABA Businesses that began offering ABA Services in 2022 and 2023 respectively. In this disclosure document, we refer to the ABA businesses operated by our affiliates and their agents as licensees in our System as “**Affiliate ABA Businesses.**” ~~In 2022, the Division started a clinic based location in Centreville, Virginia, near George Mason University, which offers an ABA certificate program. Through this location, the Division offers a “Mind the Academic Gap” program in which students and professionals training in ABA therapy can obtain additional training regarding the business and operations of practices offering ABA services. As of December 31, 2023, there were two Affiliate ABA Businesses operating.~~

Our affiliate, Hi-5 ABA Processing, Inc. (“**Hi-5 Processing**”), will provide centralized billing services and additional administrative and support services to Hi-5 ABA Businesses, as further described below under “Support Services Provided by Our Affiliates.” Hi-5 Processing is a Virginia corporation formed in December 2018.

Cornerstone (with the Division) and Hi-5 Processing also have their principal business address at 5306 Lee Highway, Warrenton, Virginia 20187. They do not, and have not, offered franchises in any line of business.

We have no predecessor, parent or other affiliates that are required to be disclosed in this Item.

## The System and Hi-5 ABA Businesses

### *The Hi-5 ABA System*

We and our affiliate have developed and own a format and system (the “**System**”) relating to the establishment and operation of Hi-5 ABA Businesses. A Hi-5 ABA Business specializes in providing behavioral therapy services using Applied Behavior Analysis (ABA) therapy (“**ABA Services**”) to individuals with developmental disabilities, most commonly between the ages of 18 months to 22 years and with autism, through one or more BCBA’s and professional Technicians, who are trained in ABA therapy and acting under the management and supervision of a BCBA. Hi-5 ABA Businesses are operated and managed according to the System and use the Proprietary Marks, which may be in conjunction with their organization’s name or other identifier that we approve, to identify themselves as being part the “Hi-5 ABA” network of behavioral therapy providers.

The System represents a distinctive set of clinical and operational support services, customer billing services, accounting services, technology services, assistance with insurance and regulatory licensing issues (together, the “**Support Services**”); practice management and staff training programs, and other administrative, and back-office and non-clinical business operating procedures; arrangements with vendors; our techniques for identifying and recruiting qualified professional analysts and technicians; and policies and procedures and marketing materials or guidelines to promote awareness of your business’ services; and written guidelines. These are not necessarily all of the elements of the System. We may periodically change and improve parts of the System.

To provide ABA Services to clients, a franchisee must have at least one person acting as a BCBA, and comply with any additional requirements that may apply under state regulations, such as the BCBA having licenses or certifications in the franchisee’s state. Each BCBA may supervise one or more Technicians. The regulations applicable to ABA services in some states may not require individuals be certified as a “BCBA” as a condition of providing ABA services and may allow persons with alternative certifications or qualifications, such as psychologists, Licensed Mental Health Professionals, and Licensed Behavior Analysts, to provide ABA services. If the state regulations applicable to your Franchised Business accept alternative certifications or qualifications, then you may request that we approve those individuals to perform the BCBA’s functions under the Franchise Agreement. (For purposes of this FDD, when we refer to requirements of a “BCBA”, we also refer to individuals who meet these alternative qualifications.) The number of clients that a Hi-5 ABA Business can serve will depend upon how many BCBA’s it has and the number of Technicians its BCBA’s are able to ethically supervise. Each franchisee determines the total number of BCBA’s, assistant BCBA’s, and technicians it uses, so long as it satisfies the relevant professional standards and client requests. As such, the actual numbers of BCBA’s and other professionals will vary between businesses based on a variety of factors, including franchisee preferences, the number of clients a franchisee serves, and driving distance among clients and personnel. Hi-5 ABA Businesses may adjust their staffing levels and structures over time.

Hi-5 ABA Businesses provide ABA Services to clients at the client's home or in appropriate third-party settings, or in clinic locations that you operate, and may also provide other support services as we approve in writing to be offered through the Hi-5 ABA Network in conjunction with the ABA Services (collectively with ABA Services, "**System Services**"). In connection with the System Services provided to clients, we may also approve franchisees to offer and sell non-medical products that we approve in writing to be offered through the Hi-5 ABA Network. Franchisees may not meet with clients or potential clients at any office or other location it (or its BCBA or technicians) maintains without obtaining our prior written consent to establish and operate an office facility that meets our standards for "Network Office Sites." We do not offer protected or exclusive territories, and the Franchise Agreement is designed so that each franchisee may operate its Hi-5 ABA Business and provide System Services to clients located anywhere within a specified "Operating Area." The Operating Area will typically consist of the state in which the franchisee is located, and we expect that multiple Hi-5 ABA Businesses will operate within the same state.

### *Support Services from our Affiliates*

As described above, the Support Services include clinical and non-clinical business and administrative support services, management services, technology services, and business operating procedures designed to be used in the management and operation of Hi-5 ABA Businesses. We may designate all or certain Support Services as mandatory or optional, and we may provide the Support Services directly, through our affiliates, or through third-party service providers that we designate or approve. We, our affiliates, and third-party vendors may charge fees for the Support Services.

We currently require that franchised Hi-5 ABA Businesses use the Centralized Billing services that we designate. As part of "**Centralized Billing**", the designated vendor (the "**Billing Vendor**") will, on behalf of a franchisee, issue invoices and collect the ~~Gross Revenues~~ revenues that are payable to the Franchised Business for the System Services provided by the Franchised Business. From the monies collected, the Billing Vendor will: as collected, pay to us the amounts due under the Franchise Agreement (including for Royalty Fees) and related agreements, pay to our affiliates any amounts that are due for Support Services they provide to the Franchised Business, pay third parties (which may include your employees) any other amounts for which you have contracted with the Billing Vendor to pay on your behalf; and remit the balance to the franchisee on a monthly basis. We have designated Hi-5 Processing as the required Billing Vendor for the Hi-5 ABA Network. We also currently require that franchised Hi-5 ABA Businesses use certain administrative support services, and we have designated Hi-5 Processing as the required vendor for these services ("**Administrative Services**"). Additional information regarding the Central Billing and Administrative Services is provided in Item 6 of this disclosure document, and a copy of Hi-5 Processing's Franchisee Services Agreement is attached as Exhibit B (the "**Hi-5 Processing Agreement**").

We currently require that franchised Hi-5 ABA Businesses obtain clinical review, counseling and compliance services and assistance ("**Clinical Consulting Services**") from an approved third party that we designate. We have designated the Division as the required provider of Clinical Consulting Services for the Hi-5 ABA Network, although we may approve alternative providers upon specific requests. Additional information regarding the Clinical Consulting Services that the Division provides and the fees is provided in Items 6 and 11 of this disclosure document, and a copy of the Division's standard form of Consulting Agreement is attached as Exhibit C.

As described above, the System is designed to support Hi-5 ABA Businesses in offering and providing ABA behavioral services through their BCBA's and Technicians, and to provide Hi-5 ABA Businesses clinical and non-clinical guidance and review as appropriate to promote ABA behavioral services consistent with our high standards. Each BCBA will exercise his or her own independent judgment regarding the professional and ethical aspects of their practices.

If we approve your application to become a franchisee for a Hi-5 ABA Business, then we will both sign our Hi-5 ABA Franchise Agreement (the "**Franchise Agreement**"). A current copy of our Franchise Agreement can be found as Exhibit A to this disclosure document. The terms "**you**," "**your**," and "**franchisee**" refer to the person or entity to whom we grant a franchise, the franchisee. If the franchisee is a partnership, corporation, or other entity, "you" includes the franchisee's owners. Unless otherwise defined in this disclosure document, all initially capitalized terms appearing in this disclosure document have the same meaning as provided in the Franchise Agreement.

We anticipate that franchisees will include "Conversion Franchisees". We use the term "**Conversion Franchisee**" to refer to an existing business offering ABA services, which during the six months immediately prior to joining the Hi-5 ABA Network had provided, and issued valid bills for, at least 2,500 hours of billable ABA Services.

### *The Market and Competition*

The market for behavioral services is generally well-established and increasingly competitive. The growing needs of the population have increased the demand for behavioral therapy services. Hi-5 ABA Businesses will face competition from other individuals, acting independently or as part of therapy business, that offer ABA and other behavioral therapy services. The other providers may include local competitors or therapists and businesses that are part of national or regional chains. Individuals may choose their therapy provider, which may include other Hi-5 ABA Network members and Affiliate Businesses that operate within the same geographic area as the franchisee.

Hi-5 ABA Businesses will face business risks that could have an adverse effect on your business, including changes to insurance practices, Medicare coverage criteria, reimbursement rates, changes to laws or regulations, changes in supply and demand, new technologies, and competition that provide related products and other forms of treatment.

### *Industry-Specific Regulations*

Each franchisee is responsible for complying with all laws and regulations ("**Industry Regulations**") that apply to System Services and Hi-5 ABA Businesses, and to comply with all applicable codes of professional and ethical conduct (the "**Professional Standards**"). Industry Regulations include (among other things) the regulations and procedures established by the federal Centers for Medicare and Medicaid Services ("**CMS**") (an agency within the U.S. Department of Health and Human Services) and comparable state and local agencies with regulatory or administrative functions relating to ABA Services and public or private insurance reimbursements. Individuals with qualifying conditions may be eligible to receive ABA services as part of their health insurance plans or under Medicare or Medicaid services authorized by CMS.

The Association of Behavior Analysis International (the "**ABAI**"), which is a membership organization involving the teaching of behavior analysis, has issued a code of profession and

ethical conduct that Hi-5 ABA Businesses must follow. Additionally, the Behavior Analyst Certification Board (the “**BACB**”), which is a private non-profit organization, offers technical certificates in applied behavior analysis. The levels of certifications include “Board Certified Behavior Analyst” (a BCBA, as noted above), “Board Certified Assistant Behavior Analyst” (a “**BCaBA**”), and “Registered Behavior Technician” (a “**RBT**”). The laws and regulations regarding behavioral therapy, including ABA Services, vary between states. Some states require that therapists have a BCBA or certain other certifications, qualifications and be licensed by their state agencies for independent practice before providing behavioral health services. For example, in Virginia, a business offering ABA must have at least one BCBA who is licensed as a Behavior Analyst (a “LBA”) to oversee the services for clients and supervise technicians according to the standards issued by the insurance payors and the BACB.

You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your overall business, the behavioral therapy services provided, and any insurance billing and collection practices. You must not employ any person as part of your Franchise Business in a position that requires a license or certification unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files.

It will be your responsibility to research all applicable laws, and we strongly advise that you consult with an attorney and contact local, state, and federal agencies before signing a Franchise Agreement with us to determine your legal obligations and evaluate the possible effects on your costs and operations.

As with any other business, you must operate in compliance with all applicable laws, ordinances and regulations, such as government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, worker’s compensation and unemployment insurance, withholding and payment of federal and state income taxes, social security taxes, sales, and service taxes. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your business.

**ITEM 2:****BUSINESS EXPERIENCE**

David Maddox Director (Chairman), Chief Executive Officer, President  
 David Maddox is our co-founder and has served as our Chief Executive Officer and President and Chairman of our Board of Directors since our inception in December 2018. Mr. Maddox is also the co-founder of our affiliate Cornerstone, and has served as its Chief Executive Officer and President since July 2003 and as a Director since January 2015, in Warrenton, Virginia. Mr. Maddox also became a member of the Board of Directors for our affiliate, Hi-5 Processing, in December 2018. ~~David is married to Stephanie Maddox, who is also our co-founder as described below.~~

~~Stephanie Maddox Director  
 Stephanie Maddox is our co-founder and has served as a member of our Board of Directors since our inception in December 2018. Mrs. Maddox is also the co-founder of our affiliate Cornerstone, and has also served in positions including acting as a Director since 2014 and as a behavioral analyst for the Division since January 2015 in Warrenton, Virginia. Mrs. Maddox has also served as the President and CEO of Hi-5 Processing since its formation in December 2018. Mrs. Maddox is a Board-Certified/Licensed Behavior Analyst and holds a Master of Science in Counseling from NOVA Southeastern University specializing in Applied Behavior Analysis.~~

Theodore Hoch Director

Theodore Hoch has served as a member of our Board of Directors since January 2019. Mr. Hoch also serves in academic and clinical positions, which include acting as: an Associate Professor for George Mason University in Fairfax, Virginia, since May 2001, as part of the Applied Behavior Analysis faculty; the Chief Executive Officer of United Behavioral Services, LLC in Midlothian, Virginia since 2013; a clinical supervisor for Learning Resource Center in Virginia Beach, since June 2017; a behavioral analyst for Acts for Behavior Change in Centreville, Virginia, since June 2011; and a behavioral analyst for Capital ABA in Woodbridge, Virginia, since June 2011. Dr. Hoch also serves as President of the Virginia Association for Behavior Analysis.

Tim Maddox Director of Franchising  
 Tim Maddox has served as our Director of Franchising since our inception in December 2018. Mr. Maddox previously served as a sales manager and sales representative for Empire Today in various locations from December 2017 to November 2018 and also from May 2016 to May 2017 in multiple locations: including Las Vegas, Nevada, Baltimore, Maryland, and Fairfax, Virginia. Mr. Maddox also acted as a sales representative for Luna from May 2017 until December 2017. Prior to that time, Mr. Maddox was a Department Manager for Lowes from May 2015 to May 2016. Tim is the son of David ~~Maddox, and step-son of Stephanie~~ Maddox.

Ben MacGowen Chief Operating Officer  
 Ben MacGowen has served as our Chief Operations Officer since November 2021, and prior to assuming that position, served as our Director of Business Development since May 2021 and Franchise Launch Manager since September 2019. Mr. MacGowen has also served on the Board of Directors of our affiliate Cornerstone since 2014. Mr. MacGowen served as a substitute teacher at the Mason Classical Academy in Naples, Florida from November 2018 until May 2019. Prior to that time, Mr. MacGowen was General Manager of Synergy CTS, in Naples, Florida from May 2015 to November 2018.

~~Sara Lucas Thomas Fremont~~ Chief Operating Officer, Hi-5 Processing  
~~Sara Lucas Thomas Fremont~~ has served as the Chief Operating Officer of Hi-5 Processing since ~~January~~ June 2024. ~~From April 2021, to the present, Mr. Fremont has been the Owner and prior to assuming that position, President of LEAP Franchise Consulting in Warrenton, Virginia. Mr. Fremont previously served as Billing Director for Hi-5 Processing since of Business Development from our inception in December 2018. Before assuming that role, she served until May 2021. Mr. Fremont also worked with our affiliate, Cornerstone, as the Billing Director of ABC Behavior, a division of our affiliate Cornerstone in Warrenton, Virginia, beginning in January 2015. From September 2013 to September Business Development from August 2018, Ms. Lucas was a stylist with BluePrint Salon to May 2021, and as Director of Human Resources from November 2016 to August 2018, in Manassas Warrenton, Virginia.~~

**ITEM 3:****LITIGATION**

New Age Real Estate Developers Ltd., Accra v. Cornerstone Investments Ghana Ltd. et al., High Court of Justice, Republic of Ghana, Suit No. CM/0309/2016. On April 8, 2016, Cornerstone Investments Ghana Ltd. ("CIG"), for which David Maddox is the Managing Director and shareholder, filed an action in the High Court of Justice in the Republic of Ghana against New Age Real Estate Developers Ltd. ("New Age") relating to a lease agreement under which CIG leased crushing and related equipment to New Age. On April 27, 2016, New Age filed the action described above against CIG, David Maddox as the Managing Director and shareholder of CIG, and Ziad Merhab, alleging that the defendants engaged in deceit relating to the crushing equipment leased to CIG. CIG's request for relief includes setting aside the lease agreement, a refund of \$145,000 and interest, an order restricting the defendants from selling the equipment, and attorney fees. On May 16, 2016, CIG and Mr. Maddox filed their statements of defense, denying the allegations and asserting counterclaims against New Age. A principal of New Age is now deceased and the matter remains pending without change.

Except for the action described above, no litigation is required to be disclosed in this Item.

**ITEM 4:****BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5:****INITIAL FEES**

You must pay us an initial franchise fee ("**Initial Franchise Fee**") under the Franchise Agreement. The amount of the Initial Franchise Fee, as well as the method of timing of payments, vary depending on which of the options you select, and whether you are a Conversion Franchisee.

We currently offer the following two options regarding the Initial Franchise Fee (for non-Conversion Franchisees).

- ~~\$1250~~,000, payable in lump sum at the time you sign the Franchise Agreement.
- ~~\$1512~~,000, payable ~~as: (a) \$3,000~~ at the time you sign the Franchise Agreement; ~~and (b) 12 additional payments you will also pay 5% of \$1,000, each due on the first day your Gross Revenues (see Item 6 for a description of each "Gross Revenues") per month for 12 months following the Effective Date until the time these 5% payments to us equal a total of \$60,000.~~

Additionally, for a “**Conversion Franchisee**” the Initial Franchise Fee is \$2,500, payable in lump sum when the Franchise Agreement is signed. To qualify as a “**Conversion Franchisee**,” you must have an existing business offering ABA services, which during the six months immediately prior to joining the Hi-5 ABA Network had provided, and issued valid bills for, at least ~~2,500~~5,000 hours of billable ABA Services. Prior to entering into the Franchise Agreement, you must submit documentation acceptable to us evidencing the level of activity of your existing business that meets this standard.

~~We currently offer a \$5,000 reduction to the \$12,000 Initial Franchise Fee (which applies when the Initial Franchise Fee is paid in lump sum) to persons who participate and complete the “Mind the Academic Gap” program that the Division offers through its location in Centreville, Virginia, which is described in Item 1.~~

The Initial Franchise Fee will be fully-earned and will not be refundable. The Initial Franchise Fee will be uniformly applied to all new Franchisees according to the schedule of fees described above. We do not offer financing for the Initial Franchise Fee. During ~~2022, our standard fees were different than those described above, and during that time~~2023, we charged our then-current standard fees, ~~except that we temporarily modified the timing of the monthly payments for one franchisee who selected the second fee option.~~

## ITEM 6:

## OTHER FEES

## OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Fees for Centralized Billing	<del>64</del> % of Gross Revenues, <del>subject to discounts at certain breakpoint</del> (as described in Notes 1-5) Additionally, a charge of up to \$50 may apply to process any amended claims or late time sheet for your personnel providing billable ABA Services that are processed through Centralized Billing.	At the time the Billing Vendor collects payment of Gross Revenues processed through Central Billing, or by the 15 <sup>th</sup> day after the Accounting Period. <del>(with some exceptions – see Note 2).</del>  These fees are paid to Hi-5 Processing.	“ <b>Centralized Billing</b> ” is an arrangement under which a vendor that we designate (the “ <b>Billing Vendor</b> ”) will, on your behalf, issue invoices and collect payments for the System Services provided to clients by the Franchised Business.  We have the right to require that you use Centralized Billing and to use our designated Billing Vendor. We currently require you to use Centralized Billing for all activities, except for client direct-pay services that are not covered by insurance for which the Billing Vendor provides services, and we have designated our affiliate, Hi-5 Processing, as the sole approved Billing Vendor.  See Notes 1 - 5, and 12 (Note 12 applies only in limited circumstances for Conversion Franchisees).
Fees for Administrative Services	<del>53</del> % of Gross Revenues, <del>subject to discounts at certain breakpoints (as described in Notes 2-5)</del>	Same as fees for Centralized Billing	See Notes 1 - <del>3,</del> 5, and 12.
Royalty Fee	<del>87</del> % of Gross Revenues (subject to <del>discounts at certain breakpoints</del> <u>a possible Annual Volume Discount</u> as described in <del>Notes 1-5</del> <u>Note 6</u> )	For revenues collected by Centralized Billing: at the time the Billing Vendor collects payment of Gross Revenues processed through Central Billing, or by the 15 <sup>th</sup> day after the Accounting	See Notes 1 - 3, <u>5,</u> 6, and 12.

Type of Fee (Note 1)	Amount	Due Date	Remarks
		<p>Period: <u>(with some exceptions – see Note 2).</u></p> <p>For revenues not <del>collected</del> <u>by processed using</u> Central Billing: no later than 15 days after the Accounting Period.</p>	
Clinical Consulting Services	1% of Gross Revenues per month	Same as fees for Centralized Billing	See Notes 1 – 3, <u>5</u> , 7 and 12.
Additional and Replacement Specially-Trained Management Personnel Training	\$500 for each additional individual to be trained	Before training begins	We will train, at our expense, up to three Specially-Trained Management Personnel (defined in Item 11 below). If you want to send additional personnel to the initial training program, or if you must send replacement Specially-Trained Management Personnel to the initial training program, the training fee will be \$500 for each individual. You will be responsible for paying for all of your employees' costs and expenses. See Note 8.
Additional Training (at your request)	Our then-current standard training fee for the type of training to be provided, plus our out-of-pocket expenses (including travel expenses)	Before we render this assistance	If you request additional and/or on-site training (and we can reasonably accommodate that request), then we have the right to charge a fee for this assistance. We may change the fee (including the per diem amount) from time to time. See Note 9.
Additional & Repeat Training	Our then-current standard training fee for these programs, and our reasonable out-of-pocket expenses if training is provided at your site	Before training begins	We may offer or require further training during the franchise term. We have the right to charge a fee, whether the training is mandatory or optional. We may also charge a fee if anyone must repeat a training program. See Note 9.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Interest on Overdue Payments	18% per year on the underpayment	Upon demand	Only due if you don't pay us the amounts you owe us on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due. Interest will not exceed any legal maximum that may apply. See Note 10.
Transfer Fee	\$ <del>50</del> ,000 or 50% of our then-current initial franchise fee, whichever is more	At time of transfer	Only due if you make a transfer (as defined in the Franchise Agreement), which includes the sale of your franchise, your company, or any party's interest in your company. There are some exceptions. See Note 11.
For Conversion Franchisees only: Fee for Optional Termination	\$10,000	Before terminating the Franchise Agreement	If you are a Conversion Franchisee, there are certain circumstances under which you may choose to terminate the Franchise Agreement before the expiration. To exercise this option, the Conversion Franchisee must comply with the termination conditions, which include paying an early termination fee and all monies payable to us and our affiliates based on your operations through the termination date. See Note 12 for details on the options and the termination fees.
Indemnity	Will vary under circumstances	As incurred	See Note 13.
Enforcement Costs	Will vary under circumstances	Upon demand	Only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the agreement. See Note 14.

Notes to Item 6 table: (Please review the table above in conjunction with all of the following notes.)

1. General.

- We impose and collect all fees listed above, except as described above for Centralized Billing, Administrative Services and Clinical Consulting Services, which are payable at this time to our affiliates. All fees are non-refundable. All fees will be uniformly applied to new system Franchisees; however, in some instances that we consider appropriate, we may waive some or all of these fees. Additionally, if the laws, regulations, or administrative interpretations in a state or local jurisdiction require alternative fee arrangements, we may adjust the fee structures and/or methods of payments accordingly. Any alternative fee structures and/or payment methods that we and you implement will be referred to as “**Alternative Fee Terms**”). At this time, we have implemented Alternative Fee Terms relating to billing services for Medicaid and federally funded claims in Florida and New York, which replace the percentage-based Centralized Billing fee (for Medicaid and federally funded claims). These Alternative Fee Terms are in the Supplementary Agreement included as Exhibit E to the Franchise Agreement. If other states have, or develop, similar limitations, we expect to implement terms similar to those in the Supplementary Agreement (to the extent needed) to address the regulatory issue.
- For all fees and charges, you must use the payment method we designate. For any fees that are not covered by Central Billing, we have the right to require that you make these payments to us by EFT (electronic fund transfer), including ACH.
- The term “**Accounting Period**” means a calendar month period, unless otherwise designated by us in writing. We may, upon written notice to you, change the Accounting Period, provided that it will not be shorter than weekly.

2. Gross Revenues. “**Gross Revenues**” means all revenue and compensation collected (except as described below for periods in which you are in default) from all sources (directly or indirectly) for System Services provided by or through the Franchised Business and from the sale of any other products or services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business. Gross Revenues include proceeds of any business interruption insurance policies, or other compensation; whether paid to you by cash, check, or credit (and regardless of collection in the case of check or credit). However, Gross Revenues excludes client refunds, as well as taxes that you directly collect from clients and actually transmit to the appropriate taxing authorities. For any refund provided to clients, the refund will be excluded from Gross Revenues for the Accounting Period in which the refund was made to the client, regardless of the date of the initial payment to which the refund applies.

Gross Revenues During Certain Defaults. If there are any periods where you are not in compliance with the Centralized Billing and payment method requirements (including if you fail to properly maintain and use the Designated Bank Account (described below), do not use the required billing software or otherwise restrict the our or the Billing Vendor’s ability to view information relating to the billings and/or collections for System Services), and you do not timely cure those defaults, the Gross Revenues of the Franchised Business for any period of non-compliance will be calculated as the amounts billed (rather than collected) for (a) any System Services that have been billed, but not yet collected as of the date on which your default(s) began, and (b) any ongoing System Services you provide until the default is cured. Additionally, if we or the Billing Vendor are unable to determine the amount actually billed for

System Services due to your failure to comply with the billing and reporting requirements, then we may for any periods in which you are in default estimate the Gross Revenues for each Accounting Period during your default as the average of the Gross Revenues of the Franchised Business during the three months preceding your default.

3. **Centralized Billing, Collected Payments, and Required Payments.** As described above, we require that you use Centralized Billing except to the extent that we approve of other methods for self-pay services not covered by insurance. We require that you establish and maintain a regular business checking account at a bank that we (or the Billing Vendor) designate or approve for the purpose of depositing all Gross Revenues collected for the Franchised Business and which will be used for the Centralized Billing activities (the “**Designated Bank Account**” which is also referred to as the Payroll Checking Account in the Hi-5 ABA Processing Agreement). You will also establish a second business checking account with the same bank (your “**General Operating Account**”) that you will use and to which we will remit payments due to you under the Central Billing arrangements described below. Under the Central Billing arrangements, Hi-5 Processing (as the designated Billing Vendor) will handle the invoicing and collection process for all System Services that your Franchise Business requires, except for System Services that clients will self-pay (typically this occurs when a client or service provided is not covered by, or eligible for insurance coverage). The Billing Vendor may make arrangements with you for Central Billing to apply to some or all self-pay clients. Unless otherwise approved (and subject to applicable law), you must deposit all amounts collected from self-pay services into the Designated Bank Account. The term “**Collected Payments**” refers to all Gross Revenues that are collected through the Billing Vendor for your Franchised Business or otherwise required to be deposited into the Designated Bank Account. The term “**Required Payments**” means the Royalty Fee payable to us, and such other amounts (if any) due to us or our affiliates under the Franchise Agreement or other agreements in connection with the Franchised Business.

During any period that we require Centralized Billing ~~is in effect~~, the Collected Payments, Royalty Fees, fees for Centralized Billing and administrative services, and any other required payments will be processed as described below.

- No later than the 15th day of each Accounting Period, the Billing Vendor will calculate the Royalties and any other Required Payments payable to us or our affiliates for Support Services that they provide (including for Central Billing, Administrative Services and Clinical Consulting Services) based on the Gross Revenues of your Franchised Business during the prior Accounting Period (or, if applicable, according to any Alternative Fee Terms). Additionally, if the Billing Vendor, under its agreement with you, is authorized to make payments on your behalf of any fees and other amounts that you are obligated to pay to third parties relating to the Franchised Business (“**Third-Party Obligations**”), to third-parties for other Support Services and/or any other Third-Party Obligations, the Billing Vendor will calculate such fees and payments based on the information provided to the Billing Vendor.
- Based on those calculations, the Billing Vendor will use the Collected Payments to: (1) pay Royalty Fees to us, subject to any amounts that we elect to be Deferred Royalties (as described in Note [65](#) below); (2) pay to us or our affiliates any amounts that are due as repayments of Advances under the Hi-5 Processing Agreement (or any other form of credit agreement) or as payment of Deferred Royalties (as described in Note [65](#) below) or any other deferred Required Payments; (3) pay to us any other Required Payments due to us, subject to any amounts that we elect to defer to facilitate Advances; (4) pay to our affiliate

any Required Payments due to them, including for any Support Services they provided to you, subject to any amounts that they elect to defer to facilitate Advances; and (5) pay Third-Party Obligations, if any, that you have contracted with the Billing Vendor to pay on your behalf from the Collected Payments. If we (or an affiliate) are the Billing Vendor, we will retain the amounts due to us (or the affiliate) for the Required Payments. Additionally, if there is any “Chargeback” claimed on billings and collections processed through Centralized Billing, the Billing Vendor has the right to make payment of the Chargeback as it becomes due and payable to a customer or insurance provider from the Gross Revenues collected. A “**Chargeback**” is any payment made (whether paid directly by a customer or through an insurance company) for ABA Services rendered by the Franchised Business that must be refunded in whole or in part. The Billing Vendor may make these distributions as it receives Collected Payments, rather than in lump sum payments for the entire Accounting Period.

- By the 30th day of each Accounting Period, (1) we or the Billing Vendor will issue you a report of: (a) the Gross Revenues billed and received; (b) Royalties and, if applicable, any amounts treated as Deferred Royalties or other deferred Required Payments; (c) other Required Payments to us or our Affiliates, any other fees for Support Services, Third-Party Obligations, and Chargebacks paid on your behalf; (d) repayments of previously issued Advances under any Credit Agreement (including the amounts as Deferred Royalties or other deferred Required Payments (together, the “**Disbursements**”) for the prior Accounting Period; (e) any Advances made to you; (f) any Chargebacks that may be due and payable that have been paid; and (g) any other information we determine necessary to reconcile the Gross Revenues with the Required Payments and other Disbursements (if any); and (2) the Billing Vendor will, based on such reports, remit the balance to you by transferring such amounts to your Operating Account (the “**Franchisee Disbursement**”).
- If the Collected Payments deposited into the Designated Bank Account are not sufficient to pay the Required Payments, you must pay us the balance of the Required Payments by the 15th day of the next Accounting Period by your credit card or ACH, as we may specify from time to time.

If there is any period that ~~you are~~we do not ~~using~~require Centralized Billing ~~and/~~or if there are any revenues of the Franchised Business that are not processed through the Centralized Billing, ~~then~~and/or if you are not in compliance with the Centralized Billing requirements, then (in addition to any other requirements) by the 15th day after the Accounting Period, you must (a) submit to us a report of your Gross Revenues for that Accounting Period that were not billed and collected through Centralized Billing, and (b) pay the applicable Royalty Fees and any other Required Payments to us. As noted above, you are required to use the designated billing methods and deposit all revenues into the Designated Account so that the Billing Vendor may facilitate the proper and timely calculation and processing of revenues and expenses, and make determinations for any Advances and repayments as described above.

~~4. **Breakpoint Discounts.** Hi-5 Processing offers potential discounts on its Centralized Billing and Administrative Services fees based on the Gross Revenues of the Franchised Business, and we also offer potential discounts on the Royalty Fee (together, the “**Breakpoint Discounts**”). The Breakpoint Discounts are divided into two categories – the “**Annual Volume Discount**,” and the “**Cumulative Volume Discount**.” The two types operate independently and may be combined when the criteria for each are satisfied (for potential discounts totaling up to 10%).~~

- ~~*Annual Volume Discount:* This discount is measured and applied on a calendar year basis to percentage-based fees, based on the Franchised Business' Gross Revenues during the prior calendar year. The Annual Volume Discount (if applicable) will start on January 1 of each year and apply throughout that calendar year. As reflected in the chart below, if Gross Revenues for a year exceed the annual discount threshold of \$500,000, then a discount equal to 0.5% per additional \$500,000 of Gross Revenue will apply, up to a maximum total Annual Volume Discount of 5%. To maintain or obtain an increase in any discount, a franchisee must maintain or increase revenues to the qualifying levels on an annual basis. (The chart is intended to reflect only the possible reductions in fees and does not indicate that any particular level of revenues may be achieved by a business.)~~

If Gross Revenues (during the prior calendar year) are:	Total Annual Volume Discount (as percent of Gross Revenues)
\$0	0%
\$500,000	0.5%
\$1,000,000	1.0%
\$1,500,000	1.5%
\$2,000,000	2.0%
\$2,500,000	2.5%
\$3,000,000	3.0%
\$3,500,000	3.5%
\$4,000,000	4.0%
\$4,500,000	4.5%
\$5,000,000	5.0%

- ~~*Cumulative Volume Discount.* This discount is measured and applies based on the cumulative total of the Franchised Business' Gross Revenues during the initial term of the Franchise Agreement. Once the Franchised Business' cumulative Gross Revenues reach a discount threshold, the Cumulative Volume Discount will apply beginning with the next Accounting Period. The Cumulative Volume Discount thresholds are: 1% discount at \$1,000,000 of cumulative Gross Revenue; 2% discount at \$2,000,000 of cumulative Gross Revenue; 3% discount at \$3,000,000 cumulative Gross Revenue; 4% discount at \$4,000,000 cumulative Gross Revenue; and 5% discount at \$5,000,000 and above cumulative Gross Revenue.~~
- ~~*Allocation of Breakpoint Discounts.* The Breakpoint Discounts (whether earned as Annual Volume Discounts and/or Cumulative Volume Discounts) will be allocated between the percentage-based fees for Centralized Billing, Administrative Services, and Royalty Fees as follows: the first two percentage points will apply to the Centralized Billing fee; the next two percentage points will apply to the Administrative Services fee, and the next six percentage points will apply to the Royalty fee. If Alternate Fee Terms are in effect for a Franchised Business, then any available Breakpoint Discounts will (subject to applicable law) be calculated as described above using the Gross Revenues to determine the dollar~~

~~value of the discount available, and then that discount amount will be applied towards the amounts due to Hi-5 Processing under the Alternative Fee Terms.~~

~~5.4. Administrative Services.~~ As described in Item 1, Hi-5 Processing is currently the designated vendor of certain administrative support (the “**Administrative Services**”) that we require franchisees obtain. The Administrative Services that Hi-5 Processing currently provides include: initial training related to the billing systems used in the Hi-5 ABA Network for ABA Services; assistance with the credentialing of franchisee personnel with approved insurers; preparing and submitting insurance claims on behalf of the franchised business at franchisee’s direction as to the services it provided; assistance with pursuing collection of insurance claims not promptly paid; processing of payroll; and assistance with bookkeeping and record processing. Hi-5 Processing also offers additional optional services, for which additional fees may apply. These services and fees are described in more detail in the Hi-5 Processing Agreement (a copy of which is in Exhibit B of this disclosure document).

~~6.5. Advances and Deferred Royalties.~~

- *Advances* - As further described in Item 10 of this disclosure document, Hi-5 Processing currently offers, under the terms of the Hi-5 Processing Agreement, franchisees the opportunity to receive funds as advances against its receivables to help franchisees meet their ongoing obligations and expenses. Hi-5’s policy provides for advances secured by qualifying unpaid claims submitted for ABA Services rendered by a Franchised Business. See Item 10 for details on Hi-5 Processing’s current policies on advancing funds to franchisees (including criteria to qualify for advances, the potential amounts of advanced funds, and terms for repayment).
- *Deferred Obligation Component of Advances.* In connection with Hi-5 Processing acting as the designated Billing Vendor, we may participate in providing franchisee advances by authorizing deferral of the Royalties that are due and payable to us. See Item 10 for additional information regarding “**Deferred Royalties.**” Deferred Royalties will be due and payable in full within a maximum of one year of the date the Royalties were earned, and will remain your liability regardless of whether collateral receivables are collected; and provided that any deferral is subject to you remaining in compliance with the Franchise Agreement and any agreement with us or our affiliates.

6. Annual Volume Discounts for Royalty Fees. If you are in compliance with the franchise and other agreements with us and our affiliates, and you meet the Gross Revenue thresholds shown below, we will grant you a discount on the Royalty Fee due during the next calendar year (the “Annual Volume Discount”).

- Annual Thresholds and Calculations. For purposes of determining (a) whether a franchisee qualifies for an Annual Volume Discount, and (b) the amount of any such discount, the Franchised Business’ Gross Revenues will be measured on a calendar year basis. If a franchisee meets a discount threshold for a calendar year, the Annual Volume Discount will start on January 1 of the immediately following year and apply throughout that calendar year. As reflected in the chart below, if Gross Revenues for a year exceed the annual discount threshold of \$500,000, then a discount equal to 0.5% per additional \$500,000 of Gross Revenue will apply, up to a maximum total Annual Volume Discount of 5%. To maintain or obtain an increase in a discount for the next year, a franchisee must maintain or increase revenues to the qualifying levels on an annual basis. (The chart is

intended to reflect only the possible reductions in fees and does not indicate that any particular level of revenues may be achieved by a business.)

<u>If Gross Revenues (during the prior calendar year) are:</u>	<u>Total Annual Volume Discount (as percent of Gross Revenues)</u>
<u>\$0</u>	<u>0%</u>
<u>\$500,000</u>	<u>0.5%</u>
<u>\$1,000,000</u>	<u>1.0%</u>
<u>\$1,500,000</u>	<u>1.5%</u>
<u>\$2,000,000</u>	<u>2.0%</u>
<u>\$2,500,000</u>	<u>2.5%</u>
<u>\$3,000,000</u>	<u>3.0%</u>
<u>\$3,500,000</u>	<u>3.5%</u>
<u>\$4,000,000</u>	<u>4.0%</u>
<u>\$4,500,000</u>	<u>4.5%</u>
<u>\$5,000,000</u>	<u>5.0%</u>

- Alternate Fee Terms. If Alternate Fee Terms are in effect for a Franchised Business, then any available Annual Volume Discount will (subject to applicable law) be calculated as described above using the Gross Revenues to determine the dollar value of the discount available, and then that discount amount will be applied towards the amounts due to us under the Alternative Fee Terms.
- Application to Conversion Franchisees. A Conversion Franchisee may qualify for an Annual Volume Discount based on the revenues it collected from ABA services during the 12-month period before signing the Franchise Agreement. Upon providing us with appropriate documentation of the revenues collected from ABA Services during that period, a Conversion Franchisee will receive the applicable Annual Volume Discount for its first calendar year of operation under the Franchise Agreement.

7. Clinical Consulting Services. As described in Item 1, we require that franchised Hi-5 ABA Businesses obtain Clinical Consulting Services from an approved third party that we designate, and we have designated the Division as the required provider for the Hi-5 ABA Network. The Clinical Consulting Services and fees are described in more detail in the Division's Clinical Consultation Services Agreement (a copy of which is in Exhibit C of this disclosure document). The current fee for the Clinical Consultant services is 1% of the Gross Revenues of the Franchised Business per month during which the Clinical Consultant continues to provide such services to the Franchised Business. The Division also offers additional optional services, for which additional fees may apply. These services and fees are described in more detail in the Division's Clinical Consultation Agreement.
8. Training for Replacement Personnel. If any of the Highly Trained Management Personnel (defined in Item 11 under the heading "Training") cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Management Personnel, then you must enroll a qualified replacement in our initial training program within 30 days. Payment of the training fee for those persons (the amounts are determined as shown

in the chart above) is due in full before each phase of training begins for the replacement personnel.

9. Additional Training and General Training Expenses. For any training that we provide to you and your personnel, you would be responsible for expenses incurred while they attend training (for example: salaries, benefits, travel, lodging, meals, and other related expenses). We reserve the right to charge you for training additional personnel (which may be optional or mandatory) and for re-training persons who are repeating the course or replacing a person who did not pass. Additional details are in Item 11 of this disclosure document under the heading "Training."
10. Interest. Interest starts to accrue when your payment was initially due. Interest rates will not exceed any maximum rate that may apply under applicable law.
11. Transfer Fees. We will not charge a transfer fee in connection with a transfer that takes place upon the death or incapacity of the franchisee or its principals (so long as instead, you reimburse us for our out-of-pocket expenses, including attorneys' fees that we incur in connection with reviewing and approving the transfer).
12. Fees for Optional Termination of a Conversion Franchise. If you are a Conversion Franchisee, then you will have the option to terminate the Franchise Agreement before the expiration date if you meet certain conditions, which include: (a) you provide us with written notice of your desire to terminate the Agreement at least 90 days in advance of your proposed termination (although the actual termination date will be at the end of the Wind-down Period, described below); (b) prior to the beginning of the Wind-down Period, you must pay in full to us and our affiliates all amounts due or accruing under the Franchise Agreement and related agreements with us and our affiliates for any period up to the beginning of the Wind-down Period, including any Advances and Deferred Royalties that you have accrued; (c) at the beginning of the Wind-down Period, you must participate in a meeting with us to evaluate and review the procedures and actions to be completed during the Wind-down Period; (d) prior to the end of the Wind-down Period, you pay us a termination fee equal to \$10,000; and (e) you (and your owners) sign a termination agreement. The termination fee is in addition to any amounts that are otherwise payable to us or our affiliates under the Franchise Agreement and related agreements. During the Wind-down Period, the Required Payments and Support Services Fees payable to us or our affiliates for all ABA Services performed by your Franchised Business during the Wind-down Period will be calculated based the amounts billed for such services, rather than being calculated on the Gross Revenues collected (which is the standard that applies for ABA Services provided prior to Wind-down Period); with limited exceptions for franchisee defaults. The Billing Vendor may continue to process collections for ABA Services billed through Centralized Billing Services prior to the end of the Wind-down Period, but neither we nor the Billing Vendor we will provide any other Support Services during the final 14 days of the Wind-down Period. If any Required Payments remain outstanding or in process as of such time, we will issue to you a report regarding any remaining amounts due, and you agree that you will pay such amount in full by the final day of the Wind-down Period.
13. Indemnification. You must indemnify us and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in any matter that involves any of the following: (a) a matter having anything to do with any securities offering you make; (b) your use of the marks (other than as we approve); or (c) anything having to do with a claim arising out of the operation of your Franchised Business.

14. **Enforcement costs.** You will not incur these costs unless you are in default under the Franchise Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) as a result of your default, and also to enforce and terminate the agreement. In addition, if you are in default you must reimburse us for our expenses (including reasonable attorneys' fees) if we need to obtain an injunction or other relief to enforce any provisions under the Franchise Agreement, or if we successfully defend your claim against us under the Franchise Agreement.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	\$2,500 to \$1550,000	Varies based on fee option selected	Varies based on fee option selected	Us
Lease/Utility Deposit (Note 2)	\$0	As Arranged	As Arranged	Landlord
Leasehold Improvements/ Signs (Note 3)	\$0	As Arranged	As Arranged	Contractors
Technology System Equipment (Note 4)	\$600 to \$2,500	As Arranged	Payment terms with suppliers	Vendors, Suppliers
Technology System Services (Note 4)	\$93 to \$780	As Arranged	Payment terms with suppliers	Vendors, Suppliers
Business Equipment and Supplies (Note 5)	\$300 to \$500	As Arranged	Before Opening	Suppliers
Business Licenses and Permits (Note 6)	\$0 to \$375	As Arranged	Before Opening	Gov't agencies, licensing authorities
Insurance (Note 7)	\$1,000 to \$3,000	As Arranged	As Arranged	Insurance Providers
Professional Fees (Note 8)	\$500 to \$2,000	As Arranged	As Arranged	Attorney, accountant
Initial Training Expenses (Note 9)	\$0	As Incurred	As Incurred	Virtual
Marketing (Note 10)	\$125 to \$575	As Arranged	As Incurred	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Additional Funds (3 Months) (Note 11)	\$12,500 to \$50,000	As Incurred	As Incurred	Us, our affiliates, employees, vendors, suppliers
<b>Total (Note 12)</b>	<b>\$<del>15</del>17,618 to \$74109,730</b>			

Notes to Item 7 chart:

The following notes are intended to be read with the chart above.

Please note that we do not offer direct or indirect financing to you for any items described above. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions. Our affiliate, Hi-5 Processing, does not finance initial investment costs, but may offer to advance funds to help franchisees meet their ongoing obligations and expenses. See Item 10 of this disclosure document for additional information.

Except as otherwise stated, all amounts payable to us are not refundable. Payments you make to third-party vendors and organizations are presumed not to be refundable (unless you can negotiate otherwise with the vendors).

1. Initial Franchise Fee. The amount of the Initial Franchise Fee, as well as the method and timing of payments, varies ~~from \$12,000 (except for Conversion Franchisees) to \$15,000~~ depending on which of the options you select. and is either (1) \$50,000 in lump sum, or (2) \$12,000 in lump sum plus additional payments of 5% of Gross Revenues until those payments total \$60,000 (unless you are a Conversion Franchisees). We currently offer the two fee options, which are described in detail in Item 5. If you qualify as a "Conversion Franchisee" the Initial Franchise Fee is \$2,500, payable in lump sum when the Franchise Agreement is signed.

2. Lease/Utility Deposit. Hi-5 ABA Businesses typically provide ABA Services to clients at the client's home, in appropriate third-party settings, or in a clinic. The Franchised Business can be run from an office located in your home or another location that you may wish to use for that purpose. You are not required to lease space to serve as an office, and we are not offering franchises specifics for clinic settings. As such, the estimates above do not include any lease/rent payments or deposits for utilities. If you wish to rent or purchase office space, then you will incur costs to do so, including rent and utility deposits.

3. Leasehold Improvements/Signs. As noted above, Hi-5 ABA Businesses typically begin providing ABA Services to clients at the client's home or in appropriate third-party settings. We assume that you will not start by maintaining a location that is devoted solely to operating the Franchised Business, in which event you will not need to make leasehold improvements to a site or to have signage. As such, the estimates above do not include any costs for leasehold improvements or signs. You may use your personal vehicle for traveling to meet with clients.

4. Technology System. We require our franchisees to obtain (if they do not already have items meeting our standards) and use the computer and technology hardware, operating

software, and communications capabilities we specify from time to time (the “**Technology System**”). Our requirements currently include a smartphone and computer capable of running the software and on-line management system that we require, and we recommend that you also have peripheral devices such as a printer and facsimile capabilities. We also currently require that you obtain and use the [CentralReach Motivity data collection and Aloha billing software program](#) and related services, a Quickbooks [or Paylocity](#) account, and Google Suites. [We have a master contract for these programs and services and franchisees will pay fees directly to us.](#) The software licensing and support costs ~~to~~[for](#) these ~~vendors is~~[services are](#) currently: \$41 per user, per month for [CentralReach Motivity and Aloha](#), \$40 per month for a Quickbooks [or Paylocity](#) account, and \$12 per user, per month for Google Suites. For a range of 1 to 15 Technicians, the costs would be between \$53 and \$780 per month, plus a flat \$40 per month for the Quickbooks [or Paylocity](#) account on behalf of the practice. [Based on the current fee structure, the prices increase annually \(effective February 1\) to reflect changes in the Consumer Price Index.](#) The Technology System is described in more detail in Item 11 under the heading “**Technology System.**” [and we may change the Technology System, including the required programs and services in the future.](#)

5. **General Business Equipment and Supplies.** If you do not already have them, then you will have to buy general business operating supplies including stationery, business cards, and typical business/office supplies. We do not require that you obtain a phone system devoted to the Franchised Business, but (as described in Note 4 above) you must have a mobile phone that you can use in your business operations. Your cost may vary depending on local market conditions, competition among suppliers, and other factors. Vendors generally do not offer refunds for these items.

6. **Business Licenses & Permits.** Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. These fees vary and are paid to governmental authorities before starting business. Additionally, as described in Item 1, there are Industry Regulations and Professional Standards that apply to providers of ABA services. You will be responsible for researching and obtaining all necessary licenses, permits, and certificates for the operation of your Franchised Business. If you are already licensed and operating as a BCBA, you may not incur any additional business or licensure fees to begin your Franchised Business.

7. **Insurance.** You must obtain and maintain certain types and amounts of insurance. The estimate is for the annual premium year for the policies required under the Franchise Agreement. Our current requirements include the following:

- Professional liability coverage at limits required by payors and contracts.
- Statutory workers’ compensation insurance and employer’s liability insurance as required by federal, state or municipal law.
- Any other insurance coverage that is required by federal, state, or municipal law.
- Additionally, before you may obtain any Advances from us or our affiliates, you must obtain and thereafter maintain crime policy coverage that names us (and any affiliate that provide any Advances), as a beneficiary and protects us (and any affiliate that provide any Advances) in an amount sufficient to cover any loss incurred as a result of any non-franchisor person accessing funds from the bank account(s) used to pay obligations of the

Franchised Business, including payroll, Required Fees, Support Services Fees, and Third-Party Fees.

We also recommend, but do not require, the following types of coverage:

- Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$3 million in the aggregate and \$1 million per occurrence.
- Comprehensive automobile liability insurance, including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on your behalf, with limits of liability not less than \$1 million combined single limit for both bodily injury and property damage.
- Abuse/Molestation Liability coverage of \$1 million per occurrence and \$3 million in the aggregate.

All policies must name us as additional insureds and must provide a waiver of subrogation in our favor. Your insurance must be primary and non-contributory with respect to us. Your insurance costs may be impacted by your claims history, the size and location of your Hi-5 ABA Business, the number of clients, number of employees, and the experience, background, and history of the business and its employees.

8. Professional Fees. The estimate is for legal, accounting, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rate for advisors, accountants, and legal professionals will also vary.

9. Initial Training Expenses. As described in Items 11 and 15, we provide initial training for you or your Operating Principal, your Franchised Business Manager (if you have one), and (if different) the person who will serve as a BCBA for the Franchised Business. At this time, we provide the initial training using online and virtual technology and you will not be required to travel to any specific location. As such, we do not expect that you will incur any out-of-pocket expenses to participate in the initial training program.

10. Marketing. We do not require, but encourage, franchisees to spend monies on advertising and marketing of their Hi-5 ABA Businesses. You may wish to undertake efforts in your area to promote your business and the ABA Services that you provide. If you do so, you will incur costs for those activities. We anticipate that franchisees will incur expenses relating to printing costs for flyers, buying business cards, table displays for vendor fairs, banners, and expenses for attending conferences. We have developed brochures that are designed to assist you with client education, as well as promote the System Services to the general community. We will provide you with an initial set design for brochures and a set of business cards (500 cards).

11. Additional Funds. You will need capital to support on-going expenses, such as payroll, to the extent that these costs are not covered by sales revenues. We estimate the amount for on-going expenses during the start-up phase of the business, which we consider to be three months. This is only an estimate, however, and there is no assurance that additional working capital will

not be necessary during this start-up phase or after. The estimates presented relate only to costs associated with the franchised business and do not cover any personal, “living”, or other expenses you may have. See Item 10 for information regarding possible financing that we or Hi-5 Processing may provide (in the form of advances against your billed, but not yet paid, claims for ABA Services rendered by your Franchised Business). Neither we nor our affiliates are required to provide any financing of your initial or ongoing costs relating to the Franchised Business.

The figures in the chart and the explanatory notes are only estimates.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the franchised business.

12. Total. We relied on our and our affiliates’ industry knowledge and experience.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### General

To protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing. You may offer and provide only the System Services, which must be rendered to clients only through the BCBA’s and Technicians, and other services and items that we have expressly authorized Hi-5 ABA Businesses to offer. We may designate specific services and products as optional or mandatory, provided that the ABA Services will remain a mandatory service. We may approve some services and products to be offered by certain franchisees.

Our System standards may relate to any aspect of the function and methods of operating of the Franchised Business. Our System standards will not impair the BCBA or Technicians in their performance of ABA Services. If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

We may require that you obtain all Support Services, technology system requirements, and credit card processing services be purchased only from one or more suppliers that we designated (a “**Designated Supplier**”). We or our affiliates may be Designated Suppliers or other approved suppliers. Currently, we are not a Designated Supplier or an approved supplier of any Support Services or other items, but our affiliates are. Currently, we have the following requirements in effect:

- Franchisees must follow our requirements for Centralized Billing and our affiliate, Hi-5 Processing, is the Designated Supplier of Centralized Billing for the Hi-5 ABA Network.
- Franchisees must obtain certain administrative and support services and Hi-5 Processing is the Designated Supplier of Administrative Services (these are further described in Item 6).
- Franchisees must obtain Clinical Consulting Services and our affiliate, the Division, is the designated Clinical Consultant. If you are dissatisfied with the performance of your

Clinical Consultant, you may submit a written request to us for a replacement Clinical Consultant or for approval to obtain comparable services from a BCBA not associated with the Division to act as your Clinical Consultant.

- Franchisees must buy (or lease) and maintain a computer system. In general terms, you will be required to obtain a computer system that will consist of certain hardware and software items and peripheral devices. Currently, we require that franchisees use the ~~CentralReach~~ [Motivity data collection and Aloha billing](#) software ~~platform~~ [programs](#) and [related](#) services and use a Quickbooks [or Paylocity](#) account and Google Suites, although we may approve or designate alternative programs in the future. More detailed information concerning the computer and technology system can be found in Item 11 of this disclosure document under the heading “Technology System.”

All other services, equipment, supplies, promotional items, and non-proprietary products and services that you purchase for use in the operation of the Franchised Business must be obtained only from suppliers that we have approved in writing, or that meet our specifications (for items or services as to which we do not approve specific suppliers, but rather issue standards and specifications). To the extent that we establish specifications, require approval of suppliers, or name Designated Suppliers for particular items or services, we will provide the requirements to you in writing, generally through the Manuals.

When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System’s needs promptly and reliably; and whether the supplier’s approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. We have the right to designate only one supplier for certain items (which supplier may be us or one of our affiliates). We (or our affiliates) may derive revenue from your purchases of services, products or other items.

If we require franchisees to use an approved supplier for a particular product or service, but you wish to purchase the product or service from a supplier that we have not approved (other than for Centralized Billing) or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we have the right to require delivery of product samples or demonstration of services either to us or to an independent testing service that we designate. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable time and cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier), and for services that we may render to our suppliers. If the request is for an alternative for Clinical Consulting Services, we may require additional information and materials regarding the proposed consultant’s background, qualifications, credentials, professional experience, and other criteria that we find relevant to their ability to provide clinical consulting services according to Professional Standards and our standards and guidelines. We reserve the right, at our option, to revoke our approval if the supplier does not continue to meet any of our then current criteria.

Although the Franchise Agreement does not require that we notify you of our approval or disapproval of a supplier within a specified time, we estimate that we will usually be able to notify you of approval or disapproval within 10 business days after receipt of your written request. This is only an estimate and the actual approval time may be shorter or longer than 10 days.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

Except for the Centralized Billing services, Administrative Services, and Clinical Consulting Services, neither we nor any affiliate of ours is currently an approved supplier of services or items to our franchisees, although we may supply additional services or items in the future. To the extent that franchisees purchase or lease services or items from us, we will derive revenue from these purchases and leases. During our previous fiscal year that ended December 31, ~~2021~~, 2023 we did not sell any products and services to our franchisees, but the Division and Hi-5 Processing did. During fiscal year that ended December 31, ~~2022~~2023, the Division derived approximately \$~~55,472~~71,866.56 in revenue from, or on account of, providing Clinical Consulting services to franchisees, which represented less than ~~2.56~~2.56% of the Division's total revenues, and Hi-5 Processing derived approximately \$~~519,595~~759,430 in revenue from, or on account of, providing centralized billing services and additional administrative and support services to franchisees, which represented approximately ~~97.25~~96% of Hi-5 Processing's total revenues.

None of our officers owns an interest in any companies that are vendors or suppliers to the Hi-5 ABA Business franchises other than our affiliates Hi-5 Processing and the Division.

#### Required Purchases or Leases as Percentage of Overall Purchases or Leases

We estimate that your purchases or leases of required Support Services, equipment, and products from approved suppliers and according to our specifications, will represent approximately 75% to 95% of your total product purchases in establishing the Franchised Business, and approximately 75% to 95% in the continuing operation of the Franchised Business.

We do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products or services.

#### Purchasing or Distribution Cooperatives and Purchase Arrangements

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some services or items to some or all of the Hi-5 ABA Businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all services and products, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the Hi-5 ABA Network.

Currently, there are no purchasing or distribution cooperatives in existence.

We have established relationships with the provider of the ~~CentralReach computer~~Motivity data collection and Aloha billing software programs and related services and negotiated terms on which franchisees may purchase these software licenses and support services. Under the current arrangement, we will provide franchisees ~~will obtain with access to the~~ services under our ~~negotiated master~~ contract and ~~the related fees will be payable~~are paid directly to directly to us. Otherwise, there are no negotiated purchase arrangements in effect at this time.

### Supplier Allowances

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, “**Allowances**”) offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of products, equipment, and other items and may include amounts for providing central billing and payment functions.

We intend to negotiate for Allowances on certain items, which may include computer and technology support services. We anticipate that any Allowance will be based on volume of purchases by both company-owned and franchised Facilities in the System. During our last fiscal year, we did not collect any Allowances based on franchisee purchases.

### Insurance

Under the Franchise Agreement, you must obtain and maintain certain types and amounts of insurance. Our current requirements include: (1) professional liability coverage at limits required by payors and contracts, (2) statutory workers’ compensation insurance and employer’s liability insurance as required by federal, state or municipal law; and (3) any other insurance coverage that is required by federal, state, or municipal law. We recommend, but do not require, the following types of coverage: (a) comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$3 million in the aggregate and \$1 million per occurrence; (b) comprehensive automobile liability insurance, including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on your behalf, with limits of liability not less than \$1 million combined single limit for both bodily injury and property damage; and (c) abuse/molestation liability coverage of \$1 million per occurrence and \$3 million in the aggregate. Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least “A-” in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located. All liability and property damage policies must name us as additional insureds. We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect.

**ITEM 9:****FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§ 1.2	1 and 11
b. Pre-opening purchases/ leases	§§ 6 and 8.4	7 and 8
c. Site development and other pre-opening requirements	§§ 5.2, 6.1, 7.3 and 8.3	8 and 11
d. Initial and ongoing training	§§ 3.1, 7.3, 7.4 and 7.5	6 and 11
e. Opening	§§ 6.1 and 6.2	11
f. Fees	§§ 4, 7.3, 7.4, 8.3 and 8.7	5 and 6
g. Compliance with standards and policies / Operating Manual	§§ 1.2, 5, 6.1, 5.2, 8, and 10	8, 11, and 14
h. Trademarks and proprietary information	§§ 1.1, 9 and 11	13 and 14
i. Restrictions on products/ services offered	§§ 1.2 and 8.1, 8.3, 8.4 and 8.7	8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development	§ 6.3	12
l. Ongoing product/ service purchases	§ 8.3, 8.4 and 8.7	8
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	§ 15	7 and 8
o. Marketing	§ 13	11
p. Indemnification	§ 21	6
q. Owner's participation/ management/ staffing	§ 7	15

Obligation	Section in Franchise Agreement	Disclosure Document Item
r. Records/reports	§§ 4.5, 4.7 and 12	6
s. Inspection/ audits	§ 8.4 and 12.4	11
t. Transfer	§ 16	6 and 17
u. Renewal	§ 2.2	6 and 17
v. Post-termination obligations	§§ 11.1, 16.5.5, 17.6, 18, 19.3.2 and 19.3.3	17
w. Non-competition covenants	§ 19	17
x. Dispute resolution	§ 27	17
y. Taxes/permits	§§ 4.4.1, 5.2, 6.1, 8.8, 12.1, 12.3, 12.4 and 20	1 and 11
z. Other: Personal Guarantee	Ex. C	15

**ITEM 10:****FINANCING**

Except as described in this Item 10, we do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

As described in Item 6 and 8, our affiliate, Hi-5 Processing, is the designated Billing Vendor and you must use Hi-5 Processing for Central Billing services. In connection with providing Central Billing services, Hi-5 Processing may advance funds to help franchisees meet their obligations and expenses. The types of costs and expenses for which Hi-5 Processing will provide advances currently include: payroll and wages paid to employees and contractors and working capital. Hi-5 Processing is not required to make any advances and has the right to change its policy.

The terms that will apply to any advances made by Hi-5 Processing are included in the Hi-5 Processing Agreement (the current form of which is included in Exhibit B), and are subject to applicable laws that may apply in your state. The following describes Hi-5 Processing's policies and terms for providing franchisee advances as of the date of this disclosure document. Hi-5 Processing retains the right to change the terms for new advances.

*Basis and Amount of Advances.* To the extent that Hi-5 Processing makes advances to a franchisee, those advances must be secured by the qualified "Claims" of the Franchised Business.

The term "**Claims**" means the claims or invoices for payment (whether to be paid by insurance providers or directly from clients) for the ABA Services that the Franchised Business performed and for which Hi-5 Processing is acting as the Billing Vendor on the franchisee's behalf.

Under Hi-5 Processing's current policies, for a Claim to be considered as "qualified" for purposes of potential advances from Hi-5 Processing, the Claim must: (a) have been submitted and is supported by proper documentation; (b) be less than 90 days old; and (c) not subject to any substantial detrimental condition, practice, or policy of the payor that may reasonably jeopardize payment, as determined by Hi-5 Processing. Hi-5 Processing's current policy is to advance up to \$50,000 as needed for a franchisee's expenses secured against qualified Claims on a loan-to-value ratio of 75% (for example, qualified Claims of \$60,000 would support advances of \$45,000). Hi-5 Processing may amend its policies as it determines appropriate.

*Assignment and Use of Proceeds from Claims.* Under the terms of the Hi-5 Processing Agreement, a franchisee would assign to Hi-5 Processing the irrevocable right to collect all funds generated from the ABA Services that the Franchised Business renders, subject to applicable law. Hi-5 Processing would disburse the proceeds collected first against the franchisee's obligations, including: (a) those under the Hi-5 Processing Agreement, the Franchise Agreement, and Clinical Consultation Agreement, including as repayment of advances made by Hi-5 Processing on the franchisee's behalf; (b) necessary business expenses such as payroll obligations, payroll taxes, professional liability insurance, vendor fees, background search fees, etc.; and (c) other expenditures as the franchisee may authorize in writing. If the franchisee's expenses exceed Hi-5 Processing's credit limits, then Hi-5 Processing may make disbursements on the franchisee's behalf which exceed the credit limits. If Hi-5 Processing does so, then the franchisee must take the actions that are needed to bring its accounts back into good standing within ten business days of Hi-5 Processing's request to do so.

*Deferred Royalties and Required Payments Component of Advances.* In connection with Hi-5 Processing's role as a franchisee's designated Billing Vendor, we may also participate in providing the franchisee with advances by authorizing a deferral of the Royalties that are otherwise due and payable to us. The term "**Deferred Royalties**" means those Royalties that are due to us under the Franchise Agreement, but for which we elect to defer collection in order to allow the franchisee to receive advances against existing Claims of the Franchised Business to be collected in the future. Similarly, we or our affiliates may participate in advances by authorizing a deferral of other Required Payments that are otherwise due and payable to us. Deferred Royalties and any other deferred Required Payments become part of the advances and will be due and payable, in full, within a maximum of one year of the date the Royalties were earned, and will remain the franchisee's liability regardless of whether collateral receivables are collected; and any deferrals will be subject to you remaining in compliance with the Franchise Agreement and any other agreements with us or our affiliates.

*Payoff Period and Prepayment.* The payoff period for the advances will vary, but generally is within 120 days. The period may be longer if the advances are supported by more recent qualifying Claims. You may repay the advances sooner at any time without penalty.

*Interest Rate and Fees.* Hi-5 Processing does not charge any interest on the advances, except for any amounts for which the Franchised Business is in default, as described below. Similarly, we do not charge interest on Deferred Royalties (or other deferred Required Payments), except for any amounts that are in default. If you are in default and fail to repay Hi-5 Processing for advances within 5 business days of written demand, including if you fail to pay Deferred Royalties or other deferred Required Payments when due, interest will be due for any remaining outstanding balance at the rate of 1.5% per month. You must also pay any costs and reasonable attorney's fees that Hi-5 Processing incurs to enforce the agreement and collect the amounts owed. If there is a legal limit applicable to the interest rate that we may charge to you, then we will not exceed that applicable limit.

*Default, Collection, and Cross-Default Obligations.* If you are in default under the Franchise Agreement, that will also constitute a default under the Hi-5 Processing Agreement. If you are in default under the Hi-5 Processing Agreement or the Franchise Agreement, Hi-5 Processing may demand that you repay the balance of any remaining advances (including Deferred Royalties and deferred Required Payments) against uncollected funds within 5 business days. If you fail to repay Hi-5 Processing (or us or our affiliates) for advances within 5 business days of written demand, interest will be due for any remaining outstanding balance at the rate of 1.5% per month (subject to the interest rate limit described above). You must also pay any costs and reasonable attorney's fees that Hi-5 Processing and/or we incur to enforce the agreement and collect the amounts owed.

If you are in default under the Hi-5 Processing Agreement, that will also be a default under your Franchise Agreement and any other contracts with us. If you do not cure the default under the Hi-5 Processing Agreement, we will have the right to terminate your Franchise Agreement (and any other Franchise Agreements you have in effect for other franchises you may have with us).

*Credit Information, Collateral and Guarantees.* We or Hi-5 Processing may request, as a condition of offering advances, that you provide us and Hi-5 Processing with updated credit reports and related information. As described above, any advances made by Hi-5 Processing or us (or affiliates), will be secured by all outstanding receivables of Franchised Business (excluding any receivables due from federally funded programs such as Medicaid, Medicare, Tricare, or other federally funded programs and subject to any other exclusions as may be required by applicable law). Hi-5 Processing does not require that the franchisee, or its owners if franchisee is an entity, sign a personal guarantee in order to obtain the financing. We, however, do require that the owners of the franchise (if the franchise is an entity) sign a personal guarantee under the Franchise Agreement, which will extend to any of the franchisee's obligations to us and Hi-5 Processing for advances, including Deferred Royalties, other deferred Required Payments, and other obligations under the Hi-5 Processing Agreement. (Our current form of Guarantee, Indemnification and Acknowledgement Agreement is attached to the Franchise Agreement as Exhibit C.)

*Waivers.* Hi-5 Processing may exercise all rights and remedies available to it under the Hi-5 Processing Agreement, in law or equity. The Hi-5 Processing Agreement does not provide any specific waivers. Under the Guarantee to the Franchise Agreement, your guarantors must agree to certain terms and waive certain rights. These terms include waiver of any right to require that we or Hi-5 Processing (a) proceed against the franchisee for any required payment; (b) proceed against or exhaust any security from the franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against the franchisee; and (d) give notice of demand for payment by the franchisee. Additionally, the Guarantee contains a waiver of the right to jury trial.

We do not receive any payments from Hi-5 Processing in connection with franchisees who obtain advances from Hi-5 Processing. Hi-5 Processing does not presently intend to sell, assign or discount rights under the Hi-5 Processing Agreement to any third party, but it reserves the right to do so in the future.

*Delegation to Us.* We may replace Hi-5 Processing as the party making any advances to the franchisee in connection with state laws or licensing requirements relating to franchisee financing. In such event, the terms of the Hi-5 Processing Agreement and the Franchise Agreement relating to Advances, including the franchisee's repayment obligations, will apply to

the advances that we make. If we make any advances, we will have the same rights as Hi-5 Processing regarding advances and may enforce such terms independently. The State Specific Disclosures in Exhibit H of this Disclosure Document, will indicate whether any Advances under the Processing Agreement will be made by us and if there are any state-specific amendments to the Processing Agreement.

**ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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**Except as listed below, we are not required to provide you with any assistance.**

Pre-opening Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Hi-5 ABA Business:

- (1) We will provide an initial training program, which is described in detail later in this Item 11 under the heading "Training." We will make this training available for up to three individuals. You may have us train more, but at your own expense. (*Franchise Agreement, Sections 3.1, 7.1 and 7.3.*)
- (2) We will lend you, for the duration of the Franchise Agreement, one copy of the Manual (which is more fully described in Item 14 below). (*Franchise Agreement, Section 3.2.*)
- (3) We have developed brochures that are designed to assist you with client education, as well as promote the System Services to the general community. We will provide you with an initial design for brochures. (*Franchise Agreement, Section 3.3*)

We are not required by the Franchise Agreement to furnish any other service or assistance to you to begin operating your Hi-5 ABA Business.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Hi-5 ABA Business:

- (1) We will review and have the right to approve or disapprove all marketing materials that you propose to use. (*Franchise Agreement, Section 3.3*) See below under the heading "Marketing and Promotion" for additional details.
- (2) We will provide you with periodic assistance and support in the marketing, administrative, clinical, and business operation of the Hi-5 ABA Business at the times and in the manner that we determine. (*Franchise Agreement, Section 3.4*) We will not be providing medical advice to you.

- (3) If you request (and if we are able to provide it), we will provide additional or on-site training relating to the operation of the Hi-5 ABA Business. If we provide this training, then you will be charged our then-current fees for the type of service requested. (*Franchise Agreement, Section 3.5*)
- (4) We may also provide other ongoing training that we periodically deem appropriate, at such places and times that we deem proper (and using the communication methods that we deem proper). (*Franchise Agreement, Section 7.4*)
- (5) We will provide you with information regarding the Support Services that we have developed or approved for use in the Hi-5 ABA handbook. The Support Services are further described below under the heading "Support Services". We may provide the Support Services directly, or establish relationships with third party service providers, and you may be required to pay fees for the Support Services. (*Franchise Agreement, Section 8.3*)

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Hi-5 ABA Business. In performing any of the activities described above, we will not interfere with the independent judgment of the franchisees regarding all professional and ethical aspects of their practices.

### Training

Before you begin operating your Hi-5 ABA Business, you (or your Operating Principal) and any person who will serve as your Franchised Business Manager must attend and successfully complete, to our satisfaction, the initial training program we offer (see Item 15 for additional information regarding the participation of the Operating Principal, BCBA Principal, and any Franchised Business Managers). Additionally, if your Operating Principal is not a BCBA, then your BCBA Principal must also complete the training before acting on behalf of your Franchised Business or billing hours for services. This training program will be held over the course of twelve weeks via online communications. The pre-opening training will relate to the management and other aspects of operating a Hi-5 ABA Business, including instructions regarding the System standards and operating procedures, the Support Services, clinical oversight responsibilities, and such other additional information regarding the operation of Hi-5 ABA Businesses.

You may include up to three persons (including your Operating Principal, BCBA Principal and Manager) to the initial training program. If you ask to include more than three individuals to the initial training program, then you must pay us a training fee (the amounts are described in Item 6). We may vary the duration or content of the training program for any trainee who has prior experience in our system or in similar businesses or based on the person's role in the Franchised Business. We may, if we determine acceptable, allow you to train certain of your managerial employees at your location.

The term "**Highly-Trained Management Personnel**" means you (or the Operating Principal), your Franchised Business Manager, and any other individuals who have completed all training and possess the qualifications necessary to the management and/or service roles that we require for their positions.

You (or your Operating Principal) and Franchised Business Manager must complete the initial training program within 30 days of signing the Franchise Agreement. We alone have the right to judge whether a person has successfully completed training. If you or your personnel fail to

complete initial training to our satisfaction, you or they may repeat the course or may send a substitute to the next available scheduled training session; however, we will have no obligation to extend the opening deadline for the Franchised Business for this purpose, and we reserve the right to terminate the Franchise Agreement if your Operating Principal and any other required personnel are unable in our opinion to have successfully completed training. We have the right to charge you a training fee for repeated initial training.

If any of you (or the Operating Principal) or other Highly-Trained Management Personnel cease active management or employment at the Franchised Business, then you must train a qualified replacement (who must be reasonably acceptable to us) not more than 30 days after the end of the former person's full-time employment or management responsibilities. The replacement must successfully complete the initial training program, to our reasonable satisfaction, as soon as it is practical to do so.

We will bear the cost of all training (instruction and required materials) except for additional training (as described in Item 6 and below under the "Ongoing Training") and replacement training (as noted above and in Item 6). For replacement training, the fee is \$500 for each individual. As described further below, for other additional training conducted at your location, we may charge a fee, which may vary based on the type of training to be provided and may include our out-of-pocket expenses (including travel expenses). You will bear all other expenses incurred for you, and (if applicable) any employees to participate in the training. As the initial training is conducted online, we do not expect franchisees to incur out of pocket costs (such as for costs of transportation, lodging, meals, etc.). If you have employees who will participate, then you will be responsible for wage and compensation matters (see Items 6 and 7 of this disclosure document).

The subjects covered in the initial training program are described below.

### **TRAINING PROGRAM**

Subject	# Hours of Class-Room Training	# Hours of On-The-Job Training	Location
Using <del>CentralReach</del> <a href="#">system data collection and billing systems</a> (or other designated <del>program</del> <a href="#">programs</a> )	12	As needed	Online
Business Planning	2	As needed	Online
Manual Review	2	As needed	Online
Billing	1	As needed	Online
Accounting: Fees	1	As needed	Online
Accounting: Payroll	1	As needed	Online
Employees and Recruiting	2	As needed	Online
Marketing	4	As needed	Online
<b>Total</b>	<b>25</b>		

We conduct the initial training as frequently as we determine is necessary. The instructional materials for our training programs include the manuals, written guidelines, discussions, and best practices. The dates of the training will be communicated to you in a written schedule we prepare in advance of each initial training program.

Our Training program is conducted and supervised by Benjamin MacGowen, our Chief Operating Officer. Mr. MacGowen, who manages business consulting with our franchisees, will assist in the business development modules. Mr. MacGowen has over ~~four~~five years of experience in matters related to our affiliates.

If circumstances require, substitute trainers may provide training to you. We may periodically name additional trainers as the need arises.

### *Ongoing Training.*

We may also provide the ongoing training that we periodically deem appropriate and may require that any or all of the Highly-Trained Management Personnel attend refresher courses, seminars, and other training programs periodically. If we do so, we will provide the training at places and times that we deem proper and we may use various means of communication (including electronic and virtual methods) that we deem proper. If you request additional on-site training, and we are able to do so, then you will pay us our then-current *per diem* charges and out-of-pocket expenses. Our current *per diem* charge is \$85 per hour.

For any training that we provide to you and your personnel, you are responsible for expenses incurred while they attend training (including salaries, benefits, travel, lodging, meals and other related expenses). We will bear the cost of conducting training (instruction and required materials for training) except for additional on-site training, as noted above and in Item 6.

The table of contents of the Manual is attached as Exhibit ~~J~~K. There are approximately 215 pages in our Manual.

### Technology System

We require our franchisees to purchase (if they do not already have the items we require) and use the computer system, Internet service, software, computer and Internet security systems, and other technology equipment, communications devices, audio/visual equipment and software systems that we specify in writing from time to time ("**Technology System**"). You may not install any non-business or unapproved software, hardware, or firmware on your Technology System.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Technology System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Technology System.

You may also be required to install and maintain telecommunications services (such as broadband internet service) that meet our requirements. Our current requirements include internet connections that are capable of video conference with a minimum capacity of 10 megabits per second. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the Technology System, and you must enter into and maintain such agreements (including making such payments) as we or the third party suppliers

and/or servicers require in connection with the installation, maintenance, and/or support for the Technology System.

The Technology System is for use in connection with operational and management tasks of your Hi-5 ABA Business. The hardware is non-proprietary and you may purchase it from various vendors. The software is not proprietary to us. We currently require that you have a smartphone capable of running the required software (if you do not already have one), and we also require that you have a computer, printer, and fax machine (or combination unit). We currently require that you obtain and use ~~CentralReach~~Motivity data collection and Aloha billing software ~~program programs~~ and related services (under our master ~~contract~~contracts), Quickbooks or Paylocity, and Google Suites. The ~~CentralReach program facilitates~~Motivity and Aloha programs facilitate various functions including billing, payroll, electronic records storage and retrieval, and other client-oriented services. Google Suites is used to facilitate functions including document storage, email services, and teleconferencing. We estimate that the cost of purchasing the Technology System (based on the purchase of a smartphone, computer and printer/fax machine) will typically be \$600 to \$2,500. You may also have the option to lease some or all of the computer equipment rather than purchasing it. We do not have information as to the costs to lease these items. ~~The~~At this time, we have negotiated arrangements with Motivity and Aloha and the software licensing and support costs for ~~the~~these products is currently: \$41 per user, per month for ~~CentralReach~~Motivity and Aloha. Based on our current fee structure, these fees will increase annually to reflect changes in the Consumer Price Index. Other costs are currently \$12 per user, per month for Google Suites, and \$40 per month for a Quickbooks account or Paylocity account. Your costs will vary based on the number of BCBA's and Technicians working in your ~~businesses~~business. For a range of 1 to 15 technicians, the costs would be between \$53 and \$795 per month, plus a flat \$40 per month for the Quickbooks account on behalf of the practice. Third party vendors may provide updates on their software systems under the contracts that you enter with them. You must use QuickBooks or Paylocity online for payroll services for any Technicians or other employees who will provide billable ABA Services. The cost will vary depending on the options that you choose. The current fees are \$17.50 per month for "Enhanced" services and \$40 per month for the "Full Service" option (noted above), plus \$4 per month for each employee/contractor paid through the service for up to 10 employees, and \$2.50 per month for any additional employees or contractors.

We require that you provide us and Hi-5 Processing with independent access to your computer and all information concerning your Franchised Business's operation subject to your and our compliance with HIPAA (the Health Insurance Portability and Accountability Act of 1996) or other applicable law relating to confidentiality of patient records. With this access we and Hi-5 Processing are able to download revenues and other data which Hi-5 Processing will use in providing Centralized Billing. There is no contractual limitation on our right to receive information from your system, subject to HIPAA and any other applicable law. (Section 14.1 of the Franchise Agreement).

We may require that you bring any computer hardware and software, related peripheral equipment, and/or communications systems into conformity with our then-current standards for new Hi-5 ABA Businesses. Computer equipment, service, replacement, upgrades, etc. will all be your responsibility and at your expense. We do not have an obligation to assist you in obtaining hardware, software, or related services and there are no contractual limits on the frequency or cost of your obligations to obtain these upgrades. (See Sections 8.4 and 14 of the Franchise Agreement.) Other than for ~~CentralReach~~Motivity, Aloha, Google Suites and Quickbooks, (or Paylocity), which are described above, we do not currently require that you purchase any maintenance, update, upgrade, or support contracts for the Technology System. We do not have

information about the availability or annual cost of any optional maintenance, upgrading, updating, or support contracts. We may periodically revise the requirements or designate alternative vendors for required or approved services and products.

### Support Services

One of the features of the System is the collection of Support Services that we have designed or developed for use in connection with the Hi-5 ABA Network as a means to support BCBAs in their activities and to alleviate the business and administrative burdens in managing the business aspects of operating their own behavioral therapy business and help promote ABA Services to the public. The Support Services include clinical and non-clinical business and administrative support services, management services, technology services, and business operating procedures. We may from time to time designate some or all Support Services as mandatory or optional. We may change, improve, add to, delete from, and further develop the elements of the Support Services. We may provide the Support Services directly or establish relationships with third-party service providers for these services. We, our affiliates, and other Support Service vendors may charge fees for the Support Services and establish the terms and conditions for providing such services. The types of assistance that may be included as Support Services include the following:

- Centralized Billing and Administrative Support: Currently, we have designated Hi-5 Processing as the required provider of Centralized Billing services and certain administrative support services and functions. Item 6 includes details as to the fees for the services that franchisees must use. Hi-5 Processing also offers additional services for which separate fees may apply. The services that Hi-5 Processing currently provides as standard services or offers as optional services are described in detail in the Hi-5 Processing Agreement (which is included as Exhibit B of this disclosure document) and include:
  - Evaluating, negotiating and administering, on your behalf, agreements with third-party payors, institutional healthcare providers and vendors that we identify for use in connection with the System;
  - Processing client billings and payments, including to issue invoices and collect amounts payable to the Franchised Business for the System Services provided by the Franchised Business, and from the Collected Funds pay amounts due to us, our affiliates and designated vendors, and then remit the remainder to you (see Item 6 for additional details). In providing these services, we do not set the billing rates, and are not required to assist you in setting the billing rates that you charge;
  - Ordering background checks of potential personnel, assisting with the onboarding and credentialing of your personnel, assisting in training or training protocols, and processing of payroll for your BCBAs, Technicians, and other personnel;
  - Assistance with licensing and certification support services such as application processing and information verification;
  - Providing certain bookkeeping functions and consultation designed to help the franchisee analyze the financial performance and the overall operations of the Franchised Business; and

- ~~o Upon request (and for certain fees) providing assistance in recruiting potential professional personnel (provided that you will have sole responsibility for all decisions relating to hiring, firing, and conditions of employment of your personnel).~~
- Clinical Consulting Services: Currently, we have designated the Division as the required provider of Clinical Consulting Services. Item 6 includes details as to the fees for the services that franchisees must use. The Division may also offer additional services for which separate fees may apply. The services that the Division currently provides as standard services or offers as optional services are described in detail in the Clinical Consultation Agreement (which is included as Exhibit C of this disclosure document). The services include:
  - o Guidance and consultation, particularly during the first 90 days of operation, to help you and your BCBA(s) become familiar with the billing, payroll, and related software programs (including administrative and clinical applications), guidance on the process of obtaining authorizations for new clients and regarding record and time-keeping procedures (the guidance and training may include group meetings, which may be conducted virtually, offered by the Division to franchisees);
  - o Weekly consultations for the purpose of reviewing cases, questions and concerns; and
  - o Quarterly reviews of records regarding the ABA Services provided by the Franchised Business and assistance with audit preparation and individual cases.
- o Upon request (and for certain fees) providing assistance in recruiting potential professional personnel (provided that you will have sole responsibility for all decisions relating to hiring, firing, and conditions of employment of your personnel).

As described in Items 1 and 7, Hi-5 ABA Businesses typically provide ABA Services to clients at the client's home, clinic, or in appropriate third-party settings. The Franchised Business can be run from an office located in your home or another location that you may wish to use for that purpose. Our expectation is that you will not initially lease space to serve as an office, and as such, we do not provide franchisees with any assistance relating to identifying any site for an office or physical location for the Franchised Business, or to business signage, furnishings or supplies. Upon request, we may, however, provide assistance on a case-by-case basis as we may deem appropriate.

We may periodically update and revise our standards for technology as circumstances in the marketplace warrant. You will be required to meet our then-current requirements for technology packages and to pay the cost of obtaining, installing, and maintaining those solutions.

### Marketing and Promotion

*By Us.* We have developed brochures that are designed to assist you with client education, as well as promote the System Services to the general community. We will provide you with an initial design for brochures. During any time that we have prepared brochures and similar materials, we may make the additional brochures and materials available to you. You may need to purchase such materials.

We are not required to conduct any advertising or spend any amounts on advertising regarding the System or Hi-5 ABA Businesses (in your area or otherwise), although we have the right to do so. If we do conduct advertising of the Hi-5 ABA Network or ABA Services, we may use any method and media, which may be local, regional or national in nature and scope. We have not established and do not expect to establish any advertising cooperatives, advertising councils, or other collective forms of advertising.

*By You.* We do not require that you undertake any advertising activities or to spend a minimum amount on advertising efforts or to contribute monies to any collective advertising funds or cooperatives. We do, however, encourage you to conduct activities to make the public and other mental healthcare professionals aware of your Franchised Business and availability of ABA Services and have marketing support/training to that end.

If you wish to undertake any marketing or promotion of your Franchised Business, then you must obtain our prior written approval and all materials must be in accordance with standards, requirements, and quality provisions as we may establish from time to time. To request our approval, you must submit to us samples of all proposed plans and materials. If we do not give our approval within thirty days, we will have been deemed to disapprove the plans or materials. All copyrights in and to marketing, advertising, and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision.

Online Sites (as defined below) are considered as “marketing” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, World Wide Web, web pages, microsites, social networking sites (including Facebook, Twitter, LinkedIn, YouTube, Instagram, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (including iPad and Android apps), and other applications, etc., and that refers to the Franchised Business, Proprietary Marks, us, or the System. In connection with any Online Site, the Franchise Agreement provides that you may not establish an Online Site, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including, for example, a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

#### Time Between Agreement Signing and Beginning Operations

We estimate that the time from signing the Franchise Agreement until you begin operating your Hi-5 ABA Business will be approximately 12 to 16 weeks, which will depend on a number of factors including whether you already have a BCBA, whether you have been offering ABA behavioral services before joining our network, and your current standing on credentialing with local insurance agencies. Other factors that could affect this time period include the time needed to obtain business licenses, certifications, and insurance coverage (if you do not already have it), become credentialed with insurance providers, and to complete your initial training and set up. As described above in this Item, the deadline for you to begin operating the Franchised Business will be six months from signing the Franchise Agreement.

You are deemed to “begin operating” when you have completed all pre-opening requirements, have obtained our authorization to begin offering System Services, and are prepared to accept a client for System Services. If you fail to complete all requirements to begin operating and actually begin operating the Hi-5 ABA Business within these time limits, then you will be in default, at which time we may terminate the Franchise Agreement by giving you a written termination notice.

**ITEM 12:****TERRITORY**

You will not receive an exclusive territory. You may face competition from outlets that we own or from other channels of distribution or competitive brands that we control.

Under the Franchise Agreement, we will grant you the right and license to operate your Hi-5 ABA Business within an “Operating Area.” Typically, the Operating Area for a Hi-5 ABA Business is an entire state, but it may also include portions of an adjacent state. The Operating Area your franchised business will be identified in the Franchise Agreement. While the Franchise Agreement identifies the geographic area where you will operate your Hi-5 ABA Business, it does not grant any territorial protections to you and we expect more than one Hi-5 ABA Business to operate in the same geographic area. Clients for behavioral therapy have total freedom to select where to obtain services. Neither you nor any other Hi-5 ABA Business is restricted from providing System Services to any client regardless of where the client lives as long you operate within your Operating Area and comply with applicable law.

We retain all rights, which means, among other things, that we can conduct business (and franchise or license other parties to do so as well) anywhere and with anyone who meets our qualifications, even if they are located close to or in your Operating Area and general market. We may exercise any of the rights that we have reserved (as well as the rights that we have not granted to you) on any terms and conditions we wish, and without granting you any compensation in those matters.

Neither we nor our affiliates currently sell, but (as described above) will have the right to sell and distribute “Hi-5 ABA” brand products or services through alternative channels of distribution. If we do so, we may use any method or channel of distribution (including for example Internet sales and other online ordering, catalog sales, telemarketing, or other direct marketing sales). We will not compensate you for sales we may make in the alternative distribution channels.

You may not sell or distribute products or services related to the System Service at wholesale or to third parties for resale, or use alternate channels of distribution, such as the Internet, catalog sales, telemarketing, or direct marketing.

If you wish to move the operations of your Hi-5 ABA Business to operate or provide System Services outside of your Operating Area, you must request our prior written approval. At this time, we do not have any specific criteria for reviewing requests to relocate operations, but anticipate that we would evaluate factors such as whether you are in compliance with your Franchise Agreement, whether you or your BCBA's hold the necessary licensing and credentials to operate in the proposed new area, and our plans for offering franchises in that area.

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights.

**ITEM 13:****TRADEMARKS**

We grant you the right to use certain Proprietary Marks under the Franchise Agreement. We own the following Proprietary Marks. We have registered the following Proprietary Mark with the U.S. Patent and Trademark Office (the "USPTO") on its Principal Register:

<b>Name or Mark</b>	<b>Registration No.</b>	<b>Classes</b>	<b>Registration Date</b>
HI-5 ABA and design	5898840	44	October 29, 2019
HI-5 ABA and design	6084501	44	June 23, 2020

We intend to file, when due, all required affidavits and make all required renewal filings for this application and registration.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address, search engine, or in any other manner in connection with an Online Site without our prior written approval; or (5) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your Franchised Business in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation involving the Proprietary Marks. No agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. We will defend you against any third party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Franchised Business to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

## **ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION PATENTS**

### Copyrights

We (or our affiliates, in some cases) claim common-law copyright protection covering various materials used in our business as well as the development and operation of Hi-5 ABA Businesses, including the Manual, marketing and promotional materials, and similar materials. We have not registered these materials with the U.S. Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the U.S. Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

### Patents.

There are no patents that are material to the operation of your Hi-5 Business.

### Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of the Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you and your owners to sign a Non-Disclosure and Non-Competition Agreement and to have additional persons who receive training on our System to sign confidentiality agreements. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find

satisfactory and must include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants. Our current form for this Non-Disclosure and Non-Competition Agreement for owners is attached to the Franchise Agreement as Exhibit D.

### Confidential Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Manual. We will lend you one copy of our Manual for the term of the Franchise Agreement.

You must always treat in a confidential manner the Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manual and the related materials, or any part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always keep the Manual in a secure place.

We may periodically revise the contents of the Manual, and you must make corresponding revisions to your copy of the Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual (maintained at our home office) will be controlling.

## **ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement does not require you to participate personally in the direct operation of the Franchised Business, although we encourage and recommend active participation by you. Our requirements for participation and supervision are described below.

If you are an entity (a corporation, partnership or LLC), then you must appoint a person who will serve as your “**Operating Principal**.” The Operating Principal must supervise the Franchised Business and complete our training program. Additionally, the Operating Principal must have at least a 20% ownership interest in the franchisee entity and have authority over all business decisions related to the Franchised Business and the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval. Additionally, at least one individual owner must be an authorized BCBA and own at least a 20% ownership interest in the franchisee entity (a “**BCBA Principal**”).

You must inform us in writing whether the Operating Principal is, and will act as, a BCBA for the Franchised Business, and whether the Operating Principal or (if different) the BCBA Principal will assume the primary responsibility for the daily supervision and operation of the Franchised Business. If the Operating Principal or (if different) the BCBA Principal will not supervise the Franchised Business on a daily basis, you must employ a full-time manager (a “**Franchised Business Manager**”) who has qualifications reasonably acceptable to us, to assume responsibility for the daily supervision and operation of the Franchised Business. We do not require that your Franchised Business Manager have any ownership interest in you. “Full time” requires that the individual be available during regular business hours (currently 9:00 a.m. to 5:00 p.m. each of Monday through Friday), plus during times which services are being provided to

clients. The Franchised Business must at all times be under the active full-time management of either you or the Operating Principal or Franchised Business Manager who has successfully completed (to our satisfaction) our initial training program.

Before you may begin offering ABA Services to clients, you must have at least one person acting as the BCBA (or equivalent credential permissible in your state) for your Franchised Business who is duly licensed to provide ABA Services in the state where you will operate (unless the Industry Regulations applicable in your state and to your Franchised Business do not require such certification and you obtain our prior written approval based on alternative qualifications) and who has completed our initial training program. Your BCBA Principal may serve in this role. As noted above, your Operating Principal, if appropriately qualified, may be a BCBA for your Franchised Business.

You must also employ additional individuals to serve as your Technicians. As described in Item 1, a Technician is an individual who is trained in ABA therapy and who, under the management and supervision of a BCBA, will assist in rendering ABA Services to clients according to the therapy plans developed by your BCBA. Throughout the operations of your business, you must employ a sufficient number of persons as BCBA's and Technicians as you need in order to timely provide all ABA Services to the clients of the Franchised Business, and satisfying our System standards for professional service. Each of your BCBA's and Technicians must have qualifications reasonably acceptable to us for the functions that each will perform in your Franchised Business, and must complete to our satisfaction all training that we may require.

If the franchisee is an entity, we may require all of your owners to sign a guarantee of the franchisee's performance under the Franchise Agreement. The guarantee will be in the form attached to the Franchise Agreement as Exhibit C. We require your owners (including the Operating Principal) to sign a Non-Disclosure and Non-Competition Agreement (the form of which is attached to the Franchise Agreement as Exhibit D), and we require a non-owner Franchised Business Manager to sign a confidentiality agreement. We do not impose any other restrictions on your managers.

#### **ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may offer and provide only the ABA Services, which must be rendered to clients only through qualified BCBA's and professional technicians, and other services and items that we authorize Hi-5 ABA Businesses to offer. As described in Item 1, each franchisee will determine the total number of BCBA's, assistant BCBA's, and technicians it will use in providing ABA Services to clients, so long as the franchisee is able to satisfy the relevant professional standards and client requests. We have the right to designate specific services and products as optional or mandatory; provided that the ABA Services will remain a mandatory service. We may approve some services and products to be offered by certain franchisees, and not others, based on legitimate business reasons. You must cease selling or offering for sale any services or products that we disapprove of at any time.

We may periodically change or modify the System, including the types of services that are authorized to be System Services, provided that ABA Services will continue to be the primary service and the Franchise Agreement does not specify limits on our rights to do so.

You will be authorized to operate and promote the Franchised Business only within a certain area, which will typically be a state. Otherwise, there are no limits regarding the clients to whom you may offer and provide the System Services.

**ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>Provision</b>	<b>Sections in the Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	§ 2.1	5 years from date of Franchise Agreement
b. Renewal or extension of the term	§ 2.2	Five additional 5-year terms, subject to certain contractual requirements described in “c” below.
c. Requirements for franchisee to renew or extend	§§ 2.2.1 - 2.2.6	Written notice, satisfaction of monetary obligations, not be in default of the Franchise Agreement or other agreements with us or our affiliates, signed release, and compliance with Franchise Agreement; see §§ 2.2.1 - 2.2.6 in Franchise Agreement.  If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of franchise agreement that contains terms and conditions materially different from those in your original franchise agreement, such as different fee requirements.
d. Termination by franchisee	§§ 17.6 and 17.7	<i>Other than for Cause by Conversion Franchisee</i> – If you are a Conversion Franchisee, you may elect to terminate the Franchise Agreement (without cause) before expiration under certain conditions). To exercise this option, you must comply with certain conditions that include: providing us with written notice at least 90 days prior to your requested termination; following all procedures relating to the wind-down and closure of the Franchised Business; paying to us a termination fee (this is in addition to paying all other fees payable to us and our affiliates under the Franchise Agreements and other agreements with us and our affiliates);

Provision	Sections in the Franchise Agreement	Summary
		<p>and signing a termination agreement including general release of us and agree to comply with post-termination requirements. See Item 6 of this disclosure document regarding the termination fee for Conversion Franchisees and requirements regarding payments of other monies due to us and our affiliates. This termination option does not apply to non-Conversion Franchisees.</p> <p><i>Due to Legislative, Regulatory, or Administrative Change</i> - If you and we have negotiated in good faith regarding a new arrangement or basis for compensation due to a change in the applicable laws, but cannot resolve the matter within 45 days, then either party may terminate by providing notice in the next 30 days.</p>
e. Termination by us without cause	Not applicable	
f. Termination by franchisor with cause	§ 17	Default under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement.
g. "Cause" defined – curable defaults	§ 17.3	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined - non-curable defaults	§§ 17.1 and 17.2	Insolvency, abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.).
i. Franchisee's obligations on termination/ nonrenewal	§ 18	Stop operating the Franchised Business, pay amounts due, pay lost future royalties, and others; see §§ 18.1 - 18.8 of the Franchise Agreement.
j. Assignment of contract by franchisor	§ 16.1	There are no limits on our right to assign the Franchise Agreement.

Provision	Sections in the Franchise Agreement	Summary
k. "Transfer" by franchisee - definition	§§ 16.3.1 - 16.3.4	"Transfer" means any attempted (or actual) sale, delegation, encumbrance, pledge, gift, or any other form of assignment of your rights and/or obligations under the Franchise Agreement; any material asset of your Hi-5 ABA Business; or any direct or indirect ownership interest in you.
l. Franchisor's approval of transfer by franchisee	§ 16.4	We have the right to approve transfers.
m. Conditions for franchisor's approval of transfer	§§ 16.4 and 16.5	Your compliance with the existing franchise agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.4.1 - 16.4.10 of the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 16.5	We can match any offer. If you are a Conversion Franchisee and you exercise your right for an early termination under Section 17.6, then our right of first refusal will survive the termination of the Franchise Agreement and remain in effect for an additional 12 months after the termination date.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Franchisee's death or disability	§ 16.6	Your estate must apply to us within 3 months of date of death or incapacity for a transfer of your interest in the Franchised Business to a third party we approve; and the transfer must occur, within 6 months after the date of death or appointment of a personal representative or trustee.
q. Non-competition covenants during the term of the franchise	§§ 19.1 - 19.4	Includes prohibition on owning or engaging in a "Competitive Business," and any activity that is to (or will in effect) evade payment of the Royalty Fee by diverting clients to a Competitive Business that is not a Hi-5 ABA Business. A "Competitive Business" is any business that: (a) offers or provides ABA Services or in which our Confidential Information could be used to our disadvantage; (b) grants franchises,

Provision	Sections in the Franchise Agreement	Summary
		subfranchisees, and/or otherwise licenses other parties to provide ABA Services or in which our Confidential Information could be used to our disadvantage (a “Competitive Licensor”); (c) licenses others to operate businesses that provide services the same or similar to the Support Services to individuals or business offering ABA Services (a “Competitive Service Vendor”); and/or (d) offers or provides ABA Services to individuals (a “Competitive ABA Provider”).
r. Non-competition covenants after the franchise is terminated or expires	§§ 19.1 - 19.5	<p>Includes a two-year prohibition from.</p> <p>(a) owning, engaging in, making loans to, or providing advice to any Competitive Licensor or Competitive Service Vendor that is located, or operates at or from locations, within the state where you operated your Franchised Business; and (b) if you are <u>not</u> a Conversion Franchisee, owning, engaging in, making loans to, or providing advice to any Competitive ABA Provider that is located, or operates at locations, within the state where you operated your Franchised Business, except that you may, in the capacity of an employee of a Competitive ABA Provider, serve as a BCBA and provide ABA Services to customers at or from any location so long as (i) your employing Competitive ABA Provider is not a franchisee or licensee of a Competitive Licensor and (ii) you do not have ownership interests in such Competitive ABA Provider.</p> <p>If you are a Conversion Franchisee, the restrictions in (a) above apply, and you are also prohibited during the two-year period from owning, engaging in, making loans to, or providing advice to any Competitive ABA Provider that is a franchisee or licensee of a Competitive Licensor.</p>
s. Modification of the agreement	§ 25	Must be in writing signed by both parties.

Provision	Sections in the Franchise Agreement	Summary
t. Integration/ merger clause	§ 25	Only the final written terms of the Franchise Agreement are binding (subject to state law), but this provision does not disclaim any representation made in this disclosure document. Any representations or promises outside of the disclosure document and agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 27.3	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in Virginia. The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 27.6, 27.7 and 27.8 in the Franchise Agreement (subject to applicable law).
v. Choice of forum	§§ 27.2 and 27.3	We may, and you must, sue only in the state and judicial district in which we have our principal place of business (currently, Warrenton, Virginia) (subject to applicable law).
w. Choice of law	§ 27.1	Virginia law applies to the Franchise Agreement, except that the laws of the state in which the Franchised Business is located will apply to the covenants in Section 19 of the Franchise Agreement (subject to state law).

**ITEM 18:****PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

## **ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide 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 if 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 possible performance at a particular location or under particular circumstances.

### *Background and ABA Businesses Reported:*

Presented below are certain historical financial results relating to calendar year ~~2022~~2023. The Affiliate ABA Businesses and the Franchised Businesses included in this Item 19 are referred to as the "**Included Businesses**." Additional information about the Included Businesses is provided below.

- Affiliate ABA Businesses - As described in Item 1 of this disclosure document, the Division is our affiliate and it first developed the System in 2015 and, before the launch of our system, the Division operated nine offices offering behavioral therapy services under the name "ABC Behavior." One began operating in 2015, four began operating in 2017, and four others began operating in 2018. In 2019 following the launch of the "Hi-5 ABA" franchise program, the Division consolidated its offices into one business, incorporated the "Hi-5 ABA" name into its existing operations, and began operating as a licensee of our System. During 2019 through ~~2021~~2023, the Division operated its consolidated business and served clients in multiple areas of Northern and Central Virginia. While the size and number of personnel will vary among businesses, the Division's business is substantially similar to how franchisees will operate, as further described below. Additionally, in 2022, an additional Affiliate ABA ~~Businesses was started by one of our founders, and was in operation for at least 26 weeks in 2022~~Business began operating and it is part of the Included Businesses.
- Franchises - We began offering franchises in March 2019. In 2020, five franchisees began operations and billed for ABA services provided to their clients. In 2021, one new franchisee began operations at the beginning of the year and four additional franchisees began operations during 2021 and billed for ABA services provided to clients during at least six months of 2021. In 2022, there were six additional franchisees that began operations during 2022 and billed for ABA services provided to clients during at least six months of 2022. In 2023, there were eight additional franchisees that began operations during 2023 and billed for ABA services provided to clients during at least six months of 2023. We did not include in this Item 19 data from any franchisees that have not been operational and providing ABA Services to clients for at least six months by the end of ~~2022~~2023.

### Information Reported Regarding the Included Businesses:

The tables below provide the following categories of data for each of the applicable ABA Businesses during the ~~2022~~2023 calendar year: the total revenues billed during ~~2022~~2023; the total revenues collected during ~~2022~~2023; the average monthly billings during the last three months of ~~2022~~2023; the number of weeks for which billable work was recorded in ~~2022~~2023; the

number (as a high and low range) of BCBA's who worked for the business during ~~2022~~; ~~data regarding the average revenues collected for the weeks with billings reported, measured on a per BCBA basis~~2023; the number of separate clients that each business served during ~~2022~~2023 (as low and high of range); and information regarding the low, high and average revenues measured on a per client basis. Please read carefully all of the information in this Item 19 (including the tables below and the notes following the tables) for explanation of how these results are determined.

Table 1:

AB A Bus ines s (not e 1)	<del>2022</del> 2023 Total Billings (note 2)	<del>2022</del> 2023 Total Reve nue Colle cted (note 3)	No. of Wee ks Billi ng in <del>2022</del> 2023	No. of BCB As (Low /high) (note s 4 and 5)	Aver age Rev enu e Col lecte d, Per Wee k Billi ng, Per BCB A (low No. BCB As) (not e-6)	Aver age Rev enu e Col lecte d, Per Wee k Billi ng, Per BCB A (high No. BCB As) (not e-6)	Q4 <del>2022</del> 2023 Monthly Average Total Billings (note 2)		
Affili ate Busi ness #1	<del>\$1,570,349</del> 2,272,193	<del>\$1,537,526</del> 2,778,256	52	<del>5</del> 9 / 17			<del>\$58,794</del> 272.585	\$70,594	\$119,689
Affili ate Busi ness #2	<del>\$42,626.38</del> 261,752	<del>\$13,082</del> 24,431	<del>54</del> 52	1 / 1			<del>\$287</del> 274.9	\$287	\$2,573
<i>Non-Affiliated Franchised Businesses</i>									
1	<del>\$1,132,920</del> 348,433	<del>\$1,089,521</del> 339,654	52	3 / 45			<del>\$31,084</del> 126.181	\$31,754	\$94,289

AB A Bus ines s (not e 1)	<del>2022</del> 2023 Total Billings (note 2)	<del>2022</del> 2023 Total Reve nu e Col lec ted (note 3)	No. of Wee ks Bill ing in <del>2022</del> 2023	No. of BCB As (Low /high) (note s 4 and 5)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (low No. BCB As) (not e-6)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (high No. BCB As) (not e-6)	Q4 <del>2022</del> 2023 Monthly Average Total Billings (note 2)		
2	<del>\$652,120</del> 1,369,502	<del>\$597,807.15</del> 153,539	52	1 / <del>23</del>			\$7,549 150,306	\$11,639	\$59,824
3	<del>\$599,333</del> 78,021	<del>\$613,729.7</del> 2,408	<del>52</del> 41 .7	0 / 2			<del>\$17</del> 4,113	\$5,159	\$967 \$49,633
4	<del>\$547,302</del> 68,782	<del>\$511,054.9</del> 8,255	52	1 / <del>41</del>			\$7,009 1,723	\$8,415	\$47,399
5	<del>\$403,204</del> 216,409	<del>\$371,490.2</del> 01,065	52	<del>1 / 32</del> / 4			<del>\$5,543</del> 15,517	\$7,278	\$34,411
6	<del>\$365,647</del> 18,922	<del>\$255,177.1</del> 1,640	<del>52</del> 35	0 / <del>17</del> 2			<del>\$9,982</del> 3,056	\$16,802	\$19,260
7	<del>\$293,570</del> 473,182	<del>\$305,809.4</del> 38,069	52	1 / <del>21</del>			<del>\$9,023</del> 31,368	\$11,890	\$37,813
8	<del>\$268,902</del> 53,595	<del>\$257,046.8</del> .9	<del>52</del> 22 .9	40 / 1			\$3,117 5,757	\$4,494	\$28,338

AB A Bus ines s (not e 1)	<u>2022</u> <u>2023</u> Total Billings (note 2)				<u>2022</u> <u>2023</u> Total Reve nu e Col lec ted (note 3)	No. of Wee ks Bill ing in <u>2022</u> <u>2023</u>	No. of BCB As (Low /high) (note s 4 and 5)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (low No. BCB As) (not e-6)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (high No. BCB As) (not e-6)	Q4 <u>2022</u> <u>2023</u> Monthly Average Total Billings (note 2)		
					<u>415</u>							
9	<u>\$208,028</u> <u>43,656</u>				<u>\$194,518</u> <u>3,303</u>	<u>46</u> <u>45</u> .6		<u>40</u> / 1		<u>\$6,690</u> <u>1,570</u>	<u>\$6,690</u>	<u>\$18,395</u>
10	<u>\$159,535</u> <u>62,371</u>				<u>\$139,303</u> <u>2,317</u>	<u>52</u> <u>46</u> <u>.7</u>	1 / 1	<u>\$5,658</u>	<u>\$5,658</u>	<u>\$16,814</u> <u>649</u>		
11	<u>\$104,670</u> <u>737,811</u>				<u>\$94,058</u> <u>74,016</u>	52		<u>4</u> / <u>2</u> / <u>3</u>		<u>\$4,173</u> <u>72,382</u>	<u>\$8,134</u>	<u>\$17,152</u>
12	<u>\$82,607</u> <u>3,012</u>	<u>\$76,946</u>	<u>52</u>	<u>1</u> / <u>2</u>	<u>\$2,599</u> <u>256</u>	<u>\$2,599</u> <u>22</u>		<u>\$6,176</u> <u>1/1</u>		<u>\$0</u>		
13	<u>\$70,034</u> <u>129,120</u>				<u>\$63,582</u> <u>13,708</u>	52		1 / 1		<u>\$1,230</u> <u>5,915</u>	<u>\$2,594</u>	<u>\$6,420</u>
14	<u>\$55,827</u> <u>1,046,836</u>				<u>\$23,645</u> <u>1,067</u> <u>8</u>	<u>27.7</u> <u>52</u>		<u>4</u> / <u>4</u> / <u>5</u>		<u>\$1,130</u> <u>82,813</u>	<u>\$1,130</u>	<u>\$9,482</u>
15	<u>\$24,544</u> <u>207,618</u>				<u>\$21,644</u> <u>21</u>	52		1 / 1		<u>\$1,039</u> <u>12,591</u>	<u>\$1,039</u>	<u>\$1,820</u>

AB A Bus ines s (not e 1)	<del>2022</del> 2023 Total Billings (note 2)	<del>2022</del> 2023 Total Reve nu e Col lec ted (note 3)	No. of Wee ks Bill ing in <del>2022</del> 2023	No. of BCB As (Low /high) (note s 4 and 5)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (low No. BCB As) (not e-6)	Aver age Rev enu e Col lec te d, Per Wee k Bill ing, Per BCB A (high No. BCB As) (not e-6)	Q4 <del>2022</del> 2023 Monthly Average Total Billings (note 2)						
		<u>8,322</u>								7			
<u>16</u>	<u>\$150,029</u>	<u>\$50,907</u>	<u>34.9</u>		<u>0 / 1</u>								<u>\$37,983</u>
<u>17</u>	<u>\$222,748</u>	<u>\$220,181</u>	<u>32.7</u>		<u>1 / 1</u>								<u>\$0</u>
<u>18</u>	<u>\$292,797</u>	<u>\$297,882</u>	<u>52</u>		<u>2 / 3</u>								<u>\$25,617</u>
<u>19</u>	<u>\$400,293</u>	<u>\$398,778</u>	<u>52</u>		<u>1 / 2</u>								<u>\$32,935</u>
<u>20</u>	<u>\$366,2012</u>	<u>\$250,393</u>	<u>52</u>		<u>1 / 2</u>								<u>\$45,215</u>
<u>21</u>	<u>\$16,589</u>	<del>\$10,858</del> <u>391</u>	<del>\$8,790</del> <u>35</u>		<del>28.7</del> <u>1 / 1</u>				<del>4 / 4</del> <u>\$3,013</u>	<u>\$905</u>	<u>\$905</u>	<u>\$1,474</u>	
<u>22</u>	<u>\$131,926</u>	<u>\$117,569</u>	<u>52</u>		<u>3 / 4</u>								<u>\$20,882</u>
<u>23</u>	<u>\$780,135</u>	<u>\$787,693</u>	<u>52</u>		<u>2 / 2</u>								<u>\$73,933</u>
<u>24</u>	<u>\$5,293,250</u>	<u>\$4,388,572</u>	<u>22.7</u>		<u>5 / 8</u>								<u>\$401,040</u>

Table 2:

ABA Business (note 1)	No. Clients Low (note 7)	No. Clients High (note 7)	Client Billings - Low Client No. Month (note 8)	Client Billings - High Client No. Month (note 8)
<del>Affiliate Business #1</del>	<del>45</del>	<del>62</del>	<del>\$114,967</del>	<del>\$129,038</del>
Affiliate Business #2	<u>07</u>	<u>610</u>	<del>\$0.00</del> <u>13,790</u>	<del>\$8,163</del> <u>31,583</u>
<i>Non-Affiliated Franchised Businesses</i>				
1	<del>17</del> <u>18</u>	<del>25</del> <u>39</u>	<del>\$70,970</del> <u>53,886</u>	<del>\$114,164</del> <u>150,328</u>
2	<del>5</del> <u>3</u>	<del>10</del> <u>49</u>	<del>\$13,313</del> <u>3,951</u>	<del>\$69,534</del> <u>166,665</u>
3	<del>17</del> <u>0</u>	<del>27</del> <u>10</u>	<del>\$23,811</del> <u>0</u>	<del>\$51,819</del> <u>14,237</u>
4	<del>7</del> <u>0</u>	<del>19</del> <u>2</u>	<del>\$36,253</del> <u>2,295</u>	<del>\$43,590</del> <u>10,900</u>
<del>5</del>	<del>45</del>	<del>20</del>	<del>\$36,128</del>	<del>\$37,628</del>
<del>6</del> <u>5</u>	<del>79</del>	12	<del>\$32,017</del> <u>12,407</u>	<del>\$33,993</del> <u>22,928</u>
<del>6</del>	<del>0</del>	<del>5</del>	<del>\$0</del>	<del>\$6,696</del>
7	<del>45</del>	<del>11</del> <u>15</u>	<del>\$16,436</del> <u>14,055</u>	<del>\$26,941</del> <u>49,899</u>
<del>8</del>	<del>0</del>	<del>25</del>	<del>\$0</del>	<del>\$15,855</del>
<del>8</del> <u>9</u>	<del>40</del>	<del>14</del> <u>5</u>	<del>\$1,608</del> <u>284</u>	<del>\$38,706</del> <u>6,793</u>
<del>9</del> <u>10</u>	0	<del>7</del> <u>15</u>	<del>\$0.00</del>	<del>\$23,695</del> <u>27,170</u>
<del>10</del>	<del>2</del>	<del>12</del>	<del>\$5,311</del>	<del>\$17,461</del>
11	<del>12</del> <u>1</u>	<del>9</del> <u>30</u>	<del>\$337</del> <u>47,109</u>	<del>\$15,457</del> <u>74,758</u>
12	<del>40</del>	<del>11</del> <u>2</u>	<del>\$1,855</del> <u>0</u>	<del>\$16,239</del> <u>871</u>
13	<del>42</del>	<del>23</del>	<del>\$5,656</del> <u>217</u>	<del>\$6,196</del> <u>13,298</u>
<del>14</del>	<del>17</del>	<del>25</del>	<del>\$78,545</del>	<del>\$103,689</del>
<del>15</del>	<del>4</del>	<del>7</del>	<del>\$9,727</del>	<del>\$23,601</del>
<del>16</del>	<del>0</del>	<del>10</del>	<del>\$0</del>	<del>\$42,827</del>
<del>17</del>	<del>0</del>	<del>17</del>	<del>\$0</del>	<del>\$39,796</del>
<del>18</del>	<del>6</del>	<del>8</del>	<del>\$18,905</del>	<del>\$30,881</del>
<del>19</del>	<del>10</del>	<del>13</del>	<del>\$27,913</del>	<del>\$49,639</del>
<del>20</del>	<del>8</del>	<del>15</del>	<del>\$12,413</del>	<del>\$51,436</del>

ABA Business (note 1)	No. Clients Low (note 7)	No. Clients High (note 7)	Client Billings - Low Client No. Month (note 8)	Client Billings - High Client No. Month (note 8)
<del>14</del> <u>21</u>	0	3	\$0- <del>00</del>	\$ <del>6,929</del> <u>3,289</u>
<del>15</del> <u>22</u>	<del>3</del> <u>1</u>	5	\$1, <del>861</del> <u>680</u>	\$ <del>2,411</del> <u>25,592</u>
<u>23</u>	<u>7</u>	<u>10</u>	<u>\$50,569</u>	<u>\$77,799</u>
<del>16</del> <u>24</u>	0	<del>4</del> <u>211</u>	\$0- <del>00</del>	\$ <del>1,551</del> <u>565,180</u>

### Notes to Tables.

1. *ABA Businesses and Areas of Operations.* Under the Franchise Agreement, franchisees are generally authorized to perform services within a specific state. The geographic scope in which franchisees will actually perform services within that state will vary on a number of factors, including the number of BCBA's and Technicians that the Franchised Business has on staff and where those staff are geographically located (due to the fact that ABA Services are provided in person and therefore driving distance is a factor relevant to the services that they provide). For Affiliate ABA Business #1 shown in the table, the Division operated it with BCBA's acting as Independent Contractors and with Technicians as employees. Its BCBA's were located throughout Virginia operating in different regions of the state with different insurance payors.
2. *Total Billings.* The column titled "~~2022~~2023 Total Billings" in Table 1 reflects the total dollar amount for ABA Services that were billed to clients or insurers of the Included Businesses during ~~2022~~2023, based on the invoices submitted for payment for the billable hours of the ABA Services provided by the BCBA's and Technicians of the Included Businesses. This amount may vary from the revenues collected during the same time period (information regarding the dollar amounts *collected* during the year is in the column "Total Revenue Collected" and below in Note 3). The column titled "Q4 ~~2022~~2023 Monthly Average Billings" in Table 1 reflects, for each of the Included Businesses, the average dollar amount for ABA Services that were billed to clients or insurers on a *per month* basis the months October, November and December ~~2022~~2023.
3. *Revenues and Centralized Billing Process.* ABA Businesses generate revenue based on the ABA Services that they provide to clients through their BCBA's and Technicians.
  - A. The term "Gross Revenues" used in the Franchise Agreement refers to all revenue and compensation of the Franchised Business that have been collected from all sources (directly or indirectly). "Gross Revenues" under the Franchise Agreement excludes any client refunds and taxes that a franchisee directly collects from clients and actually transmit to the appropriate taxing authorities.
  - B. The column titled "Total Revenues Collected" in Table 1 reflects the Revenues *collected* by the Included Businesses during the year, regardless of when the services were performed and the related invoices submitted for payment for the billable hours of the ABA Services provided by the BCBA's and Technicians of the Included Businesses. The process of submitting and collecting payments for claims through insurance for payment on ABA Services rendered takes time. For the Franchisee that

- began operating in ~~2022~~2023, all revenues relate to services rendered in ~~2022~~2023, but portions of these revenues may be collected in ~~2023~~2024. For the Franchisees who began operating ~~2024~~2022, a portion of the revenues collected in ~~2022~~2023 may relate to services rendered in ~~2024~~2022 (and similarly, a portion of their revenues for services performed in ~~2022~~2023 may be collected in ~~2023~~2024).
- C. As described in Items 6 and 8 of this FDD, similar to services provided to the Affiliate Businesses, the Division will provide franchisees with Clinical Consulting Services and Hi-5 Processing will provide franchisees with billing and administrative support services that includes assistance processing, submitting and collecting on invoices for the ABA Services rendered by the Franchised Businesses. Item 11 includes additional details regarding these Services and copies of the Hi-5 Processing Agreement and Clinical Consulting Agreement are included in Exhibits B and C of this disclosure document. Clients with qualifying conditions may be eligible to receive ABA services as part of their health insurance plans or under Medicare or Medicaid services authorized by CMS. Each payor has different service requirements and billing rates. The specific payors will vary based on the coverage and plans available in each area. For example, regarding Affiliate ABA Business #1 included in the tables, revenues collected include services invoiced to Humana Military, Tricare, various Virginia counties, Virginia Medicaid, and self-pay clients.
4. *Requirements for BCBA's.* To provide ABA Services to clients, an ABA Business must have at least one BCBA (as described in Item 1, a BCBA is a Board Certified Behavior Analyst, or a person with such other qualifications as a state may authorize) and comply with any additional requirements that may apply under state regulations. A BCBA may provide ABA Services to clients and supervise Technicians who are trained in ABA therapy and who will act to provide ABA Services to clients under the BCBA's supervision.
5. *Number of BCBA's.* Subject to the applicable regulations, each ABA Business will determine the number of BCBA's and Technicians that it employs (or otherwise contracts with) to provide ABA Services to its clients. The number of BCBA's and Technicians that an ABA Business utilizes may vary over time. Table 1 reflects the number of BCBA's that each Included Business used during the reported period. If the number of BCBA's varied in the relevant period, then the range (as low and high) of the number of BCBA's is listed in Table 1. As noted above in this Item, the Division has been in operation as a non-profit since November 2014, and reflects ~~higher a~~ number of BCBA's ~~that is likely higher~~ than ~~the new franchisees~~, ~~or at least for those not already operating in the ABA field before joining the system~~. The ability to recruit and retain staff (including BCBA's, LBA or similar designate in other ~~state~~states) in these numbers may vary among the franchise locations.
- ~~6. *Average Revenue Collected, Per Week, Per BCBA.* The two columns of Table 1 regarding the "Average Revenue Collected, Per Week Billing, Per BCBA" reflect, for each of the Included Businesses, the average Revenue Collected per week with reported billings, per BCBA used by the Included Business. As noted above, the number of BCBA's by a particular business may vary. Table 1 reflects the averages calculated using both the low number of BCBA's and the high number of BCBA's reported by the Included Businesses.~~
- ~~7.6.~~ *Number of Clients.* The columns in Table 2 above regarding "Number of Clients – Low" and "Number of Clients – High" reflect, for each Included Business, the number of individual clients to whom the Franchised Business provided ABA Services through their personnel. The number of clients of a particular business will vary over time. Table 2

reflects the low and high numbers of clients for each Included Business during the reported year. As noted above in this Item, the Division has been in operation as a non-profit since November 2014, and ~~reflects~~ historically has serviced a higher number of clients than ~~the~~ new franchises. Due to changes in billing software during 2023, we are not able to provide the specific range of client statistics for the Affiliated Business operated by the Division in 2023, and therefore it is not included in Table 2.

~~8.7.~~ Client Billing Data. Table 2 provides additional information regarding the billings of the Included Businesses for months with varying number of clients. The column titled "~~2022~~2023 Client Billings – Low Client # Month" reflects, for each Included Business, the total billings for a month in which the Included Business had its lowest number of clients. The column titled "~~2022~~2023 Clients Billings – High Client # Month" reflects, for each Included Business, the total billings for a month in which the Included Business had its highest number of clients.

~~9.8.~~ Source of Data. The data in the tables above was prepared from the internal records of the Division and other affiliate for the Affiliate ABA Businesses, and from the records submitted to us and Hi-5 Processing for the non-affiliated franchised ABA Businesses. This information was not prepared according to generally accepted accounting principles and has not been audited.

~~10.9.~~ Intended Use. These notes are intended only to explain factors that you should consider as you read the tables and information in this Item 19.

~~11.10.~~ Expenses. The above tables present only revenue data, and as such provides only a part of the information that you will need to evaluate the franchise opportunity. We urge you to carefully consider also the expenses that you may incur (wages, fees, and other expenses) and to independently evaluate the costs that you are likely to incur.

As a franchisee, you will be required to pay certain fees to us and our affiliates. These fees include:

- Royalty Fees payable to us (~~87~~87% of your Gross Revenues, subject to ~~discounts~~an Annual Volume Discount at certain breakpoints).
- Centralized Billing Services fees payable to Hi-5 Processing for Centralized Billing Services (~~64~~64% of your Gross Revenues, ~~subject to discounts at certain breakpoints~~);
- Fees payable to Hi-5 Processing for Administrative Services (~~53~~53% of your Gross Revenues, ~~subject to discounts at certain breakpoints~~); and
- Fees payable to the Division for Clinical Consulting Services (generally 1% of Gross Revenues).

There are additional expenses that you may incur, such as wages or other compensation for the BCBA's and Technicians who you employ or retain to provide ABA Services to your clients; franchisee compensation; employee benefits (health, vacation, and pension plan contributions); debt service; insurance; business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; legal and accounting fees; and bookkeeping and other professional services.

~~42.~~11. *Additional Considerations.* In addition to the points noted above, your results will be affected by other factors particular to behavioral therapy, such as the rates at which insurance companies and other payors will pay for (or reimburse clients for) ABA Services in your area, the availability of insurance coverage for ABA Services in your area, and the market for qualified therapy professionals in your area (including as BCBAs, BCaBAs, and technicians).

We recommend that you engage an experienced attorney and accountant to help you evaluate these details and develop your own financial analysis.

~~43.~~12. Written substantiation of the data used in preparing the information in this Item 19 will be made available to you upon reasonable request.

**Some ABA Businesses have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.**

Other than the preceding financial performance representations, Hi-5 ABA does not make any financial performance representations. 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 franchise, 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 us by contacting David Maddox, our President, at Hi-5 ABA, Inc., at 5306 Lee Highway, Warrenton, Virginia 20187 (tel: 703-864-1300), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**Table 1:  
Systemwide Outlet Summary For years ~~2020-2022~~2021-2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2020</del>	<del>4*</del>	<del>7*</del>	<del>+8*</del>
	2021	<u>7*</u>	<u>15*</u>	<u>+6*</u>
	2022	15	21	+8
	<u>2023</u>	<u>21</u>	<u>28</u>	<u>+67</u>
Company Owned	<del>2020</del>	0	0	0
	2021	0	<del>0</del>	<del>0</del>
	2022	<del>0</del> <u>1</u>	<u>1</u>	+1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Outlets	<del>2020</del>	<del>4*</del>	<del>7*</del>	<del>+6*</del>
	2021	<u>7*</u>	<u>15*</u>	<u>+8*</u>
	2022	15	22	+7
	<u>2023</u>	<u>22</u>	<u>29</u>	<u>+7</u>

Notes to Tables 1 through 5 in Item 20

- (1) All numbers are as of our fiscal year end, which is December 31. States not listed had no activity during the relevant time frame.
- (2) As described in Item 1, we do not currently operate Hi-5 ABA Businesses.
- (3) As described in Item 1, we first offer franchises for Hi-5 ABA Businesses in March 2019.
- \* As described in Item 1, our affiliate, the Division, first developed the System and prior to the launch of our franchise program operated nine offices offering behavioral therapy services under the name “ABC Behavior.” In 2019, the Division consolidated its operations into one business, which now operates as a licensee of our System. In this Item 20 (and Exhibit [FG](#)), the Division’s Affiliate Business is listed with as a franchisee beginning in 2019.

**Table 2:**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
 For years ~~2020~~2021 to ~~2022~~2023

State	Year	Number of Transfers
Total	<del>2020</del>	0
	2021	0
	2022	0
	<u>2023</u>	

**Table 3:**  
**Status of Franchised Outlets For years ~~2020~~2021 to ~~2022~~2023\***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
<a href="#">California</a> <a href="#">Arizona</a>	<del>2020</del>	0	0	0	0	0	0	<u>0</u>
	2021	<del>4</del>	<del>0</del>	0	0	0	0	1
	2022	<u>0</u>	<del>21</del>	0	0	0	0	1
	<u>2023</u>	1	<u>1</u>					<del>3</del>
<a href="#">California</a>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>
Florida	<del>2020</del>	<del>0</del>	<del>2</del>	<del>0</del>	0	0	0	2
	2021	2	1	1	0	0	0	<del>2</del>
	2022	2	<u>0</u>	2	0	0	0	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>				<u>0</u>
Georgia	<del>2020</del>	0	<u>2</u>	0	0	0	0	<del>0</del>
	2021	<del>0</del>	0	0	0	0	0	2
	2022	<u>2</u>	<del>2</del>	0	0	0	0	<u>2</u>
	<u>2023</u>	2	0					2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Indiana	2020	0	4	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	0	0	0	0	0	0	0
	2023	0	1					1
Kansas	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	1	0					1
Louisiana	2020	0	1	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	4	0	0	0	0	4
	2023	4	0	4				0
Massachusetts	2020	0	4	0	0	0	0	4
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0					1
Michigan	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	0	0	0	0	0	0	0
	2023	0	4					4
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1					2
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Oregon	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	1	0	0	0	0	0	1
	2023	1						1
Tennessee	2020	0	1	0	0	0	0	1
	2021	0	0	0	0	0	0	0
	2022	1	4	0	0	0	0	5
	2023	1	0					1
Texas	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	<u>2</u>
	2023	<u>2</u>	<u>0</u>					2
Utah	<del>2020</del>	0	<u>1</u>	0	0	0	0	0
	2021	0	0	0	0	0	0	1
	2022	<u>1</u>	4	0	0	0	0	<u>1</u>
	2023	1	0					1
Virginia	<del>2020</del>	0	1*	0	0	0	0	2
	2021	2	0*	0	0	0	0	2
	2022	2	3	0	0	0	0	5
	2023	<u>5</u>	<u>1</u>					<u>6</u>
Washington DC	<del>2020</del>	0	0	0	0	0	0	0
	2021	0	<u>1</u>	0	0	0	0	0
	2022	<del>0</del> <u>1</u>	0	0	0	0	0	<u>1</u>
	2023		4					1
Totals	<del>2020</del>	4	6	0	0	0	0	7
	2021	7	9	1	0	0	0	15
	2022	15	<u>9</u>	3	0	0	<del>0</del> <u>1</u>	21
	2023	<u>21</u>	9	<u>1</u>				<u>28</u>

\* This refers to the Division's Affiliate Business (see notes to Table 1 above).

**Table 4:**  
**Status of Company-Owned Outlets\***  
 for years ~~2020-2022~~2021-2032

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Kansas	<del>2020</del>	0	0	0	0	0	0
	2021	0	<u>1</u>	0	0	0	0
	2022	<del>0</del> <u>1</u>	0	0	0	0	<u>1</u>
	2023		4				1
Totals	<del>2020</del>	0	0	0	0	0	0
	2021	0	<u>1</u>	0	0	0	0
	2022	<del>0</del> <u>1</u>	0	0	0	0	<u>1</u>
	2023		4				1

\* This refers to the Division's Affiliate Business (see notes to Table 1 above).

**Table 5:**  
**Projected Openings for ~~2022~~2024**

State (Note 1)	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Facility Location in the Next Fiscal Year	Projected New Company-Owned Facility Locations in the Next Year
<del>Arizona</del>	<del>2</del>	<del>2</del>	<del>0</del>
California	<del>2</del> <u>0</u>	2	<del>0</del>
Florida	2	<del>2</del> <u>1</u>	0
Georgia	1	<del>2</del> <u>0</u>	0
<del>Illinois</del>	<del>4</del>	<del>4</del>	<del>0</del>
Maryland	1	<del>4</del> <u>0</u>	0
Massachusetts	1	<del>4</del> <u>0</u>	0
Michigan	1	<del>4</del> <u>0</u>	0
New Jersey	<del>4</del> <u>0</u>	1	0
<u>New York</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Oklahoma</u>	<u>0</u>	<u>1</u>	
<u>Oregon</u>	<u>0</u>	<u>1</u>	<u>0</u>
Texas	1	1	0
Virginia	2	<del>2</del> <u>1</u>	0
<del>West Virginia</del>	<del>4</del>	<del>4</del>	<del>0</del>
<b>Total</b>	<del>46</del> <u>9</u>	<del>17</del> <u>8</u>	<b>0</b>

\*\*\*\*\*

\*\*\*\*\*

The names, addresses, and telephone numbers of our franchisees as of December 31, ~~2022~~2023 are listed in Exhibit FG.

The name and last known home address and telephone number of every one of our franchisees and developers who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement in our last fiscal year, or who has not communicated with us within ten weeks of the date of this disclosure document are also listed in Exhibit FG. There were none. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

As of the date of this franchise disclosure document, there are no Hi-5 ABA Business franchisee associations in existence regardless of whether they use our trademark or not.

**ITEM 21: FINANCIAL STATEMENTS**

Exhibit ~~G~~H to this disclosure document includes our audited financial statements for our fiscal year ending December 31, ~~2022~~2023, December 31, ~~2021~~2022, and December 31, ~~2020~~2021. Our fiscal years end on December 31 each year. Also included are our unaudited financial statement for the period that ended March 31, 2024.

**ITEM 22: CONTRACTS**

Exhibit A Franchise Agreement with its exhibits:

- A Data Addendum
- B List of Principals
- C Guarantee, Indemnification, and Acknowledgment
- D Non-Disclosure and Non-Competition Agreement
- E Supplementary Agreement (Florida and New York)

Exhibit B Hi-5 Processing, Inc. Franchisee Services Agreement

California franchises only: California Addendum to Franchisee Processing Agreement

Exhibit C ABC Behavior Clinical Consultation Agreement

Exhibit D Business Associate Agreement

Exhibit ~~J~~I State Amendments to Franchise Agreement

Exhibit General Release

~~K~~L

**ITEM 23: RECEIPTS**

The last two pages of this disclosure document (Exhibit ~~M~~N) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and date, and return one copy to us; and please keep the other copy along with this disclosure document.

**EXHIBIT A**  
**Franchise Agreement**  
**with Exhibits**



**Hi-5 ABA, Inc.**

**Franchise Agreement**

**Hi-5 ABA, Inc.  
Franchise Agreement**

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Exhibits:

- A Data Addendum
- B List of Principals
- C Guarantee, Indemnification, and Acknowledgment
- D Non-Disclosure and Non-Competition Agreement

# Hi-5 ABA, Inc.

## Franchise Agreement

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the date that we have indicated on the signature page of this Agreement (the “**Effective Date**”) by and between:

- Hi-5 ABA, Inc., a Virginia corporation, with its principal place of business at 5306 Lee Hwy, Warrenton, Virginia 20187 (“**we**,” “**us**,” or “**our**”); and
- \_\_\_\_\_, a [resident of] [corporation organized in] [limited liability company organized in] the State of \_\_\_\_\_ and having offices at \_\_\_\_\_ (“**you**” or the “**Franchisee**”).

### Introduction

We and our affiliates have developed and own a format and system (the “**System**”) relating to the establishment and operation of behavioral therapy businesses that specialize in providing behavioral therapy services to individuals with developmental disabilities using Applied Behavior Analysis (ABA) therapy conducted through one or more Board Certified Behavior Analysts (each a “**BCBA**”) and professional technicians trained in ABA therapy and acting under the management and supervision of a BCBA. These businesses, which are operated and managed according to the System, will use the Proprietary Marks (as defined below), which may be made in conjunction with additional approved identifiers, to identify themselves as being part the “Hi-5 ABA” network of behavioral therapy providers (each is a “**Hi-5 ABA Business**”, and together referred to as the “**Hi-5 ABA Network**”).

We identify the System and the businesses operating under it by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks “Hi-5 ABA” and such other trade names, service marks, and trademarks as we may hereafter designate for use in connection with the System (the “**Proprietary Marks**”).

The distinguishing characteristics of the System include our distinctive set of clinical and operational support services, customer billing services, accounting services, technology services, assistance with insurance and regulatory licensing issues (together, the “**Support Services**”); practice management and staff training programs, and other administrative, and back-office and non-clinical business operating procedures; arrangements with vendors; our techniques for identifying and recruiting qualified professional analysts and technicians; and policies and procedures and marketing materials or guidelines to promote awareness of your business’ services; and written guidelines. The System is designed to support the Hi-5 ABA Businesses in offering and providing ABA behavioral services through their BCBAs, and to provide Hi-5 ABA Businesses clinical and non-clinical guidance and review as appropriate to promote ABA behavioral services consistent with our high standards, while each BCBA retains full control and independent judgment regarding all professional and ethical aspects of their practices. We may also authorize Hi-5 ABA Businesses to offer and sell non-medical products and promotional items, subject to applicable laws and professional standards applicable to Hi-5 ABA Businesses. These

*are not necessarily all of the elements of the System. We may change, improve, add to, delete from, and further develop the elements of the System from time to time.*

*We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Hi-5 ABA Business using our System and Proprietary Marks.*

*You have asked to enter into the business of operating a Hi-5 ABA Business under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement.*

*In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account (and in consideration of) all of the promises and commitments that they are each making to one another in this written contract, and they agree as follows:*

## **1 GRANT**

1.1 *Rights and Obligations.* We grant you the right, and you accept the obligation, all according to the terms and conditions of this Agreement, to:

- 1.1.1 operate one Hi-5 ABA Business under the System as part of the Hi-5 ABA Network (the “**Franchised Business**”);
- 1.1.2 use our Proprietary Marks and our System, but only in connection with the Franchised Business (with the understanding that we may periodically change or improve the Proprietary Marks and the System); and
- 1.1.3 do all of these things only within the state(s) listed in Exhibit A of this Agreement (the “**Operating Area**”), unless you obtain our prior written approval to operate outside of the agreed upon state(s).

1.2 *Limitations on Activities.*

- 1.2.1 You agree that your activities under this Agreement will be limited to the following:
  - (a) providing, through one or more BCBAs and technicians acting under the supervision of a BCBA, Applied Behavior Analysis (ABA) therapy services to clients at the client’s home or in appropriate third-party settings (“**ABA Services**”);
  - (b) providing such other support services in conjunction with the ABA therapy provided to clients as we may approve in writing to be offered through the Hi-5 ABA Network (together with the ABA Services, the “**System Services**”); and
  - (c) offering and selling to clients certain non-medical products as we may approve in writing to be offered through the Hi-5 ABA Network and subject to all applicable Industry Regulations and Professional Standards (as defined in Section 5.1 below).
- 1.2.2 You agree that in operating the Franchised Business, you will not meet with clients or potential clients at any office or other location you (or your BCBAs or technicians) maintain unless you request and obtain our prior written consent to establish and operate an office facility that meets our standards for “**Network Offices**.” As a condition to providing our consent for you to operate a Network

Office, we have the right to require, among other things, that: (a) you are in compliance, and throughout the term of this Agreement have been in substantial compliance, with this Agreement and any other agreement between you and us; (b) you meet our then-current standards and criteria for operating a Network Office; and (c) you enter into an addendum with us regarding the terms and conditions under which you may operate a Network Office. If approved to operate a Network Office, you will retain the ability to meet clients in other acceptable locations (such as in their homes and in appropriate public locations).

- 1.3 *No Exclusivity.* The rights that we are granting to you under this Agreement to operate the Franchised Business within the Operating Area are not exclusive. We retain all rights, which means that we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, without any liability to you regardless of the proximity to or effect on your Franchised Business. For example, we and our affiliates have the right, without liability or compensation to you:
- 1.3.1 to operate and permit other franchisees to operate Hi-5 ABA Businesses using the System and the Proprietary Marks at or from any location, including within the Operating Area;
  - 1.3.2 to operate and permit licensees to operate businesses offering behavioral services and other therapies using business management systems and services the same or similar to the Support Services or from any location, including within the Operating Area;
  - 1.3.3 to provide the Support Services and other services and products to any third parties, including other professional business and medical offices at any location, including within the Operating Area; and
  - 1.3.4 to acquire, be acquired by, or merge with other businesses and to convert them to the Proprietary Marks or any other name.
- 1.4 *Understandings.* You agree that: (a) the activities described in Sections 1.3.1 through 1.3.4 above are examples only and do not limit the business activities that we and our affiliates may undertake; (b) patients have complete freedom to select where and from whom to obtain behavioral therapy services; and (c) advertising and promotional materials created, placed, and/or distributed by us, other franchisees operating under the System, and/or other entities whom we authorize may appear in media distributed in (or accessible from within) the Operating Area, including Digital Sites (as defined in Section 14.3 below), or may be directed to prospective clients of the Franchised Business located within the Operating Area.
- 1.5 *Additional Non-System Services.* Your rights and obligations under this Agreement are limited to the operation of the Franchised Business. We and our corporate affiliates may develop and offer other services, offerings, businesses, and the like, but this Agreement does not provide you with the right to those other businesses that are not covered by this Agreement.

## 2 TERM AND RENEWAL

- 2.1 *Term.* The term of this Agreement will start on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire upon the five (5) year anniversary of the Effective Date.
- 2.2 *Renewal.* You will have the right to renew this Agreement for five (5) additional terms of five years each, so long as you have met all of the conditions listed below before each renewal.
- 2.2.1 You must give us written notice that you elect to renew at least four (4) months before the end of the term of this Agreement (but not more than twelve (12) months before the term expires).
- 2.2.2 You (and your affiliates) must have timely met all of your financial obligations to us, our affiliates, as well as your vendors, throughout the term of this Agreement and be current in your financial obligations and other obligations under those arrangements.
- 2.2.3 At the time of renewal, you must be in material compliance with all of the provisions of this Agreement (including any amendment to this Agreement) and/or any other contract between you (and your affiliates) and us (and our affiliates) and, in our reasonable judgment, you must have been in material compliance during the term of this Agreement.
- 2.2.4 You must sign the then-current form of franchise agreement, which agreement will supersede this Agreement in all respects (except with respect to the renewal provisions thereof, which will not supersede this Section 2), and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and other or different fees, including a marketing contribution, but you will not have to pay a new initial franchise fee.
- 2.2.5 You and your personnel must comply with our then-current qualification and training requirements.
- 2.2.6 You must sign a release, in a form that we will provide, which will release all claims (excluding all claims which cannot be released pursuant to an applicable franchise law statute) that you have or may have against us and our affiliates and their respective officers, directors, owners, employees, and agents. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release. (In this Agreement, the term “**entity**” includes a corporation, limited liability company, partnership, and a limited liability partnership.)

## 3 OUR DUTIES

- 3.1 *Pre-Opening and Initial Phase Training and Assistance.* We will provide you training and assistance prior to your opening as described in Section 6 below, and such additional pre-opening and opening supervision and assistance as we deem advisable.

- 3.2 *Manual.* We will provide you, on loan, one (1) copy of the confidential operations manuals and other written guidelines relating to the operation of a Hi-5 ABA Business (together, the “**Manual**”), which we will have the right to provide in any format we choose (including, but not limited to, paper, CD, or online), as more fully described in Section 10 below.
- 3.3 *Marketing Materials.* We will review and will have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below. We have developed brochures that are designed to assist you with client education, as well as promote the System Services to the general community. We will provide you with an initial design for brochures. During any time that we have prepared brochures and similar materials, we may make the additional brochures and materials available to you. You may need to purchase such materials.
- 3.4 *Periodic Assistance.* We will provide you periodic assistance and support in the marketing, administrative, clinical and business operation of the Franchised Business at the times and in the manner that we determine.
- 3.5 *Additional Assistance.* Upon your request, we will provide the personal assistance and counsel of our qualified representative, who will be experienced in the operation of Hi-5 ABA Businesses, subject to availability of our staff. If you request this additional assistance (and if we are able to provide it), then you will be charged our then-current fees for the type of service requested.
- 3.6 *Services Performed.* You acknowledge and agree that any of our designees, employees, agents, or independent contractors may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).
- 3.7 *Our Decision-making.* In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights under this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised businesses and systems in which we have an interest and on our activities (and those of our affiliates); (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to test market various items in some or all parts of the System; (d) to introduce new proprietary items and non-proprietary items or operational equipment; and/or (e) to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section 3.7, and that nothing in this Section 3.7 will in any way affect your obligations under this Agreement.

#### **4 FEES, REVENUE REPORTING**

- 4.1 *Initial Franchise Fee.* You agree to pay us an initial franchise fee in the amount, and in the timeframes, set forth on Exhibit A to this Agreement (the “**Initial Franchise Fee**”). The Initial Franchise Fee is paid in consideration of the rights granted in Section 1 and is fully earned at the time paid.

- 4.2 *Royalty Fees.* For each Accounting Period during the term of this Agreement, you agree to pay us a continuing royalty fee (the “**Royalty Fee**”) in an amount equal to ~~eight~~seven percent (~~8~~7%) of the Franchised Business’ Gross Revenues (as defined below) for the preceding Accounting Period; (subject to adjustment if you qualify for an Annual Volume Discount as provided in Section 4.8 below) in consideration of the license granted to you under this Agreement. During any period that we require that you obtain Centralized Billing from a Billing Vendor (as those terms are defined in Section 4.4.3 below), the Royalty Fee will be withheld from payments that Billing Vendor collects and makes to you in accordance with Section 4.5.1 below. If there are (i) any period(s) during which we do not require that your Franchised Business use Centralized Billing and/or (ii) any revenues of Franchise Business collected by means other than the Central Billing provided by the Billing Vendor, you must pay the Royalty Fee attributable to such Gross Revenues in accordance with Section 4.5.2 below. No portion of the Royalty Fee is intended to be, or is, an inducement or payment of a client referral to the Franchised Business.
- 4.3 *Other Funds Due.* You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.
- 4.4 *Defined Terms.*
- 4.4.1 “**Accounting Period**” means a calendar month period, unless otherwise designated by us in writing. We may, upon written notice to you, change the Accounting Period, provided that it will not be shorter than weekly.
- 4.4.2 “**Advances**” means any monies that we or our affiliates may loan or otherwise advance to you under any line of credit, loan, other financing agreement, or centralized billing agreement that provides for advances against your receivables, including advances made by deferring collection of Required Payments (as defined in Section 4.4.10 below) (a “**Credit Agreement**”). We or our affiliates may request, as a condition of offering to make any Advance to you, that you provide us or our affiliate with updated credit reports and related information.
- 4.4.3 “**Centralized Billing**” means an arrangement by which a designated vendor (the “**Billing Vendor**”), on your behalf, issues invoices and collects the Gross Revenues payable for the System Services provided by your Franchised Business. As described in Sections 4.4.3 and 8.4 of this Agreement, we or an affiliate of ours may be an approved or required Billing Vendor.
- 4.4.4 “**Chargeback**” means any payment made, whether paid directly by a customer or through an insurance company, for ABA Services rendered by the Franchised Business that must be refunded in whole or in part.
- 4.4.5 “**Collected Payments**” means all Gross Revenues collected through the Billing Vendor for your Franchised Business or otherwise deposited into the Designated Bank Account.
- 4.4.6 “**Deferred Royalties**” means any Royalties that are due and payable to us under this Agreement, but for which we elect to defer collection for a period of time in

order to allow you to receive advances from us or the Billing Vendor against future collection of existing receivables of your Franchised Business. Unless approved in writing by us, Deferred Royalties will be due and payable in full within a maximum of one year of the date the Royalties were earned, and will remain your liability regardless of whether collateral receivables are collected, and provided that any such deferral is subject to you remaining in compliance with this Agreement and any agreement with our affiliates.

- 4.4.7 “**Designated Bank Account**” means the regular business checking account(s) that you will establish at a bank designated or approved by us or the Billing Vendor for the purpose of depositing all Gross Revenues collected for the Franchised Business and which will be used for the Centralized Billing activities, as described in Section 4.5 below.
- 4.4.8 “**General Operating Account**” means the regular business checking account (which is in addition to the Designated Bank Account) that you will establish at the same bank as the Designated Bank Account and which you will control and use for general operating expenses and to which we will remit Franchisee Disbursement as provided in Section 4.5.1.2 below.
- 4.4.9 “**Gross Revenues**” means all revenue and compensation collected (except as provided in Sections 4.4.9.1 and 4.4.9.2 below) from all sources (directly or indirectly) for System Services provided by or through the Franchised Business and from the sale of any other products or services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business. Gross Revenues include, without limitation the proceeds of any business interruption insurance policies, or other compensation; whether that compensation is paid to you by cash, check, or credit (and regardless of collection in the case of check or credit). However, Gross Revenues excludes client refunds, as well as taxes that you directly collect from clients and actually transmit to the appropriate taxing authorities. For any refund provided to clients, the refund will be excluded from Gross Revenues for the Accounting Period in which the refund was made to the client, regardless of the date of the initial payment to which the refund applies.

4.4.9.1 If you are in default of the Centralized Billing requirements for making any unauthorized cash withdrawal from the Designated Bank Account, failing to deposit collections for System Services into the Designated Bank Account, failing to report ABA Services not covered by Centralized Billing, and/or failing to use the required billing software or otherwise restrict the our or the Billing Vendor’s ability to access information relating to the billings and/or collections for your System Services in a manner that violates any agreements with us or the Billing Vendor, and you do not cure the default(s) within ten (10) days of written notice from us or the Billing Vendor, then for the periods when you are in such default(s), Gross Revenues will be calculated based on the amounts billed (rather than collected) for (a) any System Services that have been billed, but not yet collected as of the date on which your default(s) began, and (b) any

ongoing System Services provided by or through the Franchised Business until the default is cured.

4.4.9.2 Additionally, if we or the Billing Vendor are unable to determine the amount actually billed for System Services due to your failure to comply with the billing and reporting requirements of this Agreement, then we have the right for any periods in which you are in default to estimate the Gross Revenues for each Accounting Period during the default as the average of the Gross Revenues of the Franchised Business during the three (3) full months preceding the default (or, if you have been operating the Franchised Business for a shorter period, then for the full months that you have been in operation). If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which we may debit from the Designated Bank Account. If we overestimate any fees due, we will credit the fees paid (without interest) against any outstanding fees payable to us or our affiliates, or if none to the fees due in the next payment period after we receive accurate records regarding your Gross Revenue. Our rights under Sections 4.4.9.1 and 4.4.9.2 are in addition to any other rights and remedies under this Agreement, including the right to terminate pursuant to Section 17.

4.4.10 **“Required Payments”** means the Royalty Fee payable to us and such other amounts (if any) due to us or our affiliate(s) under this Agreement or any agreement with us or our affiliate(s) in connection with the Franchised Business.

4.4.11 **“Support Services Fees”** means fees and other amounts that you are obligated to pay to vendors under any contracts for Support Services.

4.4.12 **“Third-Party Obligations”** means fees and other amounts (other than the Support Service Fees) that you are obligated to pay to third parties relating to the Franchised Business.

4.5 *Payment Method and Other Terms.* You acknowledge and agree to the terms described below.

4.5.1 *Centralized Billing.* During the term of this Agreement, we have the right to require that you use Centralized Billing for some or all services and/or products offered through the Franchised Business. As of the Effective Date, we require that you use Centralized Billing for all activities of the Franchised Business, except to the extent that we approve of other methods for self-pay services not covered by insurance for which the Billing Vendor provides services. For any such self-pay services, you must deposit the amounts collected into the Designated Bank Account within three (3) business days of receipt. We have the right to require that you obtain Central Billing services only from a Billing Vendor that we have approved or designated as the sole Billing Vendor (we, an affiliate of ours, or a designated third-party vendor may be the Billing Vendor).

4.5.1.1 On or before the fifteenth (15th) day of each Accounting Period, we (or the Billing Vendor) will calculate the Required Payments and Support Services Fees payable to us or our affiliates based on the Gross Revenues of your

Franchised Business during the prior Accounting Period. Additionally, if the Billing Vendor, under its agreement with you, is authorized to make payments of Support Services Fees to third-parties and/or any other Third-Party Obligations, the Billing Vendor will calculate such fees and payments based on the information provided to the Billing Vendor. The Billing Vendor will, based on such calculations, use the Collected Payments to: (a) pay Royalty Fees to us, subject to any amounts that we elect to be Deferred Royalties; (b) pay to us or our affiliates any amounts that are due as repayments of Advances under any Credit Agreement or as payment of Deferred Royalties; (c) pay to us any other Required Payments due to us, subject to any amounts that we elect to defer to facilitate Advances; (d) pay to our affiliate(s) any Required Payments due to such affiliate(s), including any Support Services Fees for Support Services provided by such affiliate(s); (e) pay Support Services Fees and Third-Party Obligations, if any, that you have contracted with the Billing Vendor to pay on your behalf from the Collected Payments. You agree to grant us (or the Billing Vendor) access to the Designated Bank Account into which all Collected Amounts are deposited and that you otherwise use for the operations of the Franchised Business, as well as the right to make withdrawals from and otherwise administer the Designated Bank Account, on your behalf, in order to give effect to your obligations hereunder. You agree to sign such documents and give such consents as may be required from time to time by us or any bank or other financial institution in order to give effect to the foregoing. If we are the Billing Vendor, we will retain or remit to ourselves the amounts due to us for the Required Payments. Additionally, with respect to any Chargeback claimed on billings and collections processed through Centralized Billing, the Vendor will have the right to make payment of the Chargeback as it becomes due and payable to a customer or insurance provider from the Gross Revenues collected.

- 4.5.1.2 On or before the thirtieth (30th) day of each Accounting Period: (i) we (or the Billing Vendor) will issue you a report of (a) the Gross Revenues billed and received, (b) Royalties and, if applicable, any amounts treated as Deferred Royalties, (c) other Required Payments to us or our Affiliates, any other Support Services Fees, Third-Party Obligations, and Chargebacks paid on your behalf, (d) repayments of previously issued Advances under any Credit Agreement (together, the **"Disbursements"**) for the prior Accounting Period, (e) any Advances made to you, (f) any Chargebacks that may be due and payable that have been paid; and (g) any other information we determine necessary to reconcile the Gross Revenues with the Required Payments and other Disbursements (if any); and (ii) the Billing Vendor will, based on such reports, remit the balance to you by depositing such amounts into the General Operating Account (the **"Franchisee Disbursements"**).
- 4.5.1.3 If the Collected Payments deposited into the Designated Bank Account are not sufficient to pay the Required Payments due to us or our affiliates or to cover any Chargebacks, you must pay us the balance of the Required Payments by the fifteenth (15th) day of the subsequent Accounting Period by your credit card or ACH, as we may specify from time to time. You must

provide to us a credit card or ACH information for these purposes and must execute and deliver to us and your bank any authorizations we deem necessary to carry out the requirements of this Section 4.5.1.3.

4.5.2 *Other Collections.* For Accounting Periods, if any, that ~~you are not using~~ Centralized Billing requirements are not in effect and/or during which there are any revenues of the Franchised Business are not processed through the Centralized Billing, you agree to do the following by no later than the fifteenth (15th) day following the end of the Accounting Period:

4.5.2.1 Submit a report to us in writing (or, electronically) your Gross Revenues for such Accounting Period that are not billed and collected through Centralized Billing; and

4.5.2.2 Pay the applicable Royalty Fees and other amounts to us for such Accounting Period. For such payments, you must designate an account at a commercial bank of your choice (the "**Account**") for the payment of amounts due to us or our affiliates, including Royalty Fee. You must furnish to us and your bank all required authorizations to permit us to make withdrawals from the Account by electronic funds transfer (such as ACH transfer, as explained in Section 4.5.1.3 above, or such replacement method as we may reasonably specify) and otherwise to administer such bank account on your behalf in order to give effect to your obligations hereunder. On the due date for each Accounting Period, we will transfer from the Account an amount equal to the Royalty Fee due from you based on Gross Revenues for the preceding Accounting Period, as well as any other fees due to us or our affiliates. These reports are in addition to your obligations under Section 12 of this Agreement.

4.6 *Additional Payment Terms.* In addition, you agree to all of the following:

4.6.1 You acknowledge and agree that your obligation to make full and timely payment of Royalty Fees, as well as all other sums due to us are absolute, unconditional, fully earned, and due when you have generated and received Gross Revenues.

4.6.2 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us or others, or fail to deposit all collections into the Designated Bank Account.

4.6.3 You agree that, in the event any payment to us is rejected (for insufficient funds or other reasons), you must reimburse us for all costs associated with the rejected payment (including, without limitation, any fees assessed by banks or fund transfer agents).

4.6.4 You agree not to subordinate to any other obligation your responsibility to pay us the Royalty Fee and/or any other amount payable to us, whether under this Agreement or otherwise, and that any such subordination commitment that you may give without our prior written consent will be null and void.

4.6.5 We or our affiliates may require, as a condition of making any Advance to you, that you provide us or our affiliate with credit reports and other related information as we or our affiliate may request to evaluate potential or outstanding Advances.

4.7 *Late Payment and Interest.* Any payment that we do not receive on or before the due date will be deemed overdue. Any report that we do not receive on or before the due date will also be deemed overdue. If we do not withhold from the Gross Revenues your Required Payments and/or you do not pay such amounts to us as required under this Section 4 and the payment is overdue, we have the right to charge you (in addition to the overdue amount) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but not to exceed any maximum rate permitted by law, if any such maximum applies to you). Our entitlement to such interest will be in addition to any other remedies we may have.

4.8 *Annual Volume Discount.* If you are in compliance with all of the provisions of this Agreement (including any amendment to this Agreement) and/or any other contract between you (and your affiliates) and us (and our affiliates), and you meet the levels of Gross Revenues set forth in Section 4.8.2 below, we will grant you a discount on the Royalty Fee due to us during the next calendar year (the “Annual Volume Discount”). The following terms apply to any Annual Volume Discount during the term of this Agreement.

4.8.1 For purposes of determining (a) whether you qualify for an Annual Volume Discount, and (b) the amount of any such discount, Gross Revenues of the Franchised Business will be measured on a calendar year basis. If you meet the discount thresholds shown below for a calendar year, the Annual Volume Discount will take effect on January 1 of the immediately following year and apply to the Gross Revenues for the Franchised Business from January 1 until December 31. The Annual Volume Discount will end on December 31 of that calendar year, unless to you qualifying for an Annual Volume Discount for the next calendar year.

4.8.2 If Gross Revenues for a calendar year exceed \$500,000, then we will apply to the Royalty Fee rate under Section 4.2 above, a discount equal to 0.5% per \$500,000 of Gross Revenue, up to a maximum total Annual Volume Discount of 5%, as shown below:

<u>Gross Revenues Threshold (during the prior calendar year)</u>	<u>Total Annual Volume Discount (as a Percent of Gross Revenues)</u>
<u>\$0 to \$499,999</u>	<u>0%</u>
<u>\$500,000</u>	<u>0.5%</u>
<u>\$1,000,000</u>	<u>1.0%</u>
<u>\$1,500,000</u>	<u>1.5%</u>
<u>\$2,000,000</u>	<u>2.0%</u>
<u>\$2,500,000</u>	<u>2.5%</u>
<u>\$3,000,000</u>	<u>3.0%</u>
<u>\$3,500,000</u>	<u>3.5%</u>
<u>\$4,000,000</u>	<u>4.0%</u>
<u>\$4,500,000</u>	<u>4.5%</u>
<u>\$5,000,000</u>	<u>5.0%</u>

4.8.3 If you and we agree to adjust the fee structures and/or methods of payments for the Royalty Fees payable to us in order to comply with the laws, regulations, or administrative interpretations in a state or local jurisdiction relating to percentage based billing, then such alternative fee terms must be specified in writing to amend to this Agreement (“Alternative Fee Terms”). If any Alternative Fee Terms are in effect for the Franchised Business, then any available Annual Volume Discount will (subject to applicable law) be calculated as described above using the Gross Revenues to determine the dollar value of the discount available, and then that discount amount will be applied towards the amounts due to us under the Alternative Fee Terms.

4.8.4 If you are a Conversion Franchisee (as specified in Exhibit A to this Agreement), the following terms will apply to the Annual Volume Discount. First, if you provide us with such documentation as we may reasonably require to verify the revenues collected from ABA Services provided by your conversion business during the 12-month period before signing this Agreement, you will receive the applicable Annual Fee Discount for the first calendar year of operation under this Agreement.

## 5 LICENSURE AND REGULATORY MATTERS

### 5.1 *Regulatory Compliance.*

5.1.1 You agree that you will comply not only with the terms of this Agreement, but also all of the laws and regulations (“**Industry Regulations**”) that apply to System Services and Hi-5 ABA Businesses, and to comply with all codes of profession and ethical conduct issued by the Association of Behavior Analysis International (the “**ABAI**”), and any successor organizations (the “**Professional Standards**”). The term Industry Regulations includes (among other things) the regulations and procedures established by the federal Centers for Medicare and Medicaid Services and comparable state and local agencies with regulatory and/or administrative functions relating to ABA Services and public or private insurance reimbursements.

5.1.2 The BCBA(s) providing ABA Services to clients of the Franchised Business will at all times be free to exercise their professional judgment on behalf of clients, subject to the Industry Regulations and Professional Standards. To the extent that any act or service that we may be required or permitted to undertake by any provision of this Agreement may be construed or deemed to constitute the practice of medicine and the provision of healthcare services, the ownership or control of a healthcare or medical practice, said provision of this Agreement will be void *ab initio* and the performance of said act or service by us will be deemed waived by you.

### 5.2 *Licensure and Accreditation Process.*

5.2.1 Before you begin operating, you must secure and maintain all required licenses, permits and certificates as may be required to operate the Franchised Business in compliance with the Industry Regulations and Professional Standards. You must not employ any person in a position that requires a license or certification unless that person is currently licensed or certified by all applicable authorities and professional organizations and a copy of such licenses or permits are in your

business files. You have sole responsibility for compliance despite any information or advice that we may provide.

- 5.2.2 At your request, we will provide assistance to you, as we determine appropriate, in the preparation and filing of applications to become a provider eligible for Medicaid reimbursement of ABA Services.
- 5.3 *Legislative, Regulatory, or Administrative Change.* If there is a change in the statutes, state statutes, applicable case law, regulations or the general instructions or interpretation of any of the foregoing, the adoption of new federal or state legislation, or a change in any third party reimbursement system, any of which are reasonably likely to materially and adversely affect the manner in which a party to this Agreement may perform or be compensated under this Agreement, or which will make this Agreement unlawful, we and you will immediately enter into good faith negotiations regarding a new arrangement or basis for compensation under to this Agreement that complies with the law, regulation, or policy and that approximates as closely as possible the economic position of the parties prior to the change. If good faith negotiations, of not fewer than forty-five (45) days, cannot resolve the matter, then either party may elect to terminate this Agreement pursuant to Section 17.7 below.

## **6 BUSINESS PREPARATION, OPENING DEADLINE AND MINIMUM OPERATING STANDARD**

- 6.1 *Business Preparation.* You are responsible for preparing, at your own expense, to operate as a Hi-5 ABA Business. Among other things, you agree to complete following requirements.
- 6.1.1 You will secure all financing required to develop and operate the Franchised Business.
- 6.1.2 You will generally manage the Franchised Business from an office; provided, however, that you will not meet with clients or prospective clients at such location unless you are approved to operate it as a Network Office as provided in Section 1.2.1 above. You may use your home (or the home of an Owner, if you are an entity), so long as you comply with any state and local laws that apply to the operation of a business from a home. Before you may begin operating the Franchised Business, you must have prepared your office location and obtained all necessary supplies and materials that are needed to operate the Franchised Business in compliance with the Manual.
- 6.1.3 You will purchase or lease, and install, all equipment, computer, facsimile, and technology information systems to operate the Franchised Business as provided in this Agreement.
- 6.1.4 You agree to obtain (and maintain) all permits, licenses and certifications (including, zoning permits, licenses, utility, and health permits and licenses) required for the lawful operation of the Franchised Business, including to comply with all Industry Regulations and Industry Standards as further described in Sections 5.1 and 5.2, and you certify in writing to us that all such permits and certifications have been obtained.

- 6.1.5 You must have completed all required pre-opening training, and satisfied all other pre-opening requirements (whether they are set out in this Agreement, the Manual, or as we may otherwise specify).
- 6.2 *Opening Deadline.* You must begin operating the Franchised Business no later than six (6) months after the Effective Date (the “**Opening Deadline**”). You are deemed to “begin operating” when you have completed all pre-opening requirements, have obtained our authorization to begin offering System Services, and are prepared to accept a client for System Services. If you do not begin operating on time and we do not extend the opening deadline, we will have the right to terminate this Agreement under Section 17.2 of this Agreement.
- 6.3 *Minimum Operating Standard.* You agree that you must devote full time, energy, and best efforts to the management and operation of the Franchised Business throughout the term of this Agreement. In no way limiting the foregoing, you agree that you will be in default if your Franchised Business does not meet or exceed the following minimum operating level(s): during each Operating Year (as defined below), the Franchised Business must have provided ABA Services to customers for which a minimum of one thousand (1,000) hours were billed and successfully collected (either directly to customers or through insurance providers) (the “**Minimum Operating Standard**”). For the purposes of the Minimum Operating Standard, your first “**Operating Year**” will begin on the earlier of: (a) the first day of the Accounting Period when you provide ABA Services under this Agreement; or (b) the Opening Deadline.

## 7 MANAGEMENT, PERSONNEL, AND TRAINING

### 7.1 *Operating Principal and Management.*

- 7.1.1 You must have an individual owner of your entity serve as your “**Operating Principal**.” The Operating Principal must supervise the operation of the Franchised Business and be a person who owns at least twenty percent (20%) of all the voting and ownership interests in the franchisee entity (unless you obtain our prior written approval for the Operating Principal to hold a smaller interest). The Operating Principal must complete our training program, as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit C. You may not change the Operating Principal without our prior written approval. Additionally, at least one individual owner of your entity must be an authorized BCBA and also own at least twenty percent (20%) of all the voting and ownership interests in the franchisee entity.
- 7.1.2 You must inform us in writing whether the Operating Principal (a) is, and will serve as, a BCBA for the Franchised Business, and (b) will assume primary responsibility for the daily supervision and operation of the Franchised Business. If the Operating Principal will not supervise the Franchised Business on a daily basis, you must employ a full-time manager (a “**Franchised Business Manager**”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily supervision and operation of the Franchised Business. “Full time” requires that the individual be available during regular business hours (currently 9:00 a.m.

to 5:00 p.m. Monday through Friday), and also during other times at which services are being provided to clients.

- 7.1.3 The Franchised Business must at all times be under the active full-time management of either you or the Operating Principal or Franchised Business Manager who has successfully completed (to our satisfaction) our initial training program.
- 7.1.4 The term “**Specially Trained Management Personnel**” is agreed to mean the Operating Principal, the Franchised Business Manager, and any BCBA and other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such performs in the Franchised Business.
- 7.2 *Your Professional Personnel.* You acknowledge and agree that provision of the ABA Services requires professional skills, know-how, and training.
  - 7.2.1 Before you may begin offering ABA Services to clients, you must employ at least one individual who is a BCBA (as certified by the Behavior Analyst Certification Board (the “**BACB**”)) and is duly licensed to provide ABA Services in your Operating Area, unless the Industry Regulations applicable in your state and to your Franchised Business do not require such certification and you obtain our prior written approval based on alternative qualifications. Your Operating Principal, if appropriately qualified, may be a BCBA for your Franchised Business. Additionally, you must employ additional individuals to serve as the professional technicians, who, under the supervision of your BCBA(s), will assist in providing the ABA Services to clients according to the therapy plans developed by your BCBA(s) for each such client (each such person is a “**Technician**”).
  - 7.2.2 After you begin operating and throughout the remaining term of this Agreement, you must employ a sufficient number of persons as CBAs and Technicians as necessary to timely provide all ABA Services that you contract to provide to the clients of your Franchised Business and to satisfy our System standards for professional service.
  - 7.2.3 Each of your CBAs and Technicians must have qualifications reasonably acceptable to us for the functions that he/she will perform in your Franchised Business, and must complete to our satisfaction all training that we may require under Sections 7.3 and 7.4 below (as applicable to their positions).
  - 7.2.4 You will be responsible for ensuring that you, your CBAs, and your Technicians, at all times: (a) meet and maintain in good standing all legal and regulatory requirements necessary for the functions that they perform, including any Industry Regulations, and have all licenses, board certifications, individual screenings and/or background checks as required under Sections 5.1 and 5.2; and (b) perform the ABA Services and conduct themselves in a professional and ethical manner consistent with the industry standards.

- 7.2.5 You must complete all requirements as we may periodically specify in the Manuals with respect to background checks on each BCBA and Technician before any such individual may provide services to clients of the Franchised Business.
- 7.3 *Pre-opening Training.* We will provide pre-opening training, which as of the date of this Agreement, will last up to three (3) days and will be held at our corporate headquarters in our offices in Warrenton, Virginia (or another location that we specify) or via online communications. The pre-opening training will relate to the management and other aspects of operating a Hi-5 ABA Business, including instructions regarding the System standards and operating procedures, the Support Services, clinical review responsibilities, and such other additional information as we may periodically provide in connection with the operation of Hi-5 ABA Businesses. With respect to the pre-opening training, you acknowledge and agree that:
- 7.3.1 Before you may begin operating the Franchised Business, your Operating Principal and your Franchised Business Manager (if you will employ a Franchised Business Manager) and at least one person who will serve as a BCBA for the Franchised Business must attend and successfully complete, to our satisfaction, the pre-opening training program. Failure to complete the initial training program constitutes grounds for termination, as provided in Section 17 of this Agreement. You may send up to three (3) persons to this phase of pre-opening training without incurring any training fees. If you ask to send additional persons, and for each replacement training for any Specially Trained Management Personnel, you agree to pay us a discounted training fee for each additional (or replacement) trainee in the amount of Five Hundred Dollars (\$500) per person, and you agree to pay us that fee in full before training starts.
- 7.3.2 We have the right to determine whether each person has successfully completed training. If you or your personnel do not complete pre-opening training to our satisfaction, then you or they may repeat the course or send a substitute to the next available scheduled training session; however, we will have no obligation to extend the Opening Deadline for this purpose, and we reserve the right to terminate this Agreement if you (or your Operating Principal), Franchised Business Manager, and/or BCBA are unable, in our judgment, to successfully complete training on time. We reserve the right to charge you a reasonable fee for repeated initial training.
- 7.3.3 We have the right to vary the duration or content of the training program for any trainee who has prior experience with our concept or in similar businesses or based on the person's role in the Franchised Business. We also have the right to allow you to train certain of your managerial employees (and their successors in those positions) at your location.
- 7.4 *Additional Obligations Regarding Training and Personnel.*
- 7.4.1 If any of the Highly Trained Management Personnel cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Management Personnel, or if you wish to add new personnel as BCBA's, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program within thirty (30) days after the

previously trained person ended his/her full-time employment and/or management responsibilities, or before any proposed new BCBA begins conducting ABA Services for your Franchised Business. The replacement or additional personnel must attend and successfully complete the basic initial training program that we require for their position, to our reasonable satisfaction, as soon as it is practical to do so. You agree to pay us our then-current training fee, which will be determined according to the role each such person will perform in your Franchised Business. You agree to pay those amounts in full before the start of each phase of training, as applicable to your trainees.

- 7.4.2 We will have the right to require that your Highly Trained Management Personnel and BCBA's attend the refresher courses, seminars, and other training programs that we may reasonably specify from time to time.
- 7.4.3 We will bear the cost of instruction and required materials for initial training (except as otherwise provided specified in this Section 7), and you will bear all other expenses incurred in connection with any training (including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance). We reserve the right to charge our then-current training fee for any other training that we may provide.
- 7.4.4 You may ask us to provide additional and/or on-site training in addition to that which we will provide to you in connection with the initial training program, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses.
- 7.4.5 We may provide training programs in person, on tape, via the Internet, in printed or electronic format, or by other means, as we determine. Our training programs will be conducted in the English language. Training may include programs conducted by independent organizations that we designate.
- 7.4.6 We will have the right to require that your trainees sign and deliver to us a personal covenant of confidentiality in a form we find satisfactory (which may include Exhibit D for executive and management personnel), and must include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants.
- 7.4.7 You must cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.
- 7.5 *Training by You.* We have the right to specify training programs related to the System that you must conduct for your Technicians and other employees. If we train your personnel, we are not responsible for expenses incurred while they attend training, including salaries, benefits, travel, lodging, meals and other related expenses. We reserve the right to charge you our then-current per-diem fees for training additional personnel.
- 7.6 *Communications with Us.* We may periodically communicate with you on various issues regarding your Franchised Business, which may be made via email and may require that you respond and provide information and/or confirmation of receipt of the communication

from us. You or your Operating Personnel must respond to any communications that request a response or confirmation within the time period that we reasonable specify.

## **8 THE HI-5 ABA BUSINESS AND FRANCHISEE DUTIES**

- 8.1 *Services and Items You May Offer.* As set forth in Section 1.1 above, the Franchised Business may offer and provide only the System Services, which must be rendered to clients only through the BCBA's and Technicians, and other services and items that we have expressly authorized Franchised Businesses to offer, which we will specify in the Manual or otherwise in writing. We have the right to designate specific services and products as optional or mandatory; provided that the ABA Services will remain a mandatory service. We may approve some services and products to be offered by certain franchisees, and not others, based on legitimate business reasons.
- 8.2 *Compliance with System Standards.* You agree that in order to protect our reputation and goodwill and to maintain high standards of operation under the System, you will operate the Franchised Business in strict conformance with our System standards. You acknowledge that the System standards may relate to any aspect of the function and methods of operating of the Franchised Business. Our System standards will not impair the BCBA or Technicians in their performance of ABA Services. In the event that your BCBA determines that there is a conflict, you may deviate from the mandatory specifications and procedures in the specific instances (if any) in which the BCBA reasonably determines, in his/her professional judgment, that such specification or procedure would not satisfy statutory, regulatory, or professional ethical obligations. In such instances, you must submit to us the conclusions of the BCBA as to how our standards do not satisfy, or are not consistent with, any statutory, regulatory, or professional ethical obligations and what deviations the BCBA considers necessary in order to bring the standards into compliance. Any material failure to comply with the mandatory System standards, except to the extent a deviation was necessary for regulatory compliance, will constitute a material breach of this Agreement. You acknowledge that we have the right to vary our standards and specifications, in our reasonable judgment, to accommodate the individual circumstances of different franchisees.
- 8.3 *Support Services.* The Support Services that we and our affiliates have developed or may develop for use in connection with the Hi-5 ABA Network include clinical and non-clinical business and administrative support services, management services, technology services, and business operating procedures, designed to be used in the management and operation of Hi-5 ABA Businesses. We may designate all or certain Support Services as mandatory or optional. We may change, improve, add to, delete from, and further develop the elements of the Support Services from time to time, including changing the designation between mandatory and optional for each such service and procedure. We may provide the Support Services directly, or establish relationships with our affiliates and/or third-party service providers that will provide the services to you. As set forth in Section 8.4 below, you agree to obtain the Support Services only from us, our affiliates or from sources that we designate or approve in writing. We, our affiliates, and other Support Service vendors may charge fees for the Support Services and establish the terms and conditions for providing such services. The Support Services that may be made available for your use in the operation Franchised Business may include, but not be limited to, the following:

- 8.3.1 Centralized Billing services or otherwise performing, or providing software or online application services to facilitate and/or conduct client billing and payment processing and collection on your behalf;
  - 8.3.2 Providing clinical review, counseling and compliance services ("**Clinical Consulting Services**"), which may include having a designated person or party act as an outside "Clinical Consultant" as further described in Section 8.7;
  - 8.3.3 Developing and/or providing services relating to the Technology Systems and Required Software as further specified defined in Section 14;
  - 8.3.4 Providing support and administrative services in analyzing the financial performance and of the overall operations of the Franchised Business;
  - 8.3.5 Evaluating, negotiating and administering, on your behalf, agreements with third-party payors, institutional healthcare providers and vendors that we identify for use in connection with the System;
  - 8.3.6 Performing credentialing support services such as application processing and information verification;
  - 8.3.7 Identifying any professional employment or organization for assistance with your personnel and human resource functions, which may include, without limitation, payroll services, recruiting services (including for potential BCBA and Technicians), hiring training and protocols, background checks and general human resource services; and
  - 8.3.8 Performing licensing and certification support services such as application processing and information verification.
- 8.4 *Sourcing of Services and Items Used in the Franchised Business.* You must purchase for operation of the Franchised Business all equipment, supplies, and services (including the Support Services) that we designate as required. Additionally, the following terms apply.
- 8.4.1 We have the right to require that all Support Services, Technology System, Required Software, and other goods and services, including credit card processing services be purchased only from one or more suppliers that we have designated (a "**Designated Supplier**"). We or our affiliates may be Designated Suppliers or other approved suppliers. If we elect to name ourselves or an affiliate as the Designated Supplier for a particular Support Service or other item, you must purchase all of your requirements of the service item from us or the affiliate. You acknowledge and agree that we and/or our affiliates have the right to realize a profit on any goods or services that we or our affiliates supply to you.
  - 8.4.2 All other services, equipment, supplies, promotional items, and non-proprietary products and services that you purchase for use in operation of the Franchised Business, must: (1) meet specifications that we establish from time to time; and/or (2) be purchased only from suppliers that we have expressly approved. To the extent that we establish specifications, require approval of suppliers, or name

Designated Suppliers for particular items or services, we will provide the requirements to you in writing.

- 8.4.3 If we require you to use an approved supplier for a particular product or service, but you wish to purchase the product or service from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is a product or service for which there is a Designated Supplier. We have no obligation to review or approve a greater number of suppliers for an item or service than the number we deem reasonable, and any proposed supplier relationship must not jeopardize the availability of any special pricing or other benefits offered by our existing suppliers based on system-wide purchases. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to require delivery of product samples or demonstration of services either to us or to an independent testing service that we designate. If the request is for an alternative Clinical Consultant, we may require additional information and materials regarding the proposed consultant's background, qualifications, credentials, professional experience, and other criteria that we find relevant to their ability to provide clinical consulting services according to Professional Standards and our standards and guidelines. Upon completion of our analysis, we will notify you in writing of approval or rejection of the proposed supplier. You agree to pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, whether or not the supplier is approved.
- 8.4.4 You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We have the right to re-inspect the products and services of any approved supplier and to revoke approval upon the supplier's failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct.
- 8.4.5 As of the Effective Date, we have designated the following affiliates as Designated Suppliers: (a) Hi-5 Processing Inc. ("**Hi-5 Processing**") as the Designated Supplier for Centralized Billing services and for certain administrative support services, which will be set forth in the Hi-5 Processing Inc. Franchisee Services Agreement that you and Hi-5 Processing will enter into before you may begin offering ABA Services to customers; and (b) Cornerstone Missions, Inc. as the designated Clinical Consultant for Clinical Consulting Services, which are further described in Section 8.7 below and will be set forth in the Clinical Consulting Services Agreement that you and Cornerstone will enter into before you may begin offering ABA Services to customers. We have the right to periodically designate other Designated Suppliers (including our affiliates).
- 8.5 *Allowances.* You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, goods and services. These Allowances include those

based on System-wide purchases of services, supplies, equipment, materials, and other items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances.

- 8.6 *Our Review of Licenses and Documentation.* We and our designees have the right at any reasonable time and without prior notice to: (1) review the licenses and certifications relating to your Franchised Business, BCBA's and Technicians; (2) (a) subject to legal requirements regarding client privacy, review documentation and records relating to client services and outcomes; and/or (b) interview personnel of the Franchised Business. You agree to cooperate fully with such activities. Upon notice from us or our agents and without limiting our other rights under this Agreement, you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such review. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation) to correct such deficiencies and to charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.
- 8.7 *Clinical Consultant.* You must engage a person or consulting business, selected as described below, to serve as a "**Clinical Consultant**" and provide Clinical Consulting Services on behalf of the Franchised Business during the term of this Agreement unless otherwise approved in writing by us. The role of the Clinical Consultant is to provide periodic on-site or remote (such as by video conference) review and assistance relating to the Franchised Business and provision of ABA Services through the BCBA's and Technicians. The Clinical Consulting Services provided by the Clinical Consultant may include: case review; review of policies and procedures; quality control activities; guidance regarding preparation for audit of services; guidance regarding billing practices and procedures; guidance as to obtaining service authorizations from Medicaid; and assistance regarding administrative and clinical use of case management, record management and billing program(s), and other aspects of the Technology System. You and your BCBA's will retain responsibility for legal and ethical performance of the ABA Services and all related activities.
- 8.7.1 We may establish standards and requirements in the Manuals regarding the Clinical Consultant activities, including minimum frequency of contact with and/or reviews by the Clinical Consultant.
- 8.7.2 We have the right to require that you engage a Clinical Consultant that we have designated or approved (which may be us, an affiliate of ours, or a designated third-party vendor). During any period that we require you to use a designated or approved Clinical Consultant, if you are dissatisfied with the performance of your Clinical Consultant, you may submit a written request to us for a replacement Clinical Consultant or for approval to obtain comparable services from an outside BCBA to act as your Clinical Consultant. You may not use an alternative person to fulfill the Clinical Consultant role without obtaining our prior written approval, which may require approval of a credential review and other qualifications.
- 8.7.3 You will be responsible for paying all fees and costs charged by the Clinical Consultant. During any period that Centralized Billing is in effect and we have

designated a Clinical Consultant (which may include us or an affiliate), the Billing Vendor may use the Collected Payments to directly pay the Clinical Consultant.

- 8.8 *Compliance with Laws.* In addition to your obligations under Section 5 of this Agreement with respect to Industry Regulations and Professional Standards, you must secure and maintain all other required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances.
- 8.9 *Hours of Operation and Contact.* You must have appropriately trained staff on duty during regular business hours (which are currently Monday through Friday, 9:00 a.m. to 5:00 p.m.) for general business purposes, including for issues relating to insurance coverage and claims submitted for insurance coverage. Additionally, your Operating Principal or at least one BCBA must be available by phone to communicate with the Technicians and clients during any period that a Technician is providing services to clients.
- 8.10 *Conferences.* We may conduct annual conferences or conventions, which may include training sessions. We may require your Operating Principal, Franchised Business Manager, and/or BCBA to attend the conferences. You will be solely responsible for all costs incurred by you and your employees in attending any conferences or conventions.
- 8.11 *Requirements as Entity:* Prior to entering into this Agreement, you must have formed an entity to be the “Franchisee” under this Agreement. In addition, you agree to the following.
- 8.11.1 *Corporate Franchisee.* If you are a corporation, then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any voting securities or securities convertible into voting securities; and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting shares of your company and furnish the list to us upon request.
- 8.11.2 *Partnership/LLP Franchisee.* If you are a partnership or a limited liability partnership (LLP), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all of your general and limited partners; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.
- 8.11.3 *LLC Franchisee.* If you are a limited liability company (LLC), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any

amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and (d) maintain stop transfer instructions on your records against the transfer of equity securities and only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.11.4 Guarantees. You agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit C, from each current and future direct and indirect: (a) shareholder of a corporate Franchisee; (b) member of a limited liability company Franchisee; (c) partner of a partnership Franchisee; and/or (d) partner of a limited liability partnership Franchisee.

8.12 *Other Requirements.* You agree to comply with all of the requirements specified in this Agreement.

## 9 PROPRIETARY MARKS

9.1 *Our Representations.* We represent with respect to the Proprietary Marks that:

9.1.1 We own (and/or have an appropriate license from our affiliate to) all right, title, and interest in and to the Proprietary Marks.

9.1.2 We have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement.* With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You agree to use only the Proprietary Marks we designate, and only in the manner, in the places, and at the times that we authorize and permit in writing.

9.2.2 You agree to use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in advertising for your Franchised Business as to which we have given our prior written approval.

9.2.3 You agree to operate and advertise the Franchised Business only under the name "Hi-5 ABA," without any prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of your Franchised Business as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of the Proprietary Marks will constitute an infringement of our rights.

- 9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.
- 9.2.7 You agree not to use the Proprietary Marks: (a) as part of your corporate or other legal name; (b) as part of your identification in any email address, domain name, social media site, social networking site, or in other electronic medium (except as permitted under Section 14.4 below); and/or (c) in connection with any employment or H.R. documents (including employment applications, paychecks, pay stubs, payment notices, employment agreements, and correspondence with your employees).
- 9.2.8 You agree to sign and deliver to us any documents that we or our counsel deem reasonably necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.
- 9.2.9 You agree not to directly or indirectly engage in any activities that would be detrimental to or interfere with the operation, reputation, or goodwill of the Franchised Business, us, the Proprietary Marks, and/or the System. You acknowledge and agree that such prohibited activities include, without limitation, making, posting, and/or transmitting disparaging comments about the Proprietary Marks, the Franchised Business, us, our affiliates, other Hi-5 ABA Network franchisees, and/or the System, in an advertisement, letter, e-mail, Internet chat room, teleconference, website, social or professional networking site, or any other such medium. However, nothing in this Section will preclude you from honestly answering questions posed by prospective franchisees seeking information about the Franchised Business, us, or the System.
- 9.2.10 With respect to litigation or other adversarial proceedings involving the Proprietary Marks, the parties agree that:
- 9.2.10.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed hereunder. You acknowledge and agree that we will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.
- 9.2.10.2 If you have used the Proprietary Marks in accordance with this Agreement, then we will indemnify and defend you, at our expense, against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you have not used the Proprietary Marks in accordance with this Agreement, then we will still defend you, but at your expense, against such third party claims, suits, or demands (and you agree to reimburse us for the cost of such a proceeding, including, legal fees, as well as the cost of any judgment or settlement).

9.2.10.3 If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, then you agree to execute and deliver to us any and all documents and do such acts and things as may, in the opinion of our counsel, be reasonably necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out of pocket costs in doing such acts and things, except that you must bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. However, if the litigation or proceedings are the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us for the cost of such litigation, including, without limitation, legal fees, as well as the cost of any judgment or settlement.

9.3 *Your Acknowledgements.* You understand, acknowledge, and agree that with respect to our Proprietary Marks and our other intellectual property associated with the System (together, our **“IP Properties”**):

9.3.1 We (and/or our affiliates) own all right, title, and interest in and to the IP Properties as well as goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither you nor any of your principals may directly or indirectly contest the validity or our ownership of the IP Properties, nor will you, directly or indirectly, seek to register the IP Properties with any government agency or other registry (e.g., a domain name registry or social media site).

9.3.4 Your use of the IP Properties does not give you any ownership interest or other interest in or to the IP Properties, except the limited license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the IP Properties will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted under this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the IP Properties.

9.3.6 The right and license of the IP Properties granted to you under this Agreement is non-exclusive, and we thus have and retain the right, among others:

- 9.3.6.1 To use the IP Properties in connection with selling products and services;
  - 9.3.6.2 To grant other licenses for the IP Properties, in addition to those licenses already granted to existing franchisees; and
  - 9.3.6.3 To develop and establish other systems using the same or similar IP Properties, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you.
- 9.3.7 We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating thereunder if our currently owned Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System.

## 10 CONFIDENTIAL OPERATING MANUAL

- 10.1 *You Agree to Abide by the Manual.* In order to protect our reputation and goodwill and to maintain high standards of operation in the Hi-5 ABA Network and in connection with our Proprietary Marks, you must conduct your business in accordance with the Manual, one copy of which you acknowledge having received on loan from us for the term of this Agreement.
- 10.2 *You Agree to Treat Manual as Confidential.* You must at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and must use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that we designate, in writing, as appropriate for copying and use at the Franchised Business, you must not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.
- 10.3 *We Own the Manual.* The Manual will at all times remain our sole property and you must at all times maintain the security of the Manual.
- 10.4 *Format of the Manual.* We will have the right to provide the Manual in any format we determine is appropriate (including paper format and/or by making some or all of the Manual available to you in electronic form, such as through an internet website or an extranet). If at any time we choose to provide the Manual electronically, you agree to immediately return to us any and all physical copies of the Manual that we have previously provided to you.
- 10.5 *Revisions to the Manual.* We may periodically revise the contents of the Manual, and you expressly agree to comply with the most current version of the Manual that you have access to and to comply with each new or changed standard.
- 10.6 *Which Copy of the Manual Controls.* The version of the Manual that we maintain is the most current and up to date version; and, if there is any dispute about to the contents of the Manual, the terms of the version of the Manual we maintain will be controlling.

- 10.7 *Disclaimer.* The Manual is not intended to be inclusive of all of your obligations pursuant to Medical Regulations and Professional Standards, and your adherence to our Guidelines is neither a guarantee nor any representation that by doing so, you will continue to satisfy all Medical Regulations and Professional Standards.
- 10.8 *Modifications to the System.* You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at when we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section 10.8.

## 11 CONFIDENTIAL INFORMATION

- 11.1 *Confidentiality.* You must not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know how concerning the methods of operation of the business franchised hereunder which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You must divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know how, and techniques which we designate as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention before our disclosure thereof; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.
- 11.2 *Consequences of Breach.* You acknowledge that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable legal fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

## 12 ACCOUNTING AND OTHER RECORDS

- 12.1 *Business Records.* You must keep complete and accurate books, records and accounts of all business conducted under this Agreement, in the form and manner prescribed in the Manual, which may include a prescribed chart of accounts and/or use of a designated accounting program or platform. We recommend that you consult an accountant to assist you in setting up your system to follow our chart of accounts, if any, and to produce the financial statements and reports required by Sections 12.2 and 12.3. You must preserve all of your books and records, (including, but not limited to, state and federal income tax returns, purchase orders, invoices, payroll records, patient records, check stubs, revenue records and returns, cash receipts and disbursement journals, general ledgers, corporate, limited liability or partnership records and meeting minutes) in at least electronic form for seven (7) years from the date of preparation and make those books and records available and provide duplicate copies to us within ten (10) days after our written request.

12.2 *Accounting and Back-Office.* We have the right to require that you use designated and/or approved vendors for bookkeeping and/or independent accounting services and programs that we designate. If we make such a designation, you agree to promptly work and cooperate with the designated bookkeeper and/or accountant. You must: pay the designated service or company the fees and costs charged by the service or company, use the on-line, electronic, and paper reporting systems specified by the service or company; and submit to us reports that we require under this Agreement or in the Manual. You agree to provide to the service or company complete and accurate information that we or the service or company require, and agree that we will have full access to the data and information that you provide to the accounting or bookkeeping service or company or through the designated program.

12.3 *Periodic Reports.*

12.3.1 You agree to prepare and submit to us the following reports in the format that we reasonably specify:

12.3.1.1 Within fifteen (15) days after each Accounting Period, a report of Gross Revenues for the preceding Accounting Period containing a detailed statement of operating performance of the Franchised Business including total revenue, the number of clients to whom ABA Services were provided, the number of sessions provided per client, and other revenue and information as specified in the Manual. The substance of this report only includes data related to clients for which you bill directly as self-pay or are for whatever reason not included as part of Central Billing, and which will provide comparable reports to both you and us.

12.3.1.2 Upon our request no more than once a quarter or as may be required in the Manual, a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, comparison of each statement to the prior quarter, other information as specified in the Manual and a report of Local Marketing expenditures for the preceding quarter in a format designated by us in the Manual.

12.3.1.3 Upon our request, copies of all sales tax returns for the Franchised Business.

12.3.1.4 Within thirty (30) days of our request or as may be required in the Manual, such other forms, reports, records, information, and data as we may reasonably designate (including client volume reports, labor cost reports, and sales and income tax returns) in the form and at the times and places that we reasonably required.

12.3.1.5 Within ninety (90) days after the expiration of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of the Franchised Business for such year, reflecting all year-end adjustments and accruals signed by one of your officers or owners.

12.3.2 All reports must adopt and use our then-current standard chart of accounts. The information in each report and financial statement must be complete and accurate

and signed by your Principal Operator. We reserve the right to publish or disclose information that we obtain under this section in any data compilations, collections, or aggregations that we deem appropriate, in our discretion, so long as we do not disclose information relating to performance of your individual Franchised Business (excluding data presented without franchisee names), unless such disclosure is required by law or court order. We strongly encourage you to use the reporting periods and fiscal year that we use.

- 12.3.3 You acknowledge and agree that we may share information from reports that you provide to us with other prospective and existing franchisees of Hi-5 ABA Businesses.
- 12.4 *Right to Examine or Audit.* We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, your books, records, accounts, and sales tax returns. We will also have the right, at any time, to have an independent audit made of your books. You agree to cooperate with us and our auditors and provide the access and assistance that they may reasonably need in order to implement this Section 12.6. If an inspection or audit reveals that any payment to us has been understated, you must immediately pay to us the amount owed, together with applicable interest as provided in Section 4.7. If an inspection or audit reveals any underpayment of five percent (5%) or more, you must, in addition to payment of monies owed with interest, reimburse us for all costs connected with the inspection or audit (including expenses for travel, lodging and wages, and reasonable accounting and legal costs). The foregoing remedies are in addition to any other remedies we may have.
- 12.5 *Data.* You agree that, subject to applicable privacy laws and any other laws regulating the ownership and protection of client records, all data that you collect from in connection with the Franchised Business, including that collected and/or maintained through the Technology System (as defined in Section 14 of this Agreement) (excluding clients' credit card and/or other payment information) ("**Data**") is our proprietary information and property and you also agree to provide the Data to us at any time that we request (subject to applicable law). Additionally, you agree to comply with the Privacy and Security Regulations of the Health Insurance Portability and Accountability Act and execute a Business Associate Agreement with us using the form of Business Associate Agreement that we provide in the Manual, subject to any adjustments as may be needed to reflect state or local laws applicable to your Franchised Business. You have the right to use Data during the term of this Agreement, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Data for any purpose other than operating and marketing the Franchised Business. However, if you transfer the Franchised Business (as provided in Section 16 below), as part of the transfer, you must also transfer to the buyer all of your rights in and to the Data as part of the same transaction and the total purchase price paid for the Franchised Business (subject to applicable privacy laws and any other laws regulating the ownership and protection of client personal records). At the expiration or termination of this Agreement for any reason, you agree to promptly turn over to us the Data and you will make no further use of that Data (or any related information) for any purpose whatsoever.
- 12.6 *Privacy Laws.* You agree to abide by our standards and policies and all applicable laws, ordinances, rules, and regulations (including industry self-regulation) pertaining to the data

(including those pertaining to the collection, use, disclosure, maintenance, security, disposition, or other processing and/or privacy of client, consumer, employee, vendor, and transactional information) ("**Privacy Laws**"). If you become aware (and/or if you should be aware) that there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, then you must: (1) comply with the requirements of applicable law; (2) immediately give us written notice of said conflict; and (3) promptly and fully cooperate with us and our counsel in determining the most effective way, if possible, to meet all standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

## 13 **MARKETING**

- 13.1 *Standards.* We do not require that you conduct advertising or marketing activities, although we encourage you to conduct such activities to make the public and other mental healthcare professionals aware of your Franchised Business and availability of ABC Services (subject to the terms of this Agreement). Among other things, all local marketing by you must be in such media, and of such type and format as we may approve; must be conducted in a dignified manner; and, must conform to such standards and requirements as we may specify. You agree not to use any marketing, advertising or promotional plans or materials, including any materials you wish to use in connection with marketing or promoting the Franchised Business for a proposed sale of the Franchised Business, unless and until you have obtained our prior written consent as explained under Section 13.3 below.
- 13.2 *Materials Available for Purchase.* We may periodically make available to you, for you to purchase, promotional and marketing materials, including community relations programs, and similar marketing materials for use in local marketing.
- 13.3 *Our Review and Right to Approve All Proposed Marketing.* For all proposed marketing plans, you must submit samples of such proposed plans and materials to us (by means described in Section 24 below), along with a description of the mode and means by which the proposed marketing would be used, for our prior written approval. If you do not receive written approval from us within fifteen (15) days of when we receive such samples or materials, we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to marketing materials developed by or on your behalf will be our sole property, and you agree to execute and deliver to us such documents (and, if necessary, require your independent contractors to execute and deliver to us such documents) as we may deem reasonably necessary to give effect to this provision. Our review of any proposed marketing and promotional plans and materials will be limited to reviewing the trademarks and the content of the proposed advertising from a branding and trademark protection perspective, and we will not evaluate proposed materials or plans for compliance with applicable legal requirements.

## 14 **TECHNOLOGY**

- 14.1 *Technology System*

- 14.1.1 You must, at your own expense, acquire and install in your office location the computer system, Internet service, software, computer and Internet security systems, and other technology equipment, communications devices, audio/visual equipment and software systems that we specify in writing from time to time ("**Technology System**"). You must maintain an electronic connection between your Technology System and our systems; use the Technology System in accordance with all policies and operational procedures we issue from time to time; transmit data to us at the times we specify; maintain your Technology System in good working order at all times; promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as we direct; ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (if we request and subject to applicable privacy laws) permit us access to your Technology System and provide us with any user names and passwords necessary for that purpose. You must bear all costs of installation, operation, maintenance and upgrade of your Technology System.
- 14.1.2 We will have the right, but not the obligation, to develop or have developed for our needs, or to designate: (a) computer software programs, billing programs, and accounting system software that you must use in connection with your Technology System ("**Required Software**"), which you will install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you will install; (c) the tangible and hosted media upon which such you will record data; and (d) details of the architecture of your system, including the database file structure of your Technology System.
- 14.1.3 You agree to install, use, maintain, update, and replace (as needed) all elements of the Technology System and Required Software at your sole expense. You agree to sign any required agreements and pay us, our affiliates or our vendors any initial and ongoing fees in order to install and continue to use the Required Software, hardware, and other elements of the Technology System. You agree to implement and periodically make upgrades and other changes at your expense to the Technology System and Required Software as we may reasonably request in writing (collectively, "**Technology Upgrades**").
- 14.1.4 You agree to comply with all specifications that we issue with respect to the Technology System and the Required Software, and with respect to Technology Upgrades, at your expense. We will have the right, subject to compliance with applicable privacy laws and any Business Associate Agreement signed as described in Section 12.5 above, to require that you grant us independent access to your Technology System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.
- 14.1.5 You may not hire third-party or outside vendors to perform any services or obligations in connection with the Technology System, Required Software, or any other of your obligations without our prior written approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third-party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third-party or

outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You must not install, or remove any software from, the Technology System without our prior written consent. You also agree not to implement, use, or otherwise engage with AI Sources without our prior written consent. The term "AI Source" means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

- 14.2 *Participation in the Extranet.* We may establish an Extranet (but are not required to do so or to maintain an Extranet). The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. If we establish an Extranet, then you must comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet. In addition to any Extranet that we may establish, the Technology System may involve the use of Extranets operated by third-party suppliers.
- 14.3 *No Separate Digital Sites.* Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term "**Digital Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social media sites, social networking sites (including Facebook, Twitter, LinkedIn, YouTube, Google Plus, Pinterest, etc.), blogs, vlogs, podcasts, applications to be installed on mobile devices (e.g., iPhone, iPad or Android apps), and other applications, etc. However, if we give you our prior written consent to have a separate Digital Site (which we are neither obligated to provide nor are we obligated not to rescind, even if given), then we have the right to require that you comply with the standards, specifications, conditions, and requirements relating to such Digital Sites that we may periodically prescribe in the Manuals or otherwise in writing.
- 14.4 *Electronic Identifiers; E-Mail.* You must not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address (excluding any e-mail addresses that we authorize under Section 14.5 below), domain name, and/or other identification of you and/or your business in any digital medium. You agree not to transmit (or cause or allow any other party to transmit on your behalf) advertisements or solicitations by e-mail, text message, and/or other electronic media without first obtaining our written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, but not limited to, the Controlling the Assault of Non-Solicited Pornography and Marketing Act

of 2003 (known as the “CAN-SPAM Act of 2003”) and the Federal Telephone Consumer Protection Act. (As used in this Agreement, the term “electronic communication” is agreed to include all methods for sending communication electronically, whether or not currently invented or used, including e mails, text messages, and faxes.)

- 14.5 *Electronic Communication - Including E-Mail, Fax, Texts, and other Messaging.* You acknowledge and agree that exchanging information with us by electronic media is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, “**Official Senders**”) to you during the term of this Agreement.
- 14.5.1 In order to implement the terms of this Section 14.5, you agree that: (a) Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; (b) you will cause your officers, directors, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders’ transmission of electronic communication to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and (c) you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.
- 14.5.2 The consent given in this Section 14.5 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.
- 14.5.3 We may permit or require you (and your employees) to use a “Hi-5 ABA” e-mail address (that is, one that will contain a Top Level Domain Name that we designate, such as [jane.smith@Hi-5ABA.org](mailto:jane.smith@Hi-5ABA.org) or [john.jones@Hi-5ABAfranchisee.org](mailto:john.jones@Hi-5ABAfranchisee.org)) (the “**System e-mail address**”) in connection with the operation of the Franchised Business. We may require that you (as well as your employees) sign an agreement or authorization letter reflecting the terms upon which you (or they) may use a System E-Mail Address.
- 14.6 *Technology Changes.* Each party to this Agreement acknowledges and agrees that changes to technology are likely to occur during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards as if we periodically revised this Section 14 for that purpose. You agree that the terms of this Section 14 apply to all technologies, whether currently available, in some stage of development, or to be invented after the date of this Agreement.

## 15 INSURANCE

- 15.1 *Basic Requirements.* You must, at your own expense, maintain the types and minimum amounts of insurance coverage specified in the Manual. Additionally, before you may obtain any Advances from us or our affiliates, you must obtain and thereafter maintain crime policy coverage that names us (and any affiliate that provide any Advances), as a beneficiary and protects us (and any affiliate that provide any Advances) in an amount sufficient to cover any loss incurred as a result of any non-franchisor person accessing funds from the bank account(s) used to pay obligations of the Franchised Business, including payroll, Required Fees, Support Services Fees, and Third-Party Fees. The policy, or policies, must be written by insurance companies with an industry rating acceptable to us; must name us, our affiliates, and their respective officers, directors, shareholders, and employees as additional insured as specified by us; and must not have deductibles, exclusions or co-insurance requirements that are unacceptable to us. You must provide us with evidence of all required insurance coverage and payment of premiums before beginning construction of the Franchised Business. At least thirty (30) days before each insurance policy expires, you must furnish a copy of the renewal or replacement insurance policy and evidence of payment of the premium. The policy must state that we will be notified by the insurance company if the policy is terminated, canceled or expires. Your obligation to obtain insurance coverage is not limited in any way by the insurance that we maintain.
- 15.2 *Our Rights.* We have the right to increase the amounts of coverage required and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. If you fail to maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance.

## 16 TRANSFERS

- 16.1 *By Us.* We will have the right to transfer or assign this Agreement and/or all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of ours will be solely responsible for all of our transferred obligations under this Agreement as of the date of assignment.
- 16.2 *Your Principals.* If you are an entity (whether a corporation, LLC, partnership, or otherwise) each party that hold any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each a "**Principal**"), and the interest that each Principal holds in you, must be identified in Exhibit B to this Agreement. We have the right to designate any person or entity that owns a direct, indirect, and/or beneficial interest in Franchisee as a Principal, and Exhibit B will be so amended automatically upon notice thereof to you.
- 16.3 *By You.* You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your or your Principals' business skill, financial capacity, and personal character. Accordingly:

- 16.3.1 You must not, without our prior written consent, transfer, pledge, encumber, or in any manner whatsoever assign (and/or permit any other party to do so): (a) your rights and/or obligations under this Agreement; (b) any material asset of you and/or the Franchised Business; and/or (c) any direct or indirect (and/or beneficial) ownership interest in you (if you are an entity).
- 16.3.2 If you are a corporation, LLC, or other form of entity (other than a partnership), you must not, without our prior written consent, issue any voting securities, securities convertible into voting securities, membership interest, and/or other equity interest, and the recipient of any such securities and/or interest will become a Principal under this Agreement, if we so designate.
- 16.3.3 If you are a partnership, the partners of the partnership must provide us with at least thirty (30) days' prior written notice of any intent to, and you must not, without our prior written consent, admit additional partners, remove a partner, or otherwise materially alter the powers of any partner. Each general partner will automatically be deemed a Franchisee Principal.
- 16.3.4 A Principal must not, without our prior written consent, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee as shown in Exhibit B. Any such transaction shall also be deemed a "transfer" under this Agreement.
- 16.3.5 You acknowledge and agree that any transfer, pledge or other encumbrance by you which does not have our prior written approval will be deemed null and void.
- 16.3.6 You also acknowledge and agree that in order to streamline our review and approval of proposed buyers, and to avoid circumstances in which a potential transaction proceeds too far ahead before we are given an opportunity to review and consider the qualifications of a potential buyer, that you will: (a) provide us with information about a prospective buyer at the earliest possible date that you consider an individual or an entity to be a prospective transferee; (b) cooperate with us in obtaining the information that we need in order to review and consider the qualifications of a prospective transferee; and (c) provide us with a copy of the purchase agreement with the buyer.
- 16.4 *Transfer Conditions.* We will not unreasonably withhold any consent required by Section 16.3 above; provided, if you propose to transfer your obligations hereunder, or any material asset, or if a Principal proposes to transfer any direct or indirect interest in Franchisee, we will have the right to require any or all of the following conditions (and any other conditions that we may reasonably require) before we grant of our approval of the proposed transfer:
- 16.4.1 You, the transferor, and any other persons we designate, will have executed and delivered to us a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, members, managers, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local

laws and rules (but excepting any claims which cannot be released pursuant to an applicable franchise law statute);

- 16.4.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal will enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us;
- 16.4.3 The transferee(s) of a Principal must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience and behavior or otherwise; must not own, operate, and/or have an interest in a Competitive Business (defined below); and have adequate financial resources and capital to operate the Franchised Business;
- 16.4.4 If a proposed transfer would result in a change in control of Franchisee, then in addition to any transfer agreement, we will have the right to require that you execute and deliver to us, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements we require for the business franchised hereunder, which agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and advertising fee;
- 16.4.5 The transferor will remain liable for all of the obligations to us in connection with the Franchised Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute and deliver to us any and all instruments we may reasonably request to evidence such liability;
- 16.4.6 At your or the transferee's expense, at least one Principal of the transferee we designate must successfully complete all training programs we require, upon such terms and conditions as we may reasonably require;
- 16.4.7 You must pay a transfer fee of ~~Five~~Six Thousand Dollars (\$~~5~~6,000) or fifty percent (50%) of our then-current initial franchise fee (whichever is more) for our legal, accounting, training, and other expenses incurred in connection with the transfer.
- 16.4.8 We will have the right to communicate with the proposed buyer (and its counsel) and to: truthfully answer their questions about our System, our company, and your operations; exchange information; and seek information from the buyer about their qualifications and characteristics. The proposed transferor(s) and the proposed buyer(s) must cooperate with us in this regard.
- 16.4.9 If you and/or the transferee are represented by counsel, our counsel must have permission to communicate with such counsel, and you and the transferee and, if

applicable, your counsel, must cooperate with us and our counsel in connection with the proposed transfer.

16.4.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.2 and 19.3 of this Agreement.

16.5 *Right of First Refusal.*

16.5.1 If you or any Principal wishes to accept a *bona fide* offer from any party to purchase Franchisee, any material assets of Franchisee, or any direct or indirect interest in Franchisee, you or such Principal must promptly notify us of such offer and provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within forty-five (45) days after receipt of all such information, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. If we elect to purchase the seller's interest, the closing on such purchase must occur within forty-five (45) days from the date of notice to the seller of our election to purchase.

16.5.2 Any material change in the terms of the offer prior to closing will constitute a new offer subject to our same right of first refusal as in the case of the third party's initial offer.

16.5.3 If we do not exercise the option afforded by this Section 16.5, that: (a) will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer; and (b) will not waive the application of Section 16.5.2 above as to any change in the offer thereafter made.

16.5.4 If the consideration, terms, and/or conditions offered by a third party are unique or such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash (simply as an example, this clause would apply if the consideration is a unique item such as a particular parcel of real estate). If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you must promptly designate another independent appraiser, which two appraisers will, in turn, promptly designate a third appraiser. All three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination will be binding upon you and us. The cost of any such appraisal will be shared equally by you and us. If we elect to exercise our right under this Section 16.5, we will have the right to set off all amounts due from you, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

16.5.5 If you are a Conversion Franchisee (as indicated on Exhibit A of this Agreement) and you exercise your right to terminate this Agreement under Section 17.6, you

agree that the terms of this Section 16.5 will survive the termination of this Agreement and remain in full force and effect for a period of twelve (12) months from the effective date of such termination (the “**Early Termination Extended ROFR Period**”).

- 16.5.6 We have the right to assign our right of first refusal under this Section 16.5 at any time, including during the Early Termination Extended ROFR Period. If we make any such assignment, then our assignee may exercise the right to purchase under the same terms and conditions as those that apply to us under this Section 16.5.
- 16.6 *Death or Incapacity.* If you or any Principal dies or becomes incapacitated, that person’s executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person’s interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer, so long as you reimburse us for any out-of-pocket expenses that we incur in reviewing and/or documenting a transfer under this Section 16.6).
- 16.6.1 In addition, if the deceased or incapacitated person is the Designated Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.
- 16.6.2 For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent’s interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- 16.6.3 If an interest is not disposed of under this Section 16.6 within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2.
- 16.7 *Consent to Transfer.* Our consent to a transfer which is the subject of this Section 16 will not constitute a waiver of any claims we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.
- 16.8 *No Transfers to a Non-Franchisee Party to Operate a Similar Business.* You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a Competitive Business (as defined in Section 19.2.2 below) in the Operation Area but not under a franchise agreement with us.
- 16.9 *Bankruptcy Issues.* If you or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any

similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Franchisee, your obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee will be subject to all of the terms of this Section 16, including Sections 16.3, 16.4, and 16.5.

- 16.10 *Securities Offers.* All materials for any offering of private placement financing, crowd-sourced financing, LLC interests, stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before those materials are used and/or filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.
- 16.10.1 You agree that: (a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; and (b) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.
- 16.10.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.5.3 below) in connection with the offering
- 16.10.3 For each proposed offering, you agree to pay us a non-refundable fee of Five Thousand Dollars (\$5,000) (or such greater amount as is necessary to reimburse us for our reasonable costs and expenses) (including legal and accounting fees) for reviewing, documenting, and discussing the proposed offering with you and your representatives.
- 16.10.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.10 commences. Any such offering will be subject to all of the other provisions of this Section 16, including, without limitation, the terms set forth in Sections 16.3, 16.4, 16.5; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.
- 16.10.5 You must also, for the remainder of the term of the Agreement, submit to us for our review and prior written approval all additional securities documents you are required to prepare and file (or use) in connection with any offering of shares, ownership, and/or partnership interests. You must reimburse us for our reasonable costs and expenses we incur in connection with our review of those materials.

## 17 **DEFAULT AND TERMINATION**

- 17.1 *Automatic.* You will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if

a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a *supersedeas* bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Franchised Business is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

- 17.2 *Termination by Us With Notice.* You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon our delivery of written notice to you (in the manner set forth under Section 24 below), upon the occurrence of any of the following events:
- 17.2.1 If you fail to develop and open the Franchised Business within the time limits as provided in Section 6.2 of this Agreement, and within the requirements otherwise set forth in Sections 5 and 6 of the Agreement;
  - 17.2.2 If you at any time cease to operate or otherwise abandon the Franchised Business, or otherwise forfeit the right to do or transact business offering the ABA Services;
  - 17.2.3 If you or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in the Proprietary Marks;
  - 17.2.4 If a threat or danger to public health or safety results from the operation of the Franchised Business;
  - 17.2.5 If you or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 of this Agreement;
  - 17.2.6 If you fail to comply with the covenants in Section 19.3 below or fail to obtain execution of the covenants required under Section 19.6 below;
  - 17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information we provide to you;
  - 17.2.8 If an approved transfer of an interest in Franchisee is not effected within a reasonable time, as required by Section 16.6 above;
  - 17.2.9 If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this franchise) to us;

- 17.2.10 If you are in default of this Agreement, or any other contract between you (and your affiliates) and us (or our affiliates) in connection with the Franchised Business, or any other Hi-5 ABA Businesses that you operate under the Hi-5 ABA Network, and, after written notice to you of such default(s), you fail to cure such default(s) within the time period (if any) provided in such contracts (e.g., in Section 17.3 below);
- 17.2.11 If you, after curing a default pursuant to this Section 17, commit the same default again within a twelve (12) month period of the previous default, whether or not cured after notice;
- 17.2.12 If an inspection of your records discloses that you understated your directly received revenues, in any report to us, by five percent (5%) or more;
- 17.2.13 If you repeatedly are in default under this Section 17 for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice;
- 17.2.14 You fail to meet the Minimum Operating Standard as specified in Section 6.3; or
- 17.2.15 You make any unauthorized cash withdrawal from the Designated Bank Account(s), ~~or do not deposit~~ ~~Collected Payments~~ collections for System Services into the Designated Bank Account(s), and/or do not use the required billing software or otherwise restrict the our or the Billing Vendor's ability to view information relating to the billings and/or collections for System Services. in a manner that violates any agreements with us or the Billing Vendor relating to the Centralized Billing, Credit Agreements, and/or Advances, and do not cure the default(s) within ten (10) days of written notice from us to the Billing Vendor, or such longer period as applicable law may require.
- 17.3 *Termination by Us With Notice and Opportunity to Cure.* Except as otherwise provided in Sections 17.1 and 17.2 of this Agreement, upon any other default by you, we may terminate this Agreement only by giving written notice of termination (in the manner set forth under Section 24 below) stating the nature of such default to you at least thirty (30) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period, or such longer period as applicable law may require.
- 17.4 *Damages.* You agree to pay us all damages, costs, and expenses (including reasonable legal fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).
- 17.5 *Suspension.* If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default and/or termination pursuant to Sections 17.2 or 17.3 above, then:

- 17.5.1 we will have the right to suspend performance of any of our obligations under this Agreement until you correct the breach; and
- 17.5.2 if the breach is of such a nature that we determine that it is necessary to protect third parties, then we will have the right to demand that you suspend operation until you have cured the breach.
- 17.6 *Conversion Franchisee Option to Terminate.* If you are a Conversion Franchisee (which, if applicable, will be designated on Exhibit A of this Agreement) and you are in compliance with this Agreement and any other agreement with us and/or our affiliates, you will have the option to terminate this Agreement before its expiration, provided that you satisfy each of the requirements below. The option to terminate under this Section 17.6 does not apply if you are not a Conversion Franchisee.
- 17.6.1 You must deliver to us written notice of your desire to terminate the Agreement at least ninety (90) days in advance of such proposed termination, provided however, that the actual termination date will be established based on the Wind-down Period as required in Sections 17.6.2 and 17.6.3 below.
- 17.6.2 To facilitate an orderly end to the Franchised Business and transition of ABA Services for patients, there will be a ninety (90) day wind-down period prior to the termination of this Agreement (the “**Wind-down Period**”) during which you must comply with all procedures we require relating to the wind-down and closure of the Franchised Business. The Wind-down Period will begin on the date immediately following the date you have completed both of the following conditions: (a) you participate in a meeting with us to evaluate the status of your operations, the level of ABA Services that you anticipate completing during the Wind-down Period, any required pre-closing transition actions, and any Required Payments, Advances and/or Deferred Royalties that are payable to us or affiliates as of such date; and (b) after we provide you with a summary of the amounts due to us and/or our affiliates under (a) of this Section 17.6.2, you make payment in full for such amounts.
- 17.6.3 During the Wind-down Period, you must operate the Franchised Business in compliance with this Agreement and timely complete all wind-down procedures as we may specify, which may include periodic meetings with us or the Billing Vendor. The terms of this Agreement shall apply except that you and we agree that the Required Payments and Support Services Fees payable to us or our affiliates for all ABA Services performed by your Franchised Business during the Wind-down Period will be calculated based the amounts billed for such services, rather than being calculated on the Gross Revenues collected (which standard applies under Section 4.4.9 above for ABA Services provided prior to Wind-down Period). except as provided in Sections 4.4.9.1 and 4.4.9.2. You and we agree that the Billing Vendor may continue to process collections for ABA Services billed through Centralized Billing Services prior to the end of the Wind-down Period, but neither we nor the Billing Vendor will provide any other Support Services during the final fourteen (14) days of the Wind-down Period. If any Required Payments remain outstanding or in process as of such time, we will issue to you a report regarding any remaining amounts due, and you agree that you will pay such amount in full by the final day of the Wind-down Period.

- 17.6.4 Prior to the end of the Wind-down Period, you must pay to us an “Early Termination Fee” in the amount of Ten Thousand Dollars (\$10,000).
- 17.6.5 Prior to the end of the Wind-down Period, you (and all of your Principals) must sign a termination agreement with us, which among other things will include: (a) a release by you in a form that we will provide and that will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees, but excluding any claims which cannot be released pursuant to an applicable franchise law statute; (b) acknowledgements from you and your Principals that each will comply with all of the provisions of this Agreement that apply upon termination, including those under Section 18 below; and (c) an acknowledgement, which may be in the form of a separate addendum or agreement, that in consideration of our agreement to allow you an early termination under the terms that we have included in this Section 17.6, our right of first refusal under Section 16.5 of this Agreement will survive the termination of this Agreement and continue in full force and effect during the Early Termination Extended ROFR Period.
- 17.7 *Termination for Legislative, Regulatory, or Administrative Change.* If the parties have negotiated in good faith regarding a new arrangement or basis for compensation as provided in Section 5.3 above, but after not fewer than forty-five (45) days, cannot resolve the matter, then either party may terminate this Agreement with notice to the other party within the thirty (30) day period immediately after the 45-day negotiation period.

## 18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement for any reason, all rights granted to you under this Agreement will immediately terminate, and you (and your Principals and employees) agree to immediately comply with all of the following:

- 18.1 *Cease Operation.* You must immediately cease to operate the business franchised under this Agreement, provided that you will continue and/or make arrangements for the continuation of ABA Services to existing clients of the Franchised Business under already prescribed therapy plans in a manner that is consistent with the Professional Standards. You will not thereafter, directly or indirectly, represent to the public or hold yourself out as our present or former franchisee.
- 18.2 *Stop Using Marks and Intellectual Property.* You must immediately and permanently cease to use, in any manner whatsoever, our Proprietary Marks or other Confidential Information, and the System including, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks; and
- 18.3 *Return Confidential Information.* You must immediately deliver to us the Manual and all other manuals, records, and instructions in your possession or control that contain confidential information or that bear the Proprietary Marks (including any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property. You agree not to retain any unauthorized copies of these materials.
- 18.4 *Cancel Assumed Names.* You must take such action as may be necessary to cancel any assumed name or equivalent registration which contains any of the Proprietary Marks,

and you must furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

- 18.5 *Pay All Sums Due.* You must promptly pay all sums owing to us and our subsidiaries and affiliates. In the event of termination for your default, such sums will include all damages, costs, and expenses, including reasonable legal fees, we incur as a result of the default.
- 18.6 *No Use of the Marks in Other Businesses.* You agree, if you continue to operate or subsequently begin to operate any other business: (a) not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks,; and (b) not to use any designation of origin, description, trademark, service mark, or representation that suggests or represents a present or past association or connection with us, the System, or the Proprietary Marks.
- 18.7 *Pay Damages.* You must pay us all damages, costs, and expenses, including reasonable legal fees (which include attorneys' fees), we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.
- 18.8 *Survival of Certain Provision.* All of your and our obligations, which expressly or by their nature survive the expiration or termination of this Agreement, will continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## 19 COVENANTS

- 19.1 *Full Time Efforts.* You agree that throughout the term of this Agreement, except as we have otherwise approved in writing, you (or one of your designated management employees who will assume primary responsibility for the franchise operations and who we have previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the business franchised hereunder.
- 19.2 *Understandings.*
- 19.2.1 You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, marketing methods of the System and the Support Services; (b) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (e) restrictions on your

right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term “**Competitive Business**” is agreed to mean any business that: (a) operates a business that offers or provides ABA Services or in which our Confidential Information could be used to the disadvantage of us, any of our affiliates, and/or other Hi-5 ABA Network member; and/or (b) operates a business that grants franchises, subfranchisees, and/or otherwise licenses other parties to provide ABA Services or in which our Confidential Information could be used to the disadvantage of us, any of our affiliates, and/or other Hi-5 ABA Network member (a “**Competitive Licensor**”); and/or (c) offers or licenses others to operate businesses that provide services the same or similar to the Support Services to individuals or business offering ABA Services (a “**Competitive Service Vendor**”); and/or (d) offers or provides ABA Services to individuals (a “**Competitive ABA Provider**”).

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree to the following requirements:

19.3.1 During the term of this Agreement, you agree that you (whether directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party) will not in any manner whatsoever:

19.3.1.1 Own, maintain, develop, operate, engage in, make loans to, lease real and/or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business in the United States; and/or

19.3.1.2 Engage in any activity the purpose or effect of which is to evade payment of the Royalty Fee by diverting clients to any Competitive Business that is does not operate in the Hi-5 ABA Network. (It will not, however, be a violation of this provision if, for example, a client requests treatment from a different BCBA, but it will be a violation for you to suggest to any client that he/she switch therapy providers without a *bona fide* reason that is unrelated to payment of the Royalty Fee.)

19.3.2 If you are not a Conversion Franchisee, you agree that you will not, for a continuous period of twenty-four (24) months after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above (the “**Post-Term Period**”), directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.2.1 Engage in any activity to divert clients of any Hi-5 ABA Business to any Competitive Business that is does not operate in the Hi-5 ABA Network;

19.3.2.2 Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, be employed by or render services or give advice to, any Competitive Licensor or Competitive Service Vendor that is located, or operates at or

from locations, within the state(s) in which your Operating Area is located; and/or

- 19.3.2.3 Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive ABA Provider that is located, or operates at locations, within the state of your Operating Area, except that you may, in the capacity of an employee of a Competitive ABA Provider, serve as a BCBA and provide ABA Services to customers at or from any location so long as (a) your employing Competitive ABA Provider is not a franchisee or licensee of a Competitive Licensor and (b) you do not have ownership interests in such Competitive ABA Provider.
- 19.3.3 If you are a Conversion Franchisee, you agree that you will not for the Post-Term Period, directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:
- 19.3.3.1 Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, be employed by or render services or give advice to, any Competitive Licensor or Competitive Service Vendor that is located, or operates at or from locations, within the state(s) in which your Operating Area is located; and/or
- 19.3.3.2 Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive ABA Provider that is a franchisee or licensee of a Competitive Licensor.
- 19.4 *Publicly-Held Entities.* Section 19.3 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation (which term refers to a corporation which has securities that have been registered under the Securities Exchange Act of 1934).
- 19.5 *Periods of Non-Compliance.* If, at any time during the Post-Term Period, you fail to comply with your obligations under this Section 19, then that period of noncompliance will not be credited toward your satisfaction of the obligation specified above for the Post-Term Period.
- 19.6 *Personal Covenants.* You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Principals. The covenants required by this section must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants. If you do not obtain execution of a covenant required by this section and deliver to us those signed covenants that will constitute a default under Section 17.2.6 above.
- 19.7 *Construction.* The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to

reduce in writing the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

- 19.8 *Claims Not a Defense.* You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable legal fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.
- 19.9 *Defaults.* You acknowledge that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

## 20 TAXES, PERMITS, AND INDEBTEDNESS

- 20.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 20.2 *Payment of Trade Creditors.* You agree to promptly pay when due all trade creditors, lenders, and vendors (including any that are affiliated with us, and your landlord) that supply goods, services, leases and/or financing to you and/or the Franchised Business. You also agree to promptly pay us for any expenditures or payments we choose (or are required) to make to trade creditors, lenders, or vendors on your behalf to pay for obligations that you incurred in connection with the Franchised Business (for example, products and/or services that you ordered but did not pay for).
- 20.3 *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 20.4 *Notice of Violations and Actions.* You agree to notify us in writing within five (5) days after you receive notice of any violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

## 21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that you will be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Nothing in this Agreement is intended, nor may anything in this Agreement be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. All employees will not in any way be deemed our employees and all must be under your exclusive order, direction, care, and control. You will be solely responsible for hiring and discharging employees of the business operated pursuant to this Agreement, and setting their wages and terms of employment. All employment related documents, including, without limitation, employment applications, schedules, job descriptions, and paychecks, must clearly identify you, and not us, as the employer.

It is further specifically agreed that you are not an affiliate of ours and that neither party shall have the authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for the acts and/or omissions of the other, its agents, servants, or employees, and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

21.2 *Notice of Status.* At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a license from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at your office, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name.* It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification.* You agree to indemnify, defend, and hold each of the Franchisor Parties harmless against any and all Damages arising directly or indirectly from any Asserted Claim as well as from your breach of this Agreement. Your indemnity obligations will survive the expiration or termination of this Agreement, and will not be affected by the presence of any applicable insurance policies and coverages that we may maintain.

21.5 *Definitions.* As used in Section 21.4 above, the parties agree that the following terms will have the following meanings:

21.5.1 **“Asserted Claim”** means any allegation, claim, cause of action, or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including, but not limited to, any claim associated with your operation of the Franchised Business, the provision of

services to clients, billing practices, data theft or other data-related event, or otherwise, whether asserted by a client, vendor, employee or otherwise), or any default by you under this Agreement, notwithstanding any claim that any Franchisor Party was or may have been negligent.

21.5.2 “**Damages**” means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including expenses, costs and lawyers’ fees incurred for any indemnified party’s primary defense or for enforcement of its indemnification rights).

21.5.3 “**Franchisor Parties**” means us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, employees, and agents.

## 22 FORCE MAJEURE

22.1 *Impact.* Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes reasonably beyond its control, including: (a) acts of nature; (b) acts of war, terrorism, or insurrection; (c) public health emergencies, epidemics, pandemics, hurricanes, tornadoes, environmental emergencies, strikes, lockouts, labor actions, boycotts, floods, fires, and/or other casualties; and/or (d) our inability (and that of our affiliates and/or suppliers) to provide services or other items used in the operation of the Franchised Business. The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. You agree to abide by any brand standards that we may establish in connection with continuing to operate, resuming operations, and other matters relating to operations that are impacted by a force majeure event.

22.2 If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

## 23 APPROVALS AND WAIVERS

23.1 *Request for Approval.* Whenever this Agreement requires our prior approval, acceptance, and/or consent, you agree to make a timely written request to us therefor, and in each instance, our approval, acceptance, or consent will be valid only if it is provided in writing. In any instance in which we do not give our consent in writing, we will be deemed to have denied the request.

23.2 *No Warranties or Guarantees.* You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

- 23.3 *No Waivers.* You acknowledge and agree that no delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other licensee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement.

## 24 NOTICES

- 24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by registered mail, or by other means that affords the sender with evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notice by a means which affords the sender evidence of delivery, or rejected delivery, will be deemed to have been given at the earliest to occur of: (a) the date and time of receipt or rejected delivery; provided that for notices that cannot be delivered to you at your official address (e.g., if you moved and did not notify us of your new address), delivery will be deemed to have been given two (2) days after the attempted delivery; (b) two (2) days after being delivered by the sender, pre-paid, to a reputable overnight delivery service (such as FedEx, UPS, or the USPS); and (c) three (3) days after being delivered, postage pre-paid, to the U.S. Postal Service.
- 24.2 The parties agree that the Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” subject to the delivery requirements in this Section 24.

## 25 ENTIRE AGREEMENT AND AMENDMENT

- 25.1 *Entire Agreement.* This Agreement and the exhibits referred to herein constitute the entire, full, and complete contract between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced either party to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement is intended as, nor will it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document (“**FDD**”), including the exhibits and any amendments to the FDD.
- 25.2 *Amendment.* Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## 26 SEVERABILITY AND CONSTRUCTION

- 26.1 *Introductory Paragraphs.* The parties agree that the introductory paragraphs of this Agreement, under the heading “Introduction,” are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.
- 26.2 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.
- 26.3 *No Third Party Rights.* Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or Entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.3 above, any rights or remedies under or by reason of this Agreement.
- 26.4 *Captions Don't Amend Terms.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.
- 26.5 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.
- 26.6 *How We Exercise Our Rights.* Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement.
- 26.7 *Expenses.* Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.
- 26.8 *Including.* The parties agree that whenever the terms “include” and “including” are used in this Agreement, are understood to mean “including but not limited to” (unless otherwise indicated).
- 26.9 *Counterparts.* This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic methods, and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

## 27 APPLICABLE LAW AND DISPUTE RESOLUTION

- 27.1 *Choice of Law.* This Agreement takes effect only if and when all of the parties have signed this document, and will be interpreted and construed under the laws of the Commonwealth of Virginia; except that if the covenants in Section 19 of this Agreement would not be enforced under Virginia law, then they shall instead be interpreted and construed under the laws of the state in which the Franchised Business is located). The parties agree that nothing in this Section 27.1 is intended to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject if the text of this Section 27.1 were not printed here.
- 27.2 *Choice of Venue.* Subject to Section 27.4 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within such state and in the judicial district in which we have our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.
- 27.2.1 The parties agree that this Section 27.2 will not be construed as preventing a party from removing an action from state to federal court; provided, however, that venue will be as specified above.
- 27.2.2 The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.
- 27.2.3 Any such action must be conducted on an individual basis, and not as part of a consolidated, common, or class action.
- 27.3 *Mediation.* Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.4 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS (formerly known as the “Judicial Arbitration and Mediation Services, Inc.”) at its location nearest to our principal place of business.
- 27.4 *Injunctions.* Nothing contained in this Agreement will bar our right to obtain injunctive relief in any court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
- 27.5 *Parties’ Rights Are Cumulative.* No right or remedy conferred upon (or reserved to) either party by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 27.6 ***Waiver of Jury Trials.*** Each party to this Agreement irrevocably waives to the fullest extent permitted by law trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

- 27.7 ***Must Bring Claims Within One Year.*** Any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or your operation of the Franchised Business, brought by any party hereto against the other (excluding claims seeking indemnification), must be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred; provided, however, that the parties agree that this Section 27.7 will not apply to a claim by either party seeking indemnification under this Agreement.
- 27.8 ***Waiver of Punitive Damages.*** Each party to this Agreement waives to the fullest extent permitted by law any right to or claims of any punitive or exemplary damages against the other, and agrees that in the event of a dispute between them each will be limited to the recovery of any actual damages it has sustained.
- 27.9 ***Payment of Legal Fees.*** You agree to pay us all damages, costs and expenses (including reasonable legal fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) obtaining injunctive relief and/or other relief for the enforcement of any provisions of this Agreement (including Sections 9, 17, 18, and 19 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

## 28 ACKNOWLEDGMENTS

- 28.1 ***No Conflicting Obligations.*** Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.
- 28.2 ***Your Responsibility for Operation of the Franchised Business.*** Although we retain the right to establish and periodically modify System standards, you retain the right and sole responsibility for the day-to-day administration and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.
- 28.3 ***We May Make A Different License Offering to Others.*** You acknowledge and agree that we may modify the terms under which we will offer licenses to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.
- 28.4 ***Your Independence.*** You acknowledge and agree that:
- 28.4.1 you are the only party that employs your employees (even though we may provide you with advice, guidance, and training);
- 28.4.2 we are not the employer of any of your employees, and we will not play any role in decisions regarding their employment (including decisions in matters such as

hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

- 28.4.3 the guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the brand and the Proprietary Marks;
- 28.4.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and
- 28.4.5 you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and all other facets of your operation.
- 28.5 *General Release.* If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:
- a) *You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, managers, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, “**Releasors**”) freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively “**Releasees**”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “**Claims**”), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Franchised Business and the development and operation of all other Franchised Business operated by any Releasor that are franchised by any Releasee.*
  - b) *You also understand that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that “[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party”). You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and*

*final release of all Claims. This General Release does not release any Claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any Claims arising after the date of this Agreement.*

\*\*\*\*\*

**IN WITNESS WHEREOF**, and intending to be bound by the terms and conditions of this Agreement, the parties have signed and delivered this Agreement in duplicate on the day and year first above written.

**Hi-5 ABA, Inc.**

Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date  
of this Agreement: \_\_\_\_\_

Address for Notices:

Address for Notices:

Hi-5 ABA, Inc.  
5306 Lee Hwy  
Warrenton, Virginia 20187  
Fax: [(\_\_\_\_) \_\_\_\_ - \_\_\_\_]  
Attn: David Maddox

\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

HI-5 ABA, INC.  
FRANCHISE AGREEMENT  
EXHIBIT A

DATA ADDENDUM

1. Type of Franchisee (checked (by us) as applicable:

Franchisee is a "Conversion Franchisee". To qualify as a "Conversion Franchisee," you must have an existing business offering ABA services, which during the six (6) months immediately prior to the Effective Date had provided, and issued bona fide invoices for, at least ~~two~~five thousand ~~five hundred~~ ~~(2,500)~~(5,000) hours of billable ABA Services. Prior to entering into this Agreement, you must submit documentation acceptable to us evidencing this activity of your existing business.

Franchisee is NOT a Conversion Franchisee.

2. State in which Franchised Business will operate: \_\_\_\_\_ (Section 1.1).

3. Initial Franchise Fee is (Section 4.1): (checked (by us) as applicable):

\$50,000, payable by you in lump sum at the time you execute this Agreement.

\$12,000, payable by you in lump sum at the time you execute this Agreement.

~~We will apply a \$5,000 reduction, plus an amount equal to the \$12,000 Initial Franchise Fee because Franchisee completed the "Mind the Academic Gap" program conducted by our affiliate before entering into this Agreement. Accordingly, \$7,000 is payable in lump sum at the time you execute this Agreement.~~

~~\$15,000, payable by you as: (a) \$3,000 at the time you execute this Agreement; and (b) twelve (12) additional five percent (5%) of your Gross Revenues per month until these payments of \$1,000, each due on the first (1<sup>st</sup>) day to us equal a total of each month for 12 months following the Effective Date ~~\$60,000.~~~~

\$2,500, payable by you in lump sum at the time you execute this Agreement as the Initial Franchise Fee for a Conversion Franchisee.

Initials

\_\_\_\_\_

Franchisee

Franchisor

Hi-5 ABA, Inc.  
FRANCHISE AGREEMENT  
EXHIBIT B

LIST OF PRINCIPALS

Name of Principal	Home Address	Interest (%)

Initials	
_____	_____
Franchisee	Franchisor

Hi-5 ABA, Inc.  
FRANCHISE AGREEMENT  
EXHIBIT C

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Hi-5 ABA, Inc. ("**Franchisor**") to sign and deliver the Hi-5 ABA Franchise Agreement between Franchisor and \_\_\_\_\_ ("**Franchisee**") dated \_\_\_\_\_, 202\_\_ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement, as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates), will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Franchisee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or **(d)** give notice of demand for payment by Franchisee.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any of Franchisee's indebtedness or obligations, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any of its obligations under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.
- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.
- S/he agrees to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following portions of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of

this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor’s marks such as the “Hi-5 ABA” marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this Guarantee, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** s/he has had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee shall be interpreted and construed in accordance with Section 27 of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, and that in the event of any conflict of law, Virginia law will prevail (without applying Virginia conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name: _____	Printed Name: _____	Printed Name: _____
Date: _____	Date: _____	Date: _____
Home Address: _____ _____	Home Address: _____ _____	Home Address: _____ _____

Hi-5 ABA, Inc.  
FRANCHISE AGREEMENT  
EXHIBIT D

SAMPLE FORM OF  
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

*(to be signed by franchisee with its  
~~executive/management personnel~~principals)*

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 202\_\_, by and between \_\_\_\_\_ (the “**Franchisee**”), and \_\_\_\_\_, who is a Principal, ~~manager, supervisor, member, or~~ partner, ~~or a person in an executive or managerial position with, you of~~ Franchisee (the “**Member**”).

Background:

A. Hi-5 ABA, Inc. (“**Franchisor**”) owns a format and system (the “**System**”) relating to the establishment and operation of “Hi-5 ABA” businesses that specialize in providing behavioral therapy businesses that specialize in providing behavioral therapy services to individuals with developmental disabilities using Applied Behavior Analysis (ABA), under Franchisor’s Proprietary Marks and system of operation, as defined below (each, a “**Business**”).

B. Franchisor identifies “Hi-5 ABA” Businesses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark “Hi-5 ABA”) and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the “**Proprietary Marks**”).

C. Franchisor and Franchisee have signed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate a “Hi-5 ABA” Business (the “**Franchised Business**”) and to offer and sell ABA services and other ancillary services and products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her interest in and/or position with Franchisee, will gain access to certain of Franchisor’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

**IN CONSIDERATION** of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. Member agrees that Member will not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of her/his ~~job working for~~ position with Franchisee. Any and all information, knowledge,

know-how, and techniques that Franchisor designates as confidential will be deemed confidential for purposes of this Agreement, except information which Member can demonstrate came to its attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisee to Member, had become or later becomes a part of the public domain, through publication or communication by others.

## 2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Engage in any activity the purpose or effect of which is to evade payment of the Royalty Fee by diverting clients to any Competitive Business (as defined below) that is does not operate as a "Hi-5 ABA" Business. It will not, however, be a violation of this provision if, for example, a client requests treatment from a different BCBA, but it will be a violation for Member to suggest to any client that he/she switch therapy providers without a bona fide reason that is unrelated to payment of the Royalty Fee; or

(ii) Own, maintain, develop, operate, engage in, make loans to, lease real and/or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business in the United States.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will do any of the following:

(i) Engage in any activity to divert clients of any Hi-5 ABA Business to any Competitive Business that is not a Hi-5 ABA Business.

(ii) Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, be employed by or render services or give advice to, any Competitive Licensor or Competitive Service Vendor that is located, or operates at or from locations, within the state of the Franchise Business, except as we may otherwise approve in writing.

(iii) Own, maintain, develop, operate, engage in, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive ABA Provider that is located, or operates at locations, within the state of the Franchised Business, except that Member may, in the capacity of an employee of a Competitive ABA Provider, serve as a BCBA and provide ABA Services to customers at or from any location so long as (a) the Member's employing Competitive ABA Provider is not a franchisee or licensee

of a Competitive Licensor and (b) Member does not have ownership interests in such Competitive ABA Provider.

**(d)** As used in this Agreement, the term “**Competitive Business**” is agreed to mean any business that: (a) operates a business that offers or provides ABA services or in which our Confidential Information could be used to the disadvantage of us, any of our affiliates, and/or other Hi-5 ABA Business; (b) operates a business that grants franchises, subfranchisees, and/or otherwise licenses other parties to provide ABA services or in which our Confidential Information could be used to the disadvantage of us, any of our affiliates, and/or other Hi-5 ABA Business (a “**Competitive Licensor**”); (c) offers or licenses others to operate businesses that provide services the same or similar to the support services provided by Franchisor or its affiliates to individuals or business offering ABA services (a “**Competitive Service Vendor**”); and/or (d) offers or provides ABA Services to individuals (a “**Competitive ABA Provider**”).

**(e)** As used in this Agreement, the term “Post-Term Period” means a continuous uninterrupted period of two (2) years from the date of: **(i)** a transfer as contemplated under Section 16 of the Franchise Agreement; **(ii)** expiration or termination of the Franchise Agreement (regardless of the cause for termination); **(iii)** ~~termination of Member’s employment with Member~~ ceased to hold an interest in Franchisee; and/or **(iv)** a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor’s and/or Member’s legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee. Member further acknowledges and agrees that ~~it is employed by Franchisor does not employ~~ Franchisee ~~only~~ is not a “joint employer” with Franchisee, and that nothing in this Agreement (nor any action by Franchisor to enforce its rights

under this Agreement) shall be deemed to render the Franchisor as the Member's employer for any purpose whatsoever.

**IN WITNESS WHEREOF**, the Franchisee and the Member confirm that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE

MEMBER

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT E – SUPPLEMENTARY AGREEMENT (FLORIDA AND NEW YORK)

***Hi-5 ABA/Hi-5 ABA Processing  
Supplementary Agreement  
Amending Fee Arrangement for Medicaid/Federally-funded Billing Services  
Effective where Legal Restrictions Limit/Prohibit Percentage-based Fees***

THIS SUPPLEMENTARY AGREEMENT is entered into by and between Hi-5 ABA, Inc. (a Virginia corporation), Hi-5 ABA Processing, Inc. (a Virginia corporation) (hereinafter collectively “Franchisor”) and \_\_\_\_\_ (hereinafter “Franchisee”).

WHEREAS, Franchisee has entered into certain agreements with Franchisor which provide for percentage-based fees (franchise-, administrative- and billing-fees) which may contradict rules in certain jurisdictions.

WHEREAS, the parties desire to substitute an alternate fee arrangement where necessary to comply with the requirements of applicable authorities.

NOW THEREFORE, in consideration of the mutual terms and covenants herein, the parties agree to amend their agreement with respect to claims and revenues involving Medicaid Programs wherever required by law (as of this writing, concerns specifically involve Medicaid billing in New York and/or Florida) in accordance with the following terms and conditions.

1. Fees. Percentage-based fees for billing services, as set forth in any and all other agreements between the parties, shall not apply to revenues from Medicaid Programs in New York and/or Florida. Alternate fees are as follows:
  - a. ~~\$70~~50/month/clinician
  - b. \$5/session for claim submission (optional for the franchisees to do themselves)
  - c. \$5/session for claim management
  - d. \$10/late timesheet requiring edits/adjustments
2. Non-Medicaid Revenues. This Supplemental Agreement only applies to charges related to services where a legal prohibition exists to percentage-based billing. Charges based upon revenues unrelated to such prohibitions, such as revenues from private insurers, shall remain the basis for fees as per the parties’ existing agreements.
3. Legal Compliance. If any term or condition contained herein is determined to contradict applicable law or Medicaid policy, such term shall be null and void and/or amended so as to generate a consequence as similar as possible to the intent of the parties which appropriately complies with the law.

4. Limited Effect. This Agreement does not affect any other terms or conditions of any other existing agreement between the parties.

ACKNOWLEDGE AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

Hi-5 ABA, Inc., Franchisor

Hi-5 ABA Processing, Inc.

By: \_\_\_\_\_  
Authorized Representative

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_, Franchisee

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT B**

**Hi-5 Processing, Inc.  
Franchisee Services Agreement**

## HI-5 ABA PROCESSING, INC. FRANCHISEE SERVICES AGREEMENT

THIS AGREEMENT is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, by and between Hi-5 ABA Processing, Inc., a Virginia corporation (hereinafter “Hi-5”) and \_\_\_\_\_ (hereinafter “Franchisee”).

WHEREAS, Franchisee entered into a certain Franchise Agreement (hereinafter “Franchise Agreement”) with Hi-5 ABA, Inc. (hereinafter “Franchisor”), on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, which agreement provides that Franchisor shall designate a Processing Services Provider to provide certain administrative support services to Franchisee in the conduct of Franchisee’s business.

NOW THEREFORE, in consideration of the mutual covenants and obligations set forth below, the parties do hereby agree to the following terms and conditions:

1. General Overview of Services. Hi-5 shall provide Franchisee with initial training related to its billing systems, including an introduction to the administrative features of ~~CentralReach or comparable system (hereinafter “CR~~ the practice management, data collection and related technical programs as Hi-5 may specify (together the “Platform”) and Google Suite—, or other designated third-party administrative support programs designed/adapted to the provision of Applied Behavior Analysis (“ABA”) services. Hi-5 shall assist Franchisee with credentialing of Franchisee service-personnel with Hi-5-approved insurers. Hi-5 shall prepare and submit insurance claims on behalf of Franchisee based upon timesheets submitted to Hi-5 by Franchisee which comport with pre-authorization for covered services. When insurance companies fail to pay legitimate claims promptly (typically within 30 calendar days of submission), Hi-5 shall diligently follow-up with inquiries and collection procedures appropriate within the industry, up to but not including the initiation or conduct of litigation to collect unpaid claims. Franchisee shall be responsible for the costs of litigation including attorney’s fees and costs. Hi-5 shall manage Franchisee’s payroll and bookkeeping related to claims and certain expenses, and shall provide Franchisee with monthly and annual accounting reports. Hi-5 shall also provide certain ongoing bookkeeping, payroll, and general business consultation services related to Franchisee’s claims, revenues, expenses, clientele, and personnel needs.
2. Scope of Services—Administrative, not Clinical. Hi-5 shall provide a variety of administrative processing support services including administrative training, billing, collections, credentialing, payroll processing, bookkeeping, business planning/consultation, and personnel procurement. Hi-5 is not itself an ABA service provider and therefore does not engage in clinical assistance, training, direction, or consultation. If Franchisee requires clinical assistance or poses questions to Hi-5 personnel involving clinical guidance or

expertise, Hi-5 shall redirect Franchisee to the Clinical Consultant assigned to Franchisee in accordance with the Franchise Agreement.

3. Compensation for Services. Franchisee agrees to pay Hi-5: (a) a Billing Fee of ~~Six~~Four Percent (~~64~~4%) and (b) an Administrative Support Fee of ~~Five~~Three Percent (~~53~~3%). The fees are based upon Franchisee's Gross Revenues (as defined in the Franchise Agreement), and (except as provided in the Franchise Agreement for calculation of Gross Revenues during period of Franchisee default) are contingent upon collection of such revenues—regardless of whether collection is effected by Hi-5 directly or Franchisee somehow incidentally collects payments independent of Hi-5 (e.g., through receipt of a payment from an insurer, a co-pay or self-pay from a client, etc.). Hi-5 does not charge additional amounts for any general services set forth in this agreement, but does charge ~~for the following special services: (a) a charge of up to \$50.00 will apply when an amended insurance claim is required due to Franchisee's failure to provide Hi-5 with proper claim information, or for processing of any late timesheets for Franchisee's employees who have provided billable services; and (b) personnel recruitment and/or other services at Franchisee's express request upon terms set forth below and/or as the parties may mutually agree.~~ If Hi-5 processes claims on Franchisee's behalf which go unpaid, for whatever reason, ~~Hi-5~~Hi-5 shall not earn its Billing Fee or Administrative Fee on such unpaid claims, except as set forth in the Franchise Agreement for periods when Gross Revenues will be calculated on billed amounts during periods of Franchisee default.
- ~~4. Recruiting Personnel. Franchisee may recruit all of its own personnel and Hi-5 will assist with onboarding, credentialing and payroll, without additional charge, as outlined below. Subject to location and availability of Hi-5 resources, Franchisee may also obtain assistance from Hi-5 in recruitment of personnel on a contingency fee basis. In the event that Franchisee desires Hi-5 assistance in recruiting personnel, the following procedure should occur: (a) Franchisee makes written request of Hi-5 outlining the number and qualifications necessary for each recruit; (b) Hi-5 responds in writing as to whether the request is accepted as "standard," "non-standard," or "denied"; (c) if accepted as "standard," Hi-5 focuses its advertising and resources toward generating and qualifying candidates acceptable to Franchisee; (d) Hi-5 refers qualified individuals to Franchisee; and (e) Franchisee initiates the onboarding process (see below). A request is "standard" if Hi-5 determines that: (a) it has sufficient resources to take on the project, and (b) the request can likely be accommodated at a reasonably normal cost. In the case of a standard request, Franchisee will pay nothing for Hi-5's recruiting services unless and until the candidate is hired and performs a minimum of 100 billable hours. If the candidate does complete 100 billable hours, then the Franchisee will be charged a one-time fee of \$1,200.00. The contingency fee structure is designed to maximize a Franchisee's ability to build qualified staff by testing out candidates on a trial basis of less than 100 billable hours before incurring any recruiting expenses (other than minimal third party costs, such as the price of background checks). A request is "non-standard" if Hi-5 determines that it can fulfill the order but upon different terms. In the event that Hi-5 determines that a request is non-standard: Hi-5 will propose alternate terms for recruiting before undertaking the effort, Franchisee shall respond with a "Go" or "No go,"~~

~~and then Hi-5 will act in accordance with Franchisee's instruction. A request is "denied" if Hi-5 determines that it is unwilling or unable to accept the order.~~

5.4. Employee Onboarding. New employee onboarding shall occur strictly in accordance with the following sequence for new each employee of Franchisee: (a) Franchisee shall interview, check references, and provide Hi-5 with a completed employment application package and copy of Offer Letter provided by Franchisee to new employee; (b) Hi-5 shall order all appropriate background checks and promptly provide Franchisee with results; (c) Franchisee shall make a hiring determination, notify Hi-5 of the official hire date, and make specific request for credentialing with any particular insurer(s) if needed; (d) Hi-5 will promptly initiate credentialing with applicable insurers and relay insurer communications to Franchisee; and (e) only then shall Franchisee give new employee billable assignments. NOTE: Some insurers (e.g., Humana) may not pay for services performed by not-yet-fully-credentialed technicians or analysts, even though services are fully-authorized. Franchisee shall NEVER assign employee billable hours prior to initial background check results.

6.5. Insurance Company Policies and Procedures. Hi-5 shall provide Franchisee with knowledge and information from time to time regarding insurance company policies and procedures on a commercially reasonable basis, but it is ultimately the Franchisee's responsibility to understand and comply with insurance company and legal requirements. Franchisee should pay special attention to the applicable insurance company's procedural requirements surrounding: (a) authorized personnel, (b) client qualifications, (c) treatment plan requirements, (d) allowable places for services to occur, and (e) whether client's insurance coverage remains active (checking at least monthly is recommended).

7.6. Payroll Services. Hi-5 shall, without any additional charge (other than third-party costs such as Intuit payroll processing fees), issue payroll for Franchisee employees on a bi-weekly basis consistent with Hi-5's regular payroll schedule. Franchisee must provide to Hi-5 within seven (7) calendar days after subject pay-period ends: (a) the names of all fully on-boarded employees which the Franchisee wishes included in payroll for the subject period, (b) all new employees' birthdates, official hire dates, direct deposit and withholding tax information; (c) amounts of gross pay attributable to each employee (except as may be calculated by Hi-5 based upon pay rates in Offer Letter and ~~CR timesheet data~~ [data entered into the Platform regarding timesheets](#)), and (d) sufficient revenues/funds to meet payroll together with related payroll taxes. If Franchisee has sufficient available credit support by current unpaid claims Hi-5, in its discretion, may advance funds for payroll and payroll taxes.

8.7. Franchisee Bank Accounts. Franchisee shall open two regular business checking accounts at a bank designated by Hi-5: the first for general operating expenses controlled exclusively by Franchisee ("General Operating Account"); and the second for the exclusive purpose of capturing Franchisee insurance revenues/copays and managing payroll for Franchisee ("~~Payroll Checking Designated Bank~~ Account"). Franchisee shall give Hi-5 access to the ~~Payroll Checking Designated Bank~~ Account to execute payments as provided in Section ~~1716~~ below, which includes existing regular payroll disbursement from the ~~Payroll~~

~~Checking~~Designated Bank Account, including: net pay to Franchisee employees, submission of withholding taxes to appropriate taxing authorities, FUTA/SUTA, and any ancillary or automatic charges for Franchisee payroll-related expenses such as bank charges and Intuit payroll processing fees. Hi-5 may disburse Franchisee revenues, and/or advances against future revenues, to General Operating Account and/or ~~Payroll-Checking~~Designated Bank Account. Additionally, the following terms apply:

- a. When payments on receivables for ABA services flow directly to Franchisee, Franchisee covenants to promptly and exclusively deposit them into the ~~Payroll-Checking~~Designated Bank Account within three (3) business days of receipt. It is essential that Franchisor be able to rely upon the completeness of ~~Payroll-Checking~~Designated Bank Account revenue deposits in order to properly calculate fees, complete period accounting reports, and manage its collateral position which protects any outstanding balance payable to Franchisor.
- b. Funds from Franchisee revenues are only available for deposit to the General Operating Account by Franchisor or Hi-5, not Franchisee, and then only when a surplus exists beyond that necessary to cover funds advanced by Hi-5 and Franchisor, and Franchisee's anticipated amounts required for payroll, except at the sole discretion of Hi-5. If Franchisee requests that Hi-5 move funds to the General Operating Account while a balance remains outstanding to Hi-5 or Franchisor, then Franchisee acknowledges an increased fiscal risk to the franchise business and a proportionately diminished sense of liberty by Hi-5 or Franchisor to make additional advances in the future.
- c. If Franchisee determines to inject fresh capital into the business, such funds shall be deposited to the General Operating Account and only moved from the General Operating Account to the ~~Payroll-Checking~~Designated Bank Account by Franchisee with express written instructions from Franchisee to Hi-5 and Franchisor regarding the allocation of such funds.

~~9.8.~~Franchisee Administrative Liaison. Hi-5 shall assign to Franchisee an Administrative Liaison who is actively engaged in bookkeeping on behalf of Franchisee and who will run down answers to Franchisee questions and concerns regarding claims, collections, expenses, payroll, recruitment, credentialing, reports, and other administrative matters. Some questions may involve other Hi-5 administrative personnel, but the Administrative Liaison is intended to continue as a primary point-of-contact for Franchisee.

~~10.9.~~Bookkeeping Reports—Monthly and Annual. On or before the 31<sup>st</sup> day of each calendar month, Hi-5 shall provide to Franchisee a report detailing Franchisee's activity for the previous calendar month including claims submitted, funds received, expenses paid on Franchisee's behalf, payroll activity, etc. On or before the 31<sup>st</sup> day of each January, Hi-5 shall provide to Franchisee a comprehensive report of the same information for the previous calendar year.

- ~~11.~~10. Monthly Bookkeeping Consultation. At Upon either party's initiation request, appropriate representatives of both Hi-5 and Franchisee shall will schedule ~~at least~~ one (1) 60-minute meeting each calendar month to review circumstances, conditions, questions and concerns regarding Franchisee's claims, expenses, accounting, and the general operational status of the working relationship between the parties as established by this agreement.
- ~~12.~~11. Quarterly Business Planning Consultation. At Upon either party's initiation request, appropriate representatives of Hi-5 and Franchisee shall will schedule ~~at least~~ one (1) 90-minute meeting each calendar quarter to review the general operations of Franchisee and develop/adjust Franchisee's business plans for coming quarters.
- ~~13.~~12. Denied/Disputed Claims. If an insurance company denies a legitimate claim, which unfortunately occurs with some frequency in the ABA industry, Hi-5 shall, without any additional cost to Franchisee, appeal, resubmit, and/or otherwise pursue collection of the claim until and unless the insurance company's appeal process is exhausted and Hi-5 concludes that the Franchisee has no further reasonable recourse other than litigation. If an insurance company denies a claim which is imperfect due to the failure of Franchisee to obtain appropriate authorization or otherwise make a proper claim, it remains Franchisee's responsibility to correct the circumstances surrounding the claim before Hi-5 shall pursue resubmitting or collecting the claim.
- ~~14.~~13. Amended Claims. Insurance claims for ABA services typically cover a service period of approximately 15 days, but the period may be as short as one day or as long as 31 days. Each claim involves a single client but generally must cover every billable event related to that client which occurs during the service period identified in the claim, no matter how many different service-providers or technicians are involved. To correct any error or incomplete claim, an amended claim must be submitted. Most amended claims result from a technician's failure to submit timesheets promptly after a client session. In order to maintain a prompt and timely pace of claim submissions, Hi-5 must depend upon Franchisee to submit timesheets within 24 hours for each billable session. The process of submitting an amended claim is usually much more extensive than is a normal claim submission and will likely cause a substantial delay in collecting payment. Frequent use of amended claims also tends to injure the reputation of the service provider and may put both the Franchisee and Hi-5 in a less advantageous position whenever seeking to resolve a claim dispute. If an amended claim is required due to Franchisee's failure to: (a) obtain a proper authorization for services, (b) submit a time-sheet within 24 hours of the service date, (c) provide accurate claim information to Hi-5, or (d) otherwise fulfill its responsibilities related to the claim, the Franchisee shall be charged an additional \$50.00 by Hi-5 for the cost of submitting the amended claim. If a timesheet is submitted (or amended) later than the 24-hour window following the service date, Franchisee shall immediately notify the Administrative Liaison by email as to the specifics relating to the late/amended timesheet.
- ~~15.~~14. Term of Agreement. The term of this agreement shall run concurrently with the above-referenced Franchise Agreement and shall be binding upon both parties for the same period

of time. Termination or expiration of the Franchise Agreement shall be deemed a termination or expiration, as applicable, of this agreement. This agreement is renewable in the event that the Franchise Agreement is renewed upon the then-current standard terms and conditions offered in conjunction with the renewed Franchise Agreement.

~~16.~~15. Billing, Collection and Disbursement of Franchisee Receivables. Hi-5 shall generally file claims on Franchisee's behalf within a maximum of 15 days of the service date, assuming that: (a) services were properly authorized and performed; and (b) timesheet information is properly entered into ~~CR~~the Platform within 24 hours of client session. Hi-5 shall pursue collection of unpaid claims as outlined above. Hi-5 shall disburse Franchisee funds toward Franchisee expenses as set forth in this agreement and shall promptly make all remaining funds available to Franchisee.

~~17.~~16. Assignment of Proceeds. Franchisee hereby assigns to Hi-5 the right to collect on Franchisee's behalf all proceeds due from any and all third-parties for ABA services provided by Franchisee), subject to applicable law. Franchisee hereby instructs and authorizes Hi-5 to disburse proceeds to pay expenses as set forth in this agreement and in the Franchise Agreement, including but not limited to: (a) an eight-percent (8%) royalty fee based upon Gross Revenue fee to Franchisor; (b) a six-percent (6%) billing fee and five percent (5%) administrative fee based upon Gross Revenue to Hi-5 ABA Processing, Inc.; (c) Clinical Consultant fee; (d) third-party fees to ~~CR~~the Platform (currently of \$41/user/month, with anticipated annual increases effective February 1), to Google Suite (or similar replacement, currently of \$12/user/month), and for background checks on Franchisee personnel; (e) repayment of any advances made by Hi-5 on Franchisee's behalf; (f) repayment of charge-backs by insurers for previously-paid claims which insurers determine should not have been paid; (g) charges by Hi-5 for ~~special services such as personnel recruitment~~/processing and submission of amended insurance claims as set forth above; (h) Franchisee payroll and payroll-related expenses; (i) business-related taxes and governmental fees due and owing by Franchisee; and (j) any other legitimate expense required or authorized by Franchisee in the normal course of business.

~~18.~~17. Hi-5 Policy of Funds Advances to Franchisee. Hi-5's general operating policy is ~~to that~~ Hi-5 may advance funds to meet Franchisee obligations and expenses when Franchisee revenues are insufficient at a point in time before the receivables are collected; particularly with respect to Franchisee payroll and other direct expenditures disbursed by Hi-5 on Franchisee's behalf. Advances, including those facilitated through deferral of Franchisee's payment obligations to Hi-5, Franchisor and their affiliates as described under Section ~~20~~19 below, are secured by all outstanding receivables of Franchisee (excluding any receivables due from federally funded programs such as Medicaid, Medicare, Tricare, or other federally funded programs and subject to any other exclusions as may be required by applicable law). The current standard amount available for advances is 75% of the gross outstanding qualifying unpaid claims resulting from services performed by Franchisee up to the end of the pay-period for which advances are made. Qualified claims are those which are: (a) submitted claims supported by proper documentation, (b) less than 90 days old as of the first

day of the current calendar month, and (c) not subject to any substantial detrimental condition of payor's policy or practice which might reasonably jeopardize payment. Any such advances are in the sole and absolute discretion of Hi-5. Additionally, Franchisee acknowledges and agrees that the following terms apply.

- a. During any period when advances have been made and not fully repaid to Hi-5 and Franchisor, funds in the ~~Payroll-Checking~~ Designated Bank Account are for the purpose of protecting Franchisor's outstanding advances and standing available for Franchisor to execute payrolls on behalf of Franchisee.
- b. If Franchisee pays personnel for non-billable time, or otherwise spends money relating to the maintenance or development of its business, such spending should be funded by realized profits and/or outside capital contributions by Franchisee into the business—not by Hi-5 or Franchisor advances. In the event Franchisee fails to sufficiently capitalize expenses beyond the cost of personnel time converted to billable hours, Franchisee should expect to find Hi-5 and Franchisor discouraged from making further advances unless and until Franchisee injects fresh capital into its business to make up for present and/or anticipated shortfall(s).
- c. In the event of an emergency, such as an unexpected delay collecting past receivables, or some other shortfall in capitalization, Hi-5 may at its sole discretion provide advances to Franchisee beyond the normal intent of its payroll advance program as outlined above and in related agreements. However, Franchisee should count any such exception as temporary in nature and shall immediately make any and all adjustments to its business model necessary to put itself back onto sound fiscal footing as soon as possible.
- d. Hi-5 or Franchisor may require, as a condition of making any Advance that Franchisee provide Hi-5 or Franchisor with credit reports and other related information as Hi-5 or Franchisor may request to evaluate potential or outstanding Advances.

~~19.~~18. Supporting Collateral. Hi-5's policy is to advance up to \$50,000 as needed for Franchisee expenses secured against qualified claims on a loan-to-value ratio of 75% (e.g., qualified claims of \$60,000 would support advances of \$45,000). Hi-5 endeavors to maintain a stable policy of funds advances to Franchisees but may amend its policy either generally or specifically in an event of necessity or extreme circumstance (e.g., an extraordinary payment delay by an insurance company of a large volume of claims). Any advances from Hi-5 are in the sole and absolute discretion of Hi-5.

~~20.~~19. Deferred Obligation Component of Advances. Vendors which provide services to Franchisee, including Hi-5 and Franchisor, may participate in providing Franchisee advances as defined above by authorizing deferral of fees earned against future collection of existing receivables. Unless expressly authorized by a vendor in writing, such total deferrals shall: (a) not exceed the amounts set forth above, (b) be payable by Franchisee within a maximum of one year of the date earned, (c) remain the liability of Franchisee regardless of whether

collateral receivables are collected, and (d) are subject to Franchisee remaining in compliance with this Agreement, the Franchise Agreement and any other agreements between Franchisee and Hi-5 or its affiliates. Franchisor hereby authorizes Hi-5 to defer any and all payments due to Franchisor under the Franchise Agreement consistent within the scope of the advance policy set forth in this agreement. The purpose of this paragraph is to allow Franchisor and Hi-5 to allocate up to 100% of funds advanced to Franchisee against receivables due to Franchisor and Hi-5, creating only the net effect that Franchisor and Hi-5 may defer realization of taxable income until they actually receive final payment from collections.

~~21. **Discount Breakpoints.** Based on Gross Revenues of the Franchised Business, you may qualify for discounts on certain fees that are calculated based on Gross Revenues (“Fee Discounts”). The Fee Discounts are divided into two categories, the “Annual Volume Discount” and the “Cumulative Volume Discount,” which operate independently and may be combined when the criteria for each are satisfied (for potential discounts totaling up to 10%).~~

~~a. **Annual Volume Discount:** For purposes of determining the Annual Discount that may apply, Gross Revenues will be tracked on a calendar year basis, and the Discount will start on January 1 of each year based on the previous Gross Revenues for the prior calendar year. As reflected in the chart below, if Gross Revenues for a year exceed the annual discount threshold of \$500,000, then a discount equal to 0.5% per additional \$500,000 of Gross Revenue will apply, up to a maximum total Annual Volume Discount of 5%.~~

Gross Revenues (during the prior calendar year)	Total Annual Volume Discount (as a Percent of Gross Revenues)
0	0%
500,000	0.5%
1,000,000	1.0%
1,500,000	1.5%
2,000,000	2.0%
2,500,000	2.5%
3,000,000	3.0%
3,500,000	3.5%
4,000,000	4.0%
4,500,000	4.5%
5,000,000	5.0%

~~b. **Cumulative Volume Discount.** The Cumulative Volume Discount is measured and applies based on the cumulative total of Franchisee’s Gross Revenues during the initial term of the Franchise Agreement. Once Franchisee’s cumulative Gross Revenues reach a discount threshold, the Cumulative Volume Discount will apply beginning with the next accounting period for which fees are payable. The Cumulative Volume Discount~~

~~thresholds are: 1% discount at \$1,000,000 of cumulative Gross Revenue; 2% discount at \$2,000,000 of cumulative Gross Revenue; 3% discount at \$3,000,000 cumulative Gross Revenue; 4% discount at \$4,000,000 cumulative Gross Revenue; and 5% discount at \$5,000,000 and above cumulative Gross Revenue.~~

~~e. *Allocation of Fee Discounts.* The Fee Discounts (whether earned as Annual Volume Discounts and/or Cumulative Volume Discounts) will be allocated between the fees for Centralized Billing, Administrative Services, and Royalty Fees as follows: the first two percentage points will apply to the Centralized Billing fee; the next two percentage points will apply to the Administrative Services fee, and the next six percentage points will apply to the Royalty fee.~~

~~d. *Alternative Fee Terms.* If the parties agree to adjust the fee structures and/or methods of payments for some or all of the fees payable to Hi-5 and/or Franchisor in order to comply with the laws, regulations, or administrative interpretations in a state or local jurisdiction relating to percentage based billing, then such alternative fee terms must be specified in writing to amend to this Agreement (“**Alternative Fee Terms**”). If any Alternative Fee Terms are in effect for a Franchised Business, then any available Fee Discounts will (subject to applicable law) be calculated as described above using the Gross Revenues to determine the dollar value of the discount available, and then that discount amount will be applied towards the amounts due to Hi-5 and Franchisor under the Alternative Fee Terms.~~

22.20. Irrevocable Assignment and Access to Funds. Franchisee hereby assigns to Hi-5 (or to any alternative collection agency as Franchisor may subsequently designate) the irrevocable right to collect all funds generated by Franchisee for services rendered for disbursement first against obligations of Franchisee, including: (a) those set forth in this agreement; (b) those set forth in the Franchise Agreement; (c) necessary business expenses such as Franchisee payroll obligations, payroll taxes, FUTA/SUTA, professional liability insurance, ~~CR~~ fees [for the Platform](#), background search fees, etc.; and (d) such other expenditures as Franchisee may authorize in writing. After payment of authorized expenses, Hi-5 shall disburse to Franchisee any and all remaining revenues earned and received by Hi-5 on Franchisee’s behalf within three business days following written request by Franchisee. Funds received by Hi-5 on Franchisee’s behalf which are subject to claw-back by insurer because of incomplete documentation or insurance company policy shall not be disburseable to Franchisee.

23.21. Franchisee Obligations in Excess of Credit Limit/Qualifying Receivables. In the event that Franchisee expenses exceed the credit limits set forth in this agreement, whether due to claw-backs, potential claw-backs, stale claims, or otherwise, Hi-5 may make disbursements on Franchisee’s behalf which exceed the credit limits. Franchisee shall, however, take whatever actions are necessary to bring its accounts back into good standing within ten (10) business days of written demand from Hi-5 following notice to Franchisee that credit limits have been exceeded. The terms of this paragraph are not intended to obligate Hi-5 to

advance any funds beyond the limits described above in this agreement; any advances beyond the credit limits set forth in this agreement shall be at the exclusive discretion of Hi-5.

~~24.~~22. Franchisee Obligations Under the Franchise Agreement. The parties intend that this agreement shall in all ways comport with the spirit and letter of the Franchise Agreement, and Franchisee obligations under the Franchise Agreement are incorporated herein by reference. Hi-5 reserves the right to inspect and audit the financial documentation of the Franchisee to ensure compliance with the terms of this Agreement and Franchisee agrees to provide Hi-5 with such information in a timely fashion.

~~25.~~23. Mutual Covenant of Courtesy and Good Faith. Both Hi-5 and Franchisee covenant to attend diligently to all matters related to the purposes contained in this agreement and to interact with courtesy, punctuality, and in good faith. They resolve to address and seek resolution to problems or concerns promptly, to maintain accurate written records, to comply with the spirit and letter of the purposes and intents of the Franchise Agreement as it pertains to the business of this agreement, and to otherwise comport themselves within the highest standards of integrity, professionalism, and the ABA industry.

~~26.~~24. Default and Collection. Default by Franchisee under the terms of the Franchise Agreement shall operate as a default under this agreement, and vice versa. In the event of Default, Franchisee agrees to repay to Hi-5 and to Franchisor the balance of any remaining advances, including deferred royalties, against uncollected funds within five (5) business days from notice of default from Hi-5. If Franchisee fails to repay Hi-5 for advances within five (5) business days of written demand, any remaining outstanding balance shall attract interest at the rate of 1.5% per month together with costs and reasonable attorney's fees involved in pursuit of collection (but not to exceed any maximum rate permitted by law).

~~27.~~25. Legislative, Regulatory, or Administrative Change. If there is a change in the statutes, state statutes, applicable case law, regulations or the general instructions or interpretation of any of the foregoing, the adoption of new federal or state legislation, or a change in any third party reimbursement system, any of which are reasonably likely to materially and adversely affect the manner in which a party to this Agreement may perform or be compensated under this Agreement, or which will make this Agreement unlawful, ~~we~~Hi-5 and ~~you~~Franchisee will immediately enter into good faith negotiations regarding a new arrangement or basis for compensation under to this Agreement that complies with the law, regulation, or policy and that approximates as closely as possible the economic position of the parties prior to the change. If good faith negotiations, of not fewer than forty-five (45) days, cannot resolve the matter, then either party may elect to terminate this Agreement by providing written notice to the other party within the thirty (30) day period immediately after the negotiation period.

~~28.~~26. Complete Agreement. This document, together with applicable portions of the Franchise Agreement, constitutes the entirety of the agreement between the parties unless and except as may be amended in writing. In the event that any law or superseding industry requirement

abridges or makes void any term or aspect of this agreement, the remainder of this agreement shall continue in full force and effect and the parties shall endeavor to make whatever reasonable substitute provisions are necessary to most-closely recreate the full intended effect of this agreement.

~~29.~~27. Governing Jurisdiction. This agreement shall be governed by the laws of the Commonwealth of Virginia.

~~30.~~28. Attorney’s Fees and Costs. The substantially prevailing party in a suit to enforce an obligation hereunder shall be entitled to an award of reasonable attorney’s fees and costs.

29. Indemnification. Franchisee agrees to indemnify and hold harmless Hi-5 for any and all losses, including its attorney’s fees and costs, for actions undertaken by Franchisee for which Hi-5 is not at fault.

~~31.~~29. Termination. Hi-5 reserves the right to terminate this Franchisee Services Agreement for cause prior to the expiration of the Term. Hi-5 shall give notice of termination in writing. The termination of this agreement shall be effective as of the termination date stated in Hi-5’s written notice of termination, subject to any cure period specified in this agreement or as required by applicable law. Hi-5 shall be entitled to all payments and reimbursements due under this agreement.

ACKNOWLEDGED AND AGREED as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_ (Franchisee)

By: \_\_\_\_\_

\_\_\_\_\_, President

Hi-5 ABA Processing, Inc., a Virginia corporation

By: \_\_\_\_\_

~~Stephanie L. David~~ Maddox, ~~BCBA/LBA~~J.D., President/CEO

Hi-5 ABA, Inc., a Virginia corporation

By: \_\_\_\_\_

Authorized Representative

CALIFORNIA ADDENDUM TO  
HI-5 ABA PROCESSING, INC. FRANCHISEE SERVICES AGREEMENT

THIS CALIFORNIA ADDENDUM to the Hi-5 ABA Processing, Inc. Franchisee Services Agreement (“California Addendum”) is entered into by and between Hi-5 ABA, Inc., (“Franchisor”), Hi-5 ABA Processing, Inc. (“Hi-5”) and \_\_\_\_\_ (“Franchisee”).

WHEREAS, on this same date, Franchisee has entered into a Hi-5 ABA, Inc. Franchise Agreement with Franchisor under which Franchisee will operate a “Hi-5 ABA” franchise (the “Franchised Business”), and a Hi-5 ABA Processing, Inc. Franchisee Services Agreement (the “Processing Agreement”) with Hi-5, under which Hi-5 provides certain billing and administrative services to Franchisee;

WHEREAS, under the Processing Agreement, Hi-5 may (but is not required to) advance funds to Franchisee in connection with Franchisee’s operation of its Franchised Business, and the parties wish to amend the Processing Agreement so that any advances will be made by Franchisor.

NOW THEREFORE, in consideration of the mutual terms and covenants herein, the parties agree to amend the Processing Agreement in accordance with the following terms and conditions.

1. Advances. The parties agree that, notwithstanding anything to the contrary in the Processing Agreement, if any monies are advanced to Franchisee as described in the Processing Agreement, such advances will be made by Franchisor, in lieu of Hi-5 making such advances. To the extent that Franchisor makes any advances to Franchisee, all terms of the Processing Agreement relating to advances shall apply to advances by Franchisor, including all obligations of Franchisee regarding repayment of advances and collateral for advances. Franchisor shall have the same rights as Hi-5 under the Processing Agreement regarding advances and may enforce such terms independently.

2. Franchisee Use of Advances. Franchisee acknowledges and agrees that Franchisee shall use any advances made by Franchisor solely for the operation of the Franchised Business, consistent with the terms and conditions set forth in the Processing Agreement.

3. Legal Compliance. If any term or condition contained herein is determined to contradict applicable law, such term shall be null and void and/or amended so as to generate a consequence as similar as possible to the intent of the parties which appropriately complies with the law.

4. Limited Effect. The parties agree that the Processing Agreement is in full force and effect except as specifically revised by this Addendum. This Addendum does not affect any

other terms or conditions of the Processing Agreement or any other existing agreement between the parties.

ACKNOWLEDGED AND AGREED as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_ **(Franchisee)**

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

**Hi-5 ABA Processing, Inc.**, a Virginia corporation

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

**Hi-5 ABA, Inc.**, a Virginia corporation

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

**EXHIBIT C**

**ABC Behavior Clinical Consultation Agreement**

## ABC BEHAVIOR CLINICAL CONSULTATION AGREEMENT

THIS AGREEMENT is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, by and between ABC Behavior, a division of Cornerstone Missions, Inc., a Virginia non-profit corporation, (hereinafter “ABC”) and \_\_\_\_\_, a franchisee (hereinafter “Franchisee”) of Hi-5 ABA, Inc., a Virginia corporation (hereinafter “Franchisor”) pursuant to a franchise agreement dated \_\_\_\_\_, 202\_\_\_\_ between Franchisee and Franchisor (hereinafter “Franchise Agreement”).

WHEREAS, Franchisee is obliged under its agreement with Franchisor to retain a ~~Clinical Consultant~~clinical consultant who is a Board Certified Behavior Analyst (hereinafter “BCBA”) approved by Franchisor for the purpose of assisting Franchisee in matters of clinical compliance within the Franchisor’s system, and ABC is such an approved provider of such services; and

WHEREAS, the parties desire to enter into a professional relationship whereunder ABC shall provide Clinical Consultation services to Franchisee.

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties do hereby enter into an engagement for clinical consultation services relating to the field of Applied Behavior Analysis (“ABA”) according to the following terms and conditions:

1. ~~Clinical Consultant~~Consulting Team. ABC Behavior shall ~~designate~~have personnel, led by an individual Board Certified Behavior Analyst (~~hereinafter, (the~~ “Clinical ~~Consultant~~Consulting Team”) to fulfill its obligations under this agreement.
2. Franchisee BCBA. The Franchisee shall designate its own BCBA with overarching authority and responsibility for all ABA business activity of the Franchisee (hereinafter “Franchisee BCBA”).
3. General Availability of Clinical ~~Consultant~~Consulting Team. The Clinical ~~Consultant~~Consulting Team shall take the time necessary--particularly during the first 90 days after services begin--to help the Franchisee BCBA become familiar with how to use ~~Central Reach (hereinafter “CR”)~~the practice management, data collection and related technical programs in both its administrative and clinical applications. Clinical ~~Consultant~~Consulting Team shall assist Franchisee BCBA in learning how to successfully navigate the process of getting authorizations for new clients, and how to operate within the general systems of Franchisor and Hi-5 ABA Processing, Inc., related to billing, timesheets, etc. Clinical ~~Consultant~~Consulting Team may offer weekly or periodic group meetings, which may be conducted virtually, to franchisees of the Franchisor. To the extent the Clinical ~~Consultant~~Consulting Team conducts such group meetings, the meetings will count towards the Clinical ~~Consultant’s~~Consulting Team’s availability and services provided to Franchisee.

4. Monthly Consultations. Upon either party's request, the Clinical ~~Consultant~~Consulting Team and Franchisee BCBA ~~shall~~will schedule ~~at least~~ one or two meetings together comprising at least ninety (90) minutes ~~every~~per calendar month for the purpose of reviewing cases, questions and concerns. Meeting requests should be made by email and both parties will make good faith efforts to meet during regular business hours within 5-10 business days of the request.
5. Quarterly Reviews. Upon either party's request, the Clinical ~~Consultant~~Consulting Team and Franchisee BCBA ~~shall~~will schedule ~~at least~~ one 60-minute session to review records for ABA services provided by the Franchisee during the prior calendar quarter, which review may include select and/or exhaustive audits of client records as Franchisee BCBA may request and/or as The Clinical ~~Consultant~~Consulting Team may advise is appropriate.
6. Clinical ~~Consultant's~~Consulting Team's Access to Client Records. Following execution of appropriate authorization/disclosure/non-disclosure documentation by The Clinical ~~Consultant~~Consulting Team, the Franchisee BCBA shall promptly make available to The Clinical ~~Consultant~~Consulting Team all client records upon request for the purpose of compliance review. The Clinical ~~Consultant~~Consulting Team may assist with audit preparation and/or individual cases as she/he deems appropriate.
7. Compensation. Franchisee shall pay The Clinical ~~Consultant~~Consulting Team One Percent (1%) of Franchisee's total Gross Revenues on a monthly basis for the duration of this agreement.
8. Recruiting Personnel. Franchisee may recruit all of its own personnel. However, subject to location and availability of Clinical Consultant resources, Franchisee may also obtain assistance from Clinical Consultant in recruitment of personnel on a contingency-fee basis. In the event that Franchisee desires Clinical Consultant assistance in recruiting personnel, the following procedure should occur: (a) Franchisee makes written request of Clinical Consultant outlining the number and qualifications necessary for each recruit; (b) Clinical Consultant responds in writing as to whether the request is accepted as "standard," "non-standard," or "denied"; (c) if accepted as "standard," Clinical Consultant focuses its advertising and resources toward generating and qualifying candidates acceptable to Franchisee; (d) Clinical Consultant refers qualified individuals to Franchisee; and (e) Franchisee initiates the onboarding process (see below). A request is "standard" if Clinical Consultant determines that: (a) it has sufficient resources to take on the project, and (b) the request can likely be accommodated at a reasonably normal cost. In the case of a standard request, Franchisee will pay nothing for Clinical Consultant's recruiting services unless and until the candidate is hired and performs a minimum of 100 billable hours. If the candidate does complete 100 billable hours, then the Franchisee will be charged a one-time fee of \$1,500.00. The contingency-fee structure is designed to maximize a Franchisee's ability to build qualified staff by testing out candidates on a trial-basis of less than 100 billable hours before incurring any recruiting expenses (other than minimal third-party costs, such as the price of background

checks). A request is “non-standard” if Clinical Consultant determines that it can fulfill the order but upon different terms. In the event that Clinical Consultant determines that a request is non-standard: Clinical Consultant will propose alternate terms for recruiting before undertaking the effort, Franchisee shall respond with a “Go” or “No-go,” and then Clinical Consultant will act in accordance with Franchisee’s instruction. A request is “denied” if Clinical Consultant determines that it is unwilling or unable to accept the order.

~~8.~~9.Indemnification. Franchisee affirms its sole legal responsibility for services provided to its clients, and indemnifies ABC against any loss or litigation expense arising therefrom.

~~9.~~10. Franchisee’s Right to Discharge Clinical Consultant. In the event that a Franchisee BCBA becomes dissatisfied with the performance of a member of the Clinical-Consultant Consulting Team, the Franchisee may: (a) request ABC to assign to Franchisee an alternate person to Clinical Consultant Consulting Team; (b) make written request of the Franchisor to recommend another approved ~~Clinical-Consultant~~clinical consultant; and/or (c) obtain comparable services from another third-party BCBA who is comprehensively familiar with Hi-5 ABA’s policies and procedures and obtains approval from the Franchisor prior to commencing services. ABC shall continue to provide a ~~Clinical-Consultant~~clinical consultant for any interim period as needed.

~~10.~~11. Termination of this Agreement by ABC. In the event that ABC is unwilling or unable to continue to provide services under this agreement, it shall provide to Franchisor and to Franchisee BCBA at least sixty (60) days’ written notice of termination.

~~11.~~12. Complete Agreement. This document, together with applicable portions of the Franchise Agreement, constitutes the entirety of the agreement between the parties unless and except as may be amended in writing. In the event that any law or superseding industry requirement abridges or makes void any term or aspect of this agreement, the remainder of this agreement shall continue in full force and effect and the parties shall endeavor to make whatever reasonable substitute provisions are necessary to most-closely recreate the full intended effect of this agreement.

~~12.~~13. Governing Jurisdiction. This agreement shall be governed by the laws of the Commonwealth of Virginia.

~~13.~~14. Default and Termination. Default by Franchisee under the terms of the Franchise Agreement shall operate as a default under this agreement, and vice versa. Termination or expiration of the Franchise Agreement shall be deemed a termination or expiration, as applicable, of this agreement.

*Signature page follows*

ACKNOWLEDGED AND AGREED as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_ (Franchisee)

By: \_\_\_\_\_

\_\_\_\_\_, President

ABC Behavior, a Division of Cornerstone Missions, Inc., a Virginia non-profit corporation.

By:

\_\_\_\_\_

\_\_\_\_\_

~~Stephanie L. Maddox, BCBA/LBA, Director~~ It's

\_\_\_\_\_

**EXHIBIT D**

**Business Associate Agreement**



**BUSINESS ASSOCIATE AGREEMENT**

This Agreement is made the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, by and between \_\_\_\_\_, a [resident of] [corporation organized in] [limited liability company organized in] the State of \_\_\_\_\_, hereinafter referred to as “Covered Entity,” and Hi-5 ABA Processing, Inc., a Virginia corporation (“Processing”), Hi-5 ABA, Inc., a Virginia corporation (“Hi-5”), and ABC Behavior, a division of Cornerstone Missions, Inc., a Virginia non-profit corporation, (“ABC”). Processing, Hi-5, and ABC are independently owned and operated service providers that are not affiliated with the Covered Entity and that will provide certain services to Covered Entity in support of Covered Entities business activities (each is referred as a “Business Associate” in this Agreement). Each of the above are individually, a “Party” and collectively, “the “Parties” to this Agreement.

WITNESSETH:

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as “the Administrative Simplification provisions,” direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the “HIPAA Privacy Rule” and the “HIPAA Security Rule”); and

WHEREAS, Title XIII of the American Recovery and Reinvestment Act, known as “the HITECH Act” has amended HIPAA and the HIPAA regulations, including HIPAA’s Administrative Simplification provisions; and

WHEREAS, the Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, and, pursuant to such arrangement Business Associate may be considered a “business associate” of Covered Entity as defined in the HIPAA Privacy Rule; and

WHEREAS, Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement.

THEREFORE, in consideration of the Parties’ continuing obligations under the HIPAA Privacy Rule and Security Rule, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Privacy Rule and Security Rule and to protect the interests of both Parties.

**I. DEFINITIONS**

A. Except as otherwise defined herein, any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule and the HIPAA Security Rule. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the HIPAA Privacy Rule and Security

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Rule, as amended, the HIPAA Privacy Rule and Security Rules shall control. Where provisions of this Agreement are different than those mandated in the HIPAA Privacy Rule and Security Rule, but are nonetheless permitted by the HIPAA Privacy Rule and/or Security Rule, the provisions of this Agreement shall control.

- B. The term “Protected Health Information” (abbreviated as “PHI”) means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including, with limitation, demographic, medical, and financial information that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- C. Business Associate acknowledges and agrees that all Protected Health Information that is created or received by Covered Entity and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by Covered Entity or its operating units to Business Associate or is created or received by Business Associate on Covered Entity’s behalf shall be subject to this Agreement.

## II. CONFIDENTIALITY REQUIREMENTS

- A. Business Associate agrees:
1. To use or disclose any Protected Health Information solely: (1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship, or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom Covered Entity is required to disclose such information or as otherwise permitted under this Agreement, or the HIPAA Privacy Rule or Security Rule;
  2. At termination of this Agreement, or any similar documentation of the business relationship of the Parties, or upon request of Covered Entity, whichever occurs first, if feasible, Business Associate will return or destroy all Protected Health Information received from or created or received by Business Associate on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, Business Associate will extend the protections of this Agreement to the information in perpetuity and limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible; and
  3. To ensure that its agents, including a subcontractor, to whom it provides Protected Health Information received from or created by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply to Business Associate with respect to such information. In addition, Business Associate agrees to take reasonable steps to ensure that its employees’ actions or omissions do not cause

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Business Associate to breach the terms of this Agreement or the mandatory requirements of the HIPAA Privacy Rule and Security Rule that may apply to Business Associate.

B. Notwithstanding the prohibitions set forth in this Agreement, Business Associate may use and disclose Protected Health Information as follows:

1. If necessary, for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that as to any such disclosure, the following requirements are met:

- a) The disclosure is required by law, not merely permitted by law; or
- b) Business Associate obtains reasonable written assurances from the person or party to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person or part, and the person or party notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached

2. For data aggregation services, if to be provided by Business Associate for the health care operations of Covered Entity pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of Protected Health Information by Business Associate with the Protected Health Information received by Business Associate in its capacity as a business associate of another covered entity to permit data analyses that relate to the health care operations of the respective covered entities.

C. Business Associate will implement appropriate safeguards to prevent use or disclosure of Protected Health Information other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit Business Associate's records and practices related to uses and disclosures of Protected Health Information to ensure Covered Entity's compliance with the terms of the HIPAA Privacy Rule and Security Rule. Business Associate shall timely report to Covered Entity any use or disclosure of Protected Health Information which is not in compliance with the terms of this Agreement of which it becomes aware.

### III. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

A. Business Associate agrees that it is required under the amended HIPAA regulations to comply with, and shall comply with, the HIPAA Security Rule, including the Security Rule's Administrative, Physical, and Technical safeguard requirements.

B. Business Associate agrees that it is required under the amended HIPAA regulations to comply with, and shall comply with, the use and disclosure provisions of the HIPAA Privacy Rule.

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- C. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as required by law.
- D. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- E. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- F. Breach Disclosures to Covered Entity: Business Associate agrees to immediately report to Covered Entity any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware. Further, Business Associate agrees to notify the Covered Entity of any individual whose Protected Health Information has been inappropriately or unlawfully released, accessed, or obtained. Business Associate agrees that such notification will meet the requirements of Section 13402 of the HITECH Act and Sec. 164.410 of the amended HIPAA regulations. Specifically, the following shall apply:
1. A breach is considered discovered on the first day the Business Associate knows or should have known about it.
  2. In no case shall the Business Associate notify the Covered Entity of any and all breaches of Protected Health Information, and provide detailed information to the Covered Entity about the breach, along with the names and contact information of all individuals whose Protected Health Information was involved.
  3. For breaches determined to be caused by the Business Associate, where such breaches require notifications to patients or consumers, the cost of such breach notifications shall be borne by the Business Associate.
- G. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- H. Business Associate agrees to provide access, at the request of Covered Entity, and in a timely manner to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR Sec. 164.524.
- I. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR Sec. 164.526 at the request of Covered Entity or an Individual, and in a timely manner.
- J. Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity or to the Secretary, in a timely manner as designated by the

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Secretary, for purposes of the Secretary determining Covered Entity's compliance with the HIPAA Privacy Rule and Security Rule.

- K. Business Associate agrees to document such disclosures of Protected Health information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR Sec. 164.528.
- L. Business Associate agrees to provide to Covered Entity or an Individual, in timely manner, information collected in accordance with Section (i) of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR Sec. 164.528.

#### IV. AVAILABILITY OF PHI

- A. Business Associate agrees to make available Protected Health Information to the extent and in the manner required by Sec. 164.524 of the HIPAA Privacy Rule.
- B. Business Associate agrees to make Protected Health Information available for amendment and incorporate any amendments to Protected Health Information in accordance with the requirements of Sec. 164.526 of the HIPAA Privacy Rule.
- C. In addition, Business Associate agrees to make Protected Health Information available for purposes of accounting of disclosures, as required by Sec. 164.528 of the HIPAA Privacy Rule.

#### V. TERMINATION

- A. Notwithstanding anything in this Agreement to the contrary, Covered Entity shall have the right to terminate this Agreement immediately if Covered Entity determines that Business Associate has violated any material term of this Agreement. If Covered Entity reasonably believes that Business Associate will violate a material term of this Agreement and, where practicable, Covered Entity gives written notice to Business Associate of such belief within a reasonable time after forming such belief, and Business Associate fails to provide adequate written assurances to Covered Entity that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then Covered Entity shall have the right to terminate this Agreement immediately.

#### VI. MISCELLANEOUS

- A. Except as expressly stated herein or in the HIPAA Privacy Rule or Security Rule, the parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section shall survive the expiration, termination, or cancellation of this Agreement, and/or the business relationship for the parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.
- B. This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights or obligations under this

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Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship.

- C. This Agreement shall be governed by the laws of the State of Virginia. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion. The parties agree that, in the event that any documentation of the arrangement pursuant to which Business Associate provides services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information.
- D. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule or Security Rule, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall address in good faith such concern and amend the terms of this Agreement, if necessary, to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the requirements of the HIPAA Privacy Rule and/or Security Rule, then either party has the right to terminate upon written notice to the other party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year written above.

Initials: \_\_\_\_\_ / \_\_\_\_\_



**COVERED ENTITY:**

Name: \_\_\_\_\_

By (signature): \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

**BUSINESS ASSOCIATES**

**Hi-5 ABA Processing, Inc.**

By (signature): \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

**Hi-5 ABA, Inc.**

By (signature): \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

**ABC Behavior, a Division of Cornerstone Missions, Inc.**

By (signature): \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

Date signed: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT E**  
**LIST OF ADMINISTRATORS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (899) 275-2677 www.dfpi.ca.gov and Ask.DFPI@dfpi.ca.gov</p>	<p><b>NEW YORK</b> New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, New York 10005 (212) 416-8285</p>
<p><b>HAWAII</b> Commissioner of Securities of the State of Hawaii Department of Commerce &amp; Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><b>NORTH DAKOTA</b> North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p><b>ILLINOIS</b> Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p><b>RHODE ISLAND</b> Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b> Division of Insurance Securities Regulation 124 South Euclid Avenue, 2<sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p><b>MARYLAND</b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p><b>VIRGINIA</b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p><b>MICHIGAN</b> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p><b>WASHINGTON</b> Department of Financial Institutions Securities Division – 3<sup>rd</sup> Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>

<b>MINNESOTA</b> Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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**EXHIBIT EE**  
**AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p><b>CALIFORNIA</b>  Commissioner of Financial Protection and Innovation  Department of Financial Protection and Innovation  320 West Fourth Street, Suite 750  Los Angeles, California 90013-2344  (213) 576-7500  Toll Free: (899) 275-2677  www.dfpi.ca.gov and  Ask.DFPI@dfpi.ca.gov</p>	<p><b>NEW YORK</b>  New York Secretary of State  New York Department of State  One Commerce Plaza,  99 Washington Avenue, 6<sup>th</sup> Floor  Albany, New York 12231-0001  (518) 473-2492</p>
<p><b>HAWAII</b>  Commissioner of Securities of the State of Hawaii  Department of Commerce &amp; Consumer Affairs  Business Registration Division  Securities Compliance Branch  335 Merchant Street, Room 205  Honolulu, Hawaii 96813  (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>  North Dakota Securities Commissioner  State Capitol  600 East Boulevard Avenue, Fifth Floor  Bismarck, North Dakota 58505-0510  (701) 328-4712</p>
<p><b>ILLINOIS</b>  Illinois Attorney General  500 South Second Street  Springfield, Illinois 62706  (217) 782-4465</p>	<p><b>RHODE ISLAND</b>  Director of Department of Business Regulation  Department of Business Regulation  Securities Division, Building 69, First Floor  John O. Pastore Center  1511 Pontiac Avenue  Cranston, Rhode Island 02920  (401) 462-9527</p>
<p><b>INDIANA</b>  Secretary of State  Franchise Section  302 West Washington, Room E-111  Indianapolis, Indiana 46204  (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>  Division of Insurance  Director of the Securities Regulation  124 South Euclid Avenue, 2<sup>nd</sup> Floor  Pierre, South Dakota 57501  (605) 773-3563</p>
<p><b>MARYLAND</b>  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360</p>	<p><b>VIRGINIA</b>  Clerk of the State Corporation Commission  1300 East Main Street, 1<sup>st</sup> Floor  Richmond, Virginia 23219  (804) 371-9733</p>
<p><b>MICHIGAN</b>  Michigan Attorney General’s Office  Corporate Oversight Division, Franchise Section  525 West Ottawa Street  G. Mennen Williams Building, 1<sup>st</sup> Floor  Lansing, Michigan 48913  (517) 335-7567</p>	<p><b>WASHINGTON</b>  Director of Department of Financial Institutions  Securities Division – 3<sup>rd</sup> Floor  150 Israel Road, Southwest  Tumwater, Washington 98501  (360) 902-8760</p>

<b>MINNESOTA</b> Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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**EXHIBIT FG****Current Franchisees**(as of December 31, ~~2022~~2023)

Franchise Name	Business Address	Phone Number	Name of Operator
<b>Arizona</b>			
<del>Child Consulting by Donna Infinite ABA, LLC*</del>	<del>4100 South Pinelake Way, Chandler, AZ 85249</del> <del>88 S Sycamore St, Florence, AZ 85132</del>	<del>(480) 645-1255</del> <del>(520) 840-0697</del>	<del>Tracey Harris</del> <del>Donna Salazar</del>
<del>Infinite ABA Child Consulting by Donna, LLC*</del>	<del>88 S Sycamore St, Florence, AZ 85132</del> <del>4100 South Pinelake Way, Chandler, AZ 85249</del>	<del>(520) 840-0697</del> <del>(480) 645-1255</del>	<del>Donna Salazar</del> <del>Tracey Harris</del>
<b>California</b>			
<del>Dreampath Behavioral Services, LLC</del>	<del>7451 Brigadoon Way, Dublin, CA 74568</del>	<del>(408) 600-7299</del>	<del>Christopher Jordan</del>
<del>Children Achieving Maximum Potential*</del>	<del>18700 Beach Blvd Suite 140, Huntington Beach, CA 92648</del>	<del>(805) 890-2130</del>	<del>Nancy Rangel</del>
<del>Cain Behavioral Services, LLC</del>	<del>2250 85th Avenue, Oakland, CA. 94605</del>	<del>(510) 227-4787</del>	<del>Ke'Aarre Cain</del>
<del>Educational &amp; Behavioral Support Services</del>	<del>17100 Bear Valley Rd. Suite B-534, Victorville, CA 92395</del>	<del>(760) 953-6500</del>	<del>Keith Belton</del>
<del>Children Achieving Maximum Potential*</del>	<del>18700 Beach Blvd Suite 140, Huntington Beach, CA 92648</del>	<del>(805) 890-2130</del>	<del>Nancy Rangel</del>
<del>Dreampath Behavioral Services, LLC</del>	<del>7451 Brigadoon Way, Dublin, CA 74568</del>	<del>(408) 600-7299</del>	<del>Christopher Jordan</del>
<del>Cain Behavioral Services, LLC*</del>	<del>2250 85th Avenue, Oakland, CA. 94605</del>	<del>(510) 227-4787</del>	<del>Ke'Aarre Cain</del>
<del>Creative ABA, LLC</del>	<del>6 Tunitas Lane, South San Francisco, CA 94080</del>	<del>(209) 408-9992</del>	<del>Alexis Winters</del>
<b>Florida</b>			
<del>Athena Behavior Analysis*</del>	<del>1230 Fargo Dr. Melbourne, FL 32940</del>	<del>(424) 302-3643</del>	<del>Maureen Gamache</del>
<del>Behavioral Therapy &amp; Wellness, Inc.*</del>	<del>16405 SW 20<sup>th</sup> St Miramar, FL 33027</del>	<del>(305) 469-1191</del>	<del>Hans Stephen</del>
<b>Georgia</b>			
<del>I Heart Therapy</del>	<del>2611 Gillsville Hwy, Gainesville, GA 30507</del>	<del>(901) 598-0190</del>	<del>Dominic Holt</del>
<del>ABA Direct, LLC</del>	<del>2924 Two Lakes Circle, Ellenwood, GA 30294</del>	<del>(646) 420-6837</del>	<del>Patrick Thorbourne</del>

<a href="#">I Heart Therapy</a>	<a href="#">2611 Gillsville Hwy Gainesville, GA 30507</a>	<a href="#">(901) 598-0190</a>	<a href="#">Dominic Holt</a>
<b>Illinois</b>			
Onward ABA, Inc.*	311 S 12 <sup>th</sup> Ave St. Charles, IL 60174	(630) 862-7159	Elizabeth Schwebemeyer
<b>Indiana</b>			
Renew Behavior Services	524 North Elm St. Seymour, IN 47274	(812) 569-4884	Michelle Hickman
<b>Maryland</b>			
Blossom Therapy Services, LLC*	901 H St NE Apt 740 Washington D.C. 20002	(304) 546-2463	Shawna Tyree
<b>Massachusetts</b>			
<a href="#">Elevate ABA Therapy, Inc.*</a>	<a href="#">26 Beacon Street, Apartment 2F Burlington, MA 01894</a>	<a href="#">(774) 521-5353</a>	<a href="#">Sabrina Duval</a>
Foundational Pathways Learning Center	176 Worcester-Providence Turnpike Suite 101A Sutton, MA 01590	(774) 482-1110	Cassandra Chizy
<del>Elevate ABA Therapy, Inc.*</del>	<del>26 Beacon Street, Apartment 2F Burlington, MA 01894</del>	<del>(774) 521-5353</del>	<del>Sabrina Duval</del>
<b>Michigan</b>			
<del>Budding Behavior Services</del>	<del>33923 Ryan Road Sterling Heights, MI 48310</del>	<del>(586) 884-7052</del>	<del>Mariah Harrison</del>
Thriving Kids Behavioral Services, Inc.*	17274 Magnolia Pkwy Southfield, MI 48075	(517) 528-8886	Chanelle Reeves
<a href="#">Budding Behavior Services</a>	<a href="#">33923 Ryan Road Sterling Heights, MI 48310</a>	<a href="#">(586) 884-7052</a>	<a href="#">Mariah Harrison</a>
<b>North Carolina</b>			
<a href="#">Brighterlife Psychological and Behavioral Services, PLLC</a> <i>(Franchise Agreement signed in 2024)</i>	<a href="#">4413 Wedgewood Drive, Raleigh, NC 27604</a>	<a href="#">(919) 649-5138</a>	<a href="#">Akaosa Eleanya</a>
<b>New Jersey</b>			
<a href="#">Breakthrough Behavior Services</a>	<a href="#">537 Wahnetah Dr. Bound Brook, NJ 08805</a>	<a href="#">(732) 735-7082</a>	<a href="#">Cheryl Tibberts</a>
Bcube ABA	1 Donlonton Circle Chesterfield, NJ 08515	(848) 228-1667	Idongesit Inyang
<b>Ohio</b>			
<a href="#">Silver Lining Group Morrow CO LLC</a>	<a href="#">1033 Larchwood Road, Mansfield, OH 44907</a>	<a href="#">(614) 557-9557</a>	<a href="#">Kristen Wilcock</a>
<b>Oklahoma</b>			
<del>Breakthrough Behavior</del> <a href="#">Scissortail</a>	<del>537 Wahnetah Dr. Bound Brook, NJ 08805</del> <a href="#">1420</a>	<del>(732) 735-7082</del> <a href="#">(501) 881-</a>	<del>Cheryl Tibberts</del> <a href="#">Richard</a>

<a href="#">Therapy Services*, LLC</a>	<a href="#">Vulcan Cir. Edmond, OK 73003</a>	<a href="#">0926</a>	<a href="#">Batchelor</a>
<a href="#">The Behavioral Edge, LLC</a>	<a href="#">2908 Mustang Trail Edmond, OK 73114</a>	<a href="#">(630) 464-4363</a>	<a href="#">Amanda Lucas</a>
<b>Oregon</b>			
<a href="#">Compassionate Therapy for Autism (Franchise Agreement signed in 2024)</a>	<a href="#">1315 Southeast Umatilla Street, Apt. 203, Portland, OR 97202</a>	<a href="#">(347) 707-6610</a>	<a href="#">Roxana Nedelcu</a>
Mighty Oak ABA	327 SE 139 <sup>th</sup> Ave Portland, OR 97233	(818) 427-6126	Nirvana Kowlessar
<b>Tennessee</b>			
<del>Jaded Lotus ABA</del>	<del>5115 Covington Way Suite 5 Memphis, TN 38134</del>	<del>(901) 498-0108</del>	<del>Jojuan Fullwiley</del>
<b>Texas</b>			
Lake Pointe Resource Center	2205 Tanton Sound Ct. Granbury, TX 76049	(682) 333-1555	Madalyn Cano
<del>Be You, Inc*</del>	<del>3802 Watercrest Road Killeen, TX 76549</del>	<del>(325) 232-4551</del>	<del>Shomari King</del>
Elite ABA, Inc.	5201 Memorial Dr. Houston, TX 77007	(254) 394-5364	Tonnika Davenport
<a href="#">Be You, Inc*</a>	<a href="#">3802 Watercrest Road Killeen, TX 76549</a>	<a href="#">(325) 232-4551</a>	<a href="#">Shomari King</a>
<b>Utah</b>			
Behavior and Learning Strategies, Inc.	1698 Stony View Dr. Spanish Fork, UT 84660	(385) 831-4946	Joseph Dixon
<b>Virginia</b>			
<del>ABC Behavior (as noted in Item 1, it is our affiliate)</del> <a href="#">ABA Support Systems, Inc.</a>	<del>5306 Lee Hwy. Warrenton, VA 20187</del> <a href="#">708 Mount Cross Rd., Suite A, Danville, VA 24540</a>	<del>(571) 212-6627</del> <a href="#">(434) 835-2943</a>	<del>Stephanie Maddox</del> <a href="#">Cheri Arnn</a>
Liam's Chance Behavioral Services	802 W. 14th St. Front Royal, VA 22630	(571) 393-0202	Rachel Paugh
<del>Blossom Therapy Services, LLC*</del>	<del>901 H St NE Apt 740 Washington D.C. 20002</del>	<del>(304) 546-2463</del>	<del>Shawna Tyree</del>
Awesome Minds, LLC*	1307 Benicia Lane, Herndon VA 20170	(703) 981-5604	Sakin Mire
Impact ABA, LLC	605 Smartts Lane NE Leesburg, VA 20176	(703) 737-7985	Janet Rogers
<del>Prepping for Perfection, LLC</del>	<del>1353 Nesbitt Dr. Virginia Beach, VA 23452</del>	<del>(757) 581-3897</del>	<del>Stacey Coward</del>
Functional Behavior Intervention 4 All, LLC	6129 Southern Comfort Dr. Midland, VA 22728	(540) 618-1735	Shannon Perrault
<a href="#">Prepping for Perfection, LLC</a>	<a href="#">1353 Nesbitt Dr. Virginia Beach, VA 23452</a>	<a href="#">(757) 581-3897</a>	<a href="#">Stacey Coward</a>

<a href="#">ABC Behavior</a> <i>(as noted in Item 1, it is our affiliate)</i>	<a href="#">5306 Lee Hwy.</a> <a href="#">Warrenton, VA 20187</a>	<a href="#">(571) 285-8586</a>	<a href="#">Christiam Maddox</a>
<a href="#">Blossom Therapy Services, LLC*</a>	<a href="#">901 H St NE Apt 740</a> <a href="#">Washington D.C. 20002</a>	<a href="#">(304) 546-2463</a>	<a href="#">Shawna Tyree</a>
<b>Washington D.C.</b>			
Blossom Therapy Services, LLC	901 H St NE Apt 740 Washington D.C.	(304) 546-2463	Shawna Tyree
<b>West Virginia</b>			
Blossom Therapy Services, LLC*	901 H <del>st</del> <a href="#">St</a> NE Apt 740 Washington, D.C.	(304) 546-2463	Shawna Tyree

\* Denotes that the franchisee was not yet in operation as of December 31, ~~2022~~[2023](#).

**Former Franchisees \***  
(as of December 31, ~~2022~~[2023](#))

<del>Mental Health Counseling &amp; Behavior Services</del>	<del>549 Bourse Circle Lehigh Acres, FL 33974</del>	<del>(239) 822-0841</del>	<del>Hector Berrio</del>
<del>The Climb, ABA Services</del>	<del>1340 Kenwood Rd West Palm Beach, FL 33401</del>	<del>(561) 932-3938</del>	<del>Mary Jo Watson</del>
<del>Three Fleur De Lis</del>	<del>2454 Bluff Court Mandeville, LA 70448</del>	<del>(225) 800-3088</del>	<del>Kara Juarez</del>
<del>Bluebird Behavioral Services</del>	<del>PO Box 390 Byron Center, MI 49315</del>	<del>(616) 265-4214</del>	<del>Beth Boogholt</del>
<del>AlphaBee Behavioral Analysis*</del>	<del>6540 Grande Bay Laredo, TX 78041</del>	<del>(956) 744-8873</del>	<del>Mary Ann Telle</del>

\*Indicates that franchisee did not begin operations.

The following are franchisees [who left the franchise system in 2023 or](#) with whom we have not communicated with us within 10 weeks of the date of this disclosure document, and who are considered to have left the system:

<del>Positive Peer Interaction</del> <a href="#">Creative ABA, LLC*</a>	<del>7430 E Chapparel Rd.</del> <del>Scottsdale, AZ 85250</del> <del>Tunitas Lane, South San Francisco, CA 94080</del>	<del>(602) 460-8451</del> <del>(209) 408-9992</del>	<del>Joseph Silvera</del> <del>Alexis Winters</del>
<del>Kingz Court Autism Center*</del> <a href="#">ABA Direct, LLC</a> <i>(termination of additional franchise for Michigan that did not commence), but continuing initial franchise in Georgia</i>	<del>190 Sunderland</del> <del>Lakes Circle Fayetteville</del> <del>Ellenwood, GA 30215</del> <del>30294</del>	<del>(609) 501-6730</del> <del>(646) 420-6837</del>	<del>Jeromy King</del> <del>Patrick Thorbourne</del>
<del>Michael J Thomas Enterprise*</del>	<del>2529 19th St.</del> <del>Lake Charles, LA 70601</del>	<del>(337) 377-7667</del>	<del>Michael Thomas</del>
<del>Stemming Kids Foundation*</del>	<del>2529 19th St.</del>	<del>(337) 377-7667</del>	<del>Michael Thomas</del>

	Lake Charles, LA 70601		
Planting Seeds*	3516 Barron Way Fayetteville, NC 28314	(910) 366-2926	Angela Lee
North Rich Health Services* <a href="#">Jaded Lotus ABA</a>	2030 W Baseline Rd, <a href="#">5115 Covington Way</a> Suite 182 #533-5 Phoenix, AZ 85041 <a href="#">Memphis, TN 38134</a>	(602) 675-0514 (901) 498-0108	Rich North Jojuan Fullwiley
Leading Family Services*	1039 Vanguard Dr Spring Hill, TN 37174	(916) 218-5171	Sara Bruce

\*Indicates that franchisee did not begin operations.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### Affiliate ABA Businesses

<b>Kansas</b>			
Pathways, St. Charles	8221 Santa Fe Dr. #10, KS 66204	(479) 877-4801	Rebecca Chapin

Also, as described in Item 1, our affiliate, the Division, first developed the System and prior to the launch of our franchise program operated nine offices offering behavioral therapy services under the name "ABC Behavior." In 2019, the Division consolidated its operations into one business, which now operates as a licensee of our System. In this Item 20 (and Exhibit G), the Division's Affiliate Business is listed with as a franchisee beginning in 2019.

EXHIBIT **GH**

**Financial Statements of Hi-5 ABA, Inc.**

**HI-5 ABA, INC**  
Warrenton, Virginia

**FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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# PHILIP AKUMKPERIK, CPA

1505 Kings Valley Drive, Bowie, MD 20721. Tel/Fax: +1-888-829-0084

## **Independent Auditor's Report**

Board of Directors  
HI-5 ABA, Inc.  
Warrenton, Virginia

We have audited the accompanying financial statements of HI-5 ABA, Inc., which comprise the balance sheet as of December 31, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# PHILIP AKUMKPERIK, CPA

1505 Kings Valley Drive, Bowie, MD 20721. Tel/Fax: +1-888-829-0084

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet of HI-5 ABA, Inc. as of December 31, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Philip Akumkperik, CPA". The signature is written in a cursive style with a large initial 'P'.

Philip Akumkperik, CPA  
June 19, 2024

## **FINANCIAL STATEMENTS**

**HI-5 ABA, INC.**  
**BALANCE SHEET**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 55,278	\$ 20,444
Accounts receivable	-	-
Other assets	70,125	53,724
Total current assets	125,403	74,168
<b>PROPERTY AND EQUIPMENT</b>		
Fixed assets	-	-
Total, at cost	-	-
Less accumulated depreciation	-	-
Total property and equipment	-	-
<b>TOTAL ASSETS</b>	<b>\$ 125,403</b>	<b>\$ 74,168</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Accrued liabilities	(120)	1,330
Other current liabilities	(4,479)	6,633
Total current liabilities	(4,599)	7,964
<b>LONG-TERM LIABILITIES</b>		
Notes payable	-	-
Total long-term liabilities	-	-
Total liabilities	(4,599)	7,964
<b>EQUITY</b>		
Capital	500	500
Retained earnings	129,502	65,704
Total equity	130,002	66,204
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 125,403</b>	<b>\$ 74,168</b>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Franchise fees	\$ 63,119	\$ 91,878
Royalty fees	441,795	439,039
Admin fees	-	41,194
Termination Fee	-	19,720
Total revenue	<u>504,914</u>	<u>591,832</u>
<b>EXPENSES</b>		
Advertising and marketing	44,641	41,620
Professional expenses	27,808	7,719
Insurance	-	1,299
Health insurance	20,881	11,456
Office expenses	2,474	1,767
Travel expenses	888	14,466
Payroll	328,615	485,763
Other operating expenses	15,810	32,976
Total expenses	<u>441,117</u>	<u>597,066</u>
Net Income/(Loss)	63,798	(5,234)
<b>RETAINED EARNING AT BEGINNING OF YEAR</b>	65,704	70,938
<b>RETAINED EARNING AT END OF YEAR</b>	<u><u>\$ 129,502</u></u>	<u><u>\$ 65,704</u></u>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**STATEMENT OF CASH FLOWS**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	63,797	\$ (5,234)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	-	-
Effects of changes in operating assets and liabilities:		
Accounts receivable and other current assets	(16,401)	(53,724)
Accounts payable and other current liabilities	(12,563)	7,964
Net cash provided by operating activities	<u>34,833</u>	<u>(50,994)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (repayments)	-	-
Capital	<u>-</u>	<u>(29,500)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(29,500)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>34,833</u>	<u>(80,494)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>20,445</u>	<u>100,939</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 55,278</u>	<u>\$ 20,445</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

HI-5 ABA, Inc. (HI-5 the Company) is formed in the Commonwealth of Virginia on December 19, 2018 with the purpose of providing franchising for the provision of Applied Behavior Analysis (ABA) and other business ventures.

**Basis of Accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. However, due to the uncertainties surrounding claims collected by franchisees, the company records receivables on a cash basis.

**Basis of Presentation**

The financial statements have been prepared utilizing accounting principles which requires the Company to report information regarding its balance sheet and the related statements of income, retained earnings, and cash flows.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of bank deposits, short-term federal agency discounted notes (fully collateralized), interest-bearing money market accounts and short-term repurchase agreements carried at cost, which approximate market value. All investments which have original maturity dates of three months or less at the time of purchase are considered cash equivalents for the purposes of the statement of cash flows.

**Property and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance, repairs and renewals are charged against income as incurred. Expenditures for additions, improvements and replacements in excess of \$1,000 are added to the property and equipment accounts and depreciated over their estimated useful lives. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss on disposition is recognized in income.

Depreciation and amortization are provided on the fixed assets using the straight-line method over estimated useful lives as follows:

Computer equipment and software	3 years
Furniture & equipment	5 years
Residential rental property	27.5 years
Motor vehicles	5 years

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023 and 2022**

Maintenance, repairs, and minor renewals are charged to expense as incurred. There is no Depreciation for the year ended December 31, 2023 and 2022.

**Impairment of Long-Lived Assets**

The Company reviews long-lived assets for impairment, in accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*. ASC 360-10 requires that whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and thus is to be evaluated for recoverability. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts Receivable consists of revenues receivable that are considered to be fully collectible, and as such no allowance for doubtful accounts has been provided in these financial statements for these receivables. There are no account receivable balance as of December 31, 2023 and 2022.

**NOTE 3 – REVENUES**

Revenues are recognized when they are realized or realizable and are earned when services are rendered or based on the terms of a contract. The new Accounting Standards Codification (ASC) 606 is adopted by the company. All franchise fees and revenues are recognized in accordance with ASC 606.

**NOTE 4 – FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

The Company maintains its cash in several bank deposit accounts which are insured by the FDIC (up to specified limits) and which, at times, may exceed federally insured limits. As of December 31, 2023 and 2022, the Company's deposits at these banks was \$55,278 and \$20,444 respectively.

**NOTE 5 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through June 19, 2024, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2023, but prior to June 19, 2024 that provided additional evidence about conditions that existed at December 31, 2023 have been recognized in the financial statements for the year ended December 31, 2023. Events or transactions that provided evidence about conditions that did not exist at December 31, 2023 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2023.

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC**  
Warrenton, Virginia

**FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

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# PHILIP AKUMKPERIK, CPA

1505 Kings Valley Drive, Bowie, MD 20721. Tel/Fax: +1-888-829-0084

## Independent Auditor's Report

Board of Directors  
HI-5 ABA, Inc.  
Warrenton, Virginia

We have audited the accompanying financial statements of HI-5 ABA, Inc., which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# PHILIP AKUMKPERIK, CPA

1505 Kings Valley Drive, Bowie, MD 20721. Tel/Fax: +1-888-829-0084

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet of HI-5 ABA, Inc. as of December 31, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Philip Akumkperik, CPA". The signature is written in a cursive style with a large initial 'P'.

Philip Akumkperik, CPA  
March 2, 2023

## **FINANCIAL STATEMENTS**

**HI-5 ABA, INC.**  
**BALANCE SHEET**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 20,444	\$ 100,938
Accounts receivable	-	-
Other assets	53,724	-
Total current assets	74,168	100,938
<b>PROPERTY AND EQUIPMENT</b>		
Fixed assets	-	-
Total, at cost	-	-
Less accumulated depreciation	-	-
Total property and equipment	-	-
<b>TOTAL ASSETS</b>	<b>\$ 74,168</b>	<b>\$ 100,938</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Accrued liabilities	1,330	-
Other current liabilities	6,633	-
Total current liabilities	7,964	-
<b>LONG-TERM LIABILITIES</b>		
Notes payable	-	-
Total long-term liabilities	-	-
Total liabilities	7,964	-
<b>EQUITY</b>		
Capital	500	30,000
Retained earnings	65,704	70,938
Total equity	66,204	100,938
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 74,168</b>	<b>\$ 100,938</b>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Franchise fees	\$ 91,878	\$ 84,259
Royalty fees	439,039	113,589
Admin fees	41,194	71,763
Termination Fee	<u>19,720</u>	<u>          </u>
Total revenue	<u>591,832</u>	<u>269,611</u>
<b>EXPENSES</b>		
Advertising and marketing	41,620	51,860
Professional expenses	7,719	105,439
Insurance	1,299	-
Health insurance	11,456	-
Office expenses	1,767	4,168
Travel expenses	14,466	-
Payroll	485,763	-
Other operating expenses	<u>32,976</u>	<u>20,583</u>
Total expenses	<u>597,066</u>	<u>182,050</u>
Change in Net Assets-Unrestricted	(5,234)	87,561
<b>RETAINED EARNING AT BEGINNING OF YEAR</b>	70,938	(16,623)
<b>RETAINED EARNING AT END OF YEAR</b>	<u><u>\$ 65,704</u></u>	<u><u>\$ 70,938</u></u>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**STATEMENT OF CASH FLOWS**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ (5,234)	\$ 87,561
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	-	-
Effects of changes in operating assets and liabilities:		
Accounts receivable and other current assets	(53,724)	2,630
Accounts payable and other current liabilities	7,964	-
Net cash provided by operating activities	<u>(50,994)</u>	<u>90,191</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (repayments)	-	(8,000)
Capital	<u>(29,500)</u>	<u>(30,000)</u>
Net cash provided by (used in) financing activities	<u>(29,500)</u>	<u>(38,000)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(80,494)</u>	<u>52,191</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>100,939</u>	<u>48,748</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 20,445</u>	<u>\$ 100,939</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

HI-5 ABA, Inc. (HI-5 the Company) is formed in the Commonwealth of Virginia on December 19, 2018 with the purpose of providing franchising for the provision of Applied Behavior Analysis (ABA) and other business ventures.

**Basis of Accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

The financial statements have been prepared utilizing accounting principles which requires the Company to report information regarding its balance sheet and the related statements of income, retained earnings, and cash flows.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of bank deposits, short-term federal agency discounted notes (fully collateralized), interest-bearing money market accounts and short-term repurchase agreements carried at cost, which approximate market value. All investments which have original maturity dates of three months or less at the time of purchase are considered cash equivalents for the purposes of the statement of cash flows.

**Property and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance, repairs and renewals are charged against income as incurred. Expenditures for additions, improvements and replacements in excess of \$1,000 are added to the property and equipment accounts and depreciated over their estimated useful lives. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss on disposition is recognized in income.

Depreciation and amortization are provided on the fixed assets using the straight-line method over estimated useful lives as follows:

Computer equipment and software	3 years
Furniture & equipment	5 years
Residential rental property	27.5 years
Motor vehicles	5 years

The accompanying notes are an integral part of the financial statements.

**HI-5 ABA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2022 and 2021**

Maintenance, repairs, and minor renewals are charged to expense as incurred. There is no Depreciation for the year ended December 31, 2022 and 2021.

**Impairment of Long-Lived Assets**

The Company reviews long-lived assets for impairment, in accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*. ASC 360-10 requires that whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and thus is to be evaluated for recoverability. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts Receivable consists of revenues receivable that are considered to be fully collectible, and as such no allowance for doubtful accounts has been provided in these financial statements for these receivables. There are no account receivable balance as of December 31, 2022 and 2021.

**NOTE 3 – REVENUES**

Revenues are recognized when they are realized or realizable and are earned when services are rendered or based on the terms of a contract. The new Accounting Standards Codification (ASC) 606 is adopted by the company. All franchise fees and revenues are recognized in accordance with ASC 606.

**NOTE 4 – FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

The Company maintains its cash in several bank deposit accounts which are insured by the FDIC (up to specified limits) and which, at times, may exceed federally insured limits. As of December 31, 2022 and 2021, the Company's deposits at these banks was \$20,444 and \$100,938 respectively.

**NOTE 5 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 2, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to March 2, 2023 that provided additional evidence about conditions that existed at December 31, 2022 have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2022.

The accompanying notes are an integral part of the financial statements.

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

THESE INTERIM FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED, REVIEWED, EXAMINED OR COMPILED THESE INTERIM FINANCIAL STATEMENTS AND ACCORDINGLY HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

# Hi-5 ABA, Inc.

Hi-5 ABA - REDLINE 2024 FDD (196)

## Balance Sheet As of March 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Operating Acct (8479)	8,812.68
<b>Total Bank Accounts</b>	<b>\$8,812.68</b>
Accounts Receivable	
Note Receivable	0.00
<b>Total Accounts Receivable</b>	<b>\$0.00</b>
Other Current Assets	
Due to/from Cain Behavioral Therapy	20,189.36
Due to/from Dreampath	16,034.38
Due to/from EBSS	0.00
Intercompany Accounts	
Advances To ABA Direct	0.00
Due to/from ABA Support Systems, Inc	0.00
Due to/from ABC Behavior	13,918.65
Due to/from Hi-5 ABA	0.00
Due to/from Hi-5 ABA Processing	124,382.87
Due to/from Pathways Support	0.00
<b>Total Intercompany Accounts</b>	<b>138,301.52</b>
Loans To Officers-D Maddox	0.00
Prepaid Expenses-IRS-current year estimated pmt	3,724.00
<b>Total Other Current Assets</b>	<b>\$178,249.26</b>
<b>Total Current Assets</b>	<b>\$187,061.94</b>
<b>TOTAL ASSETS</b>	<b>\$187,061.94</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
WF-Visa-BC	0.00
WF-Visa-RC	0.00
WF-Visa-SS	1,705.68

## Hi-5 ABA, Inc.

## Balance Sheet

As of March 31, 2024

	TOTAL
<b>Total Credit Cards</b>	<b>\$1,705.68</b>
Other Current Liabilities	
Direct Deposit Payable	0.00
Line of Credit-WF-2553	-4,500.00
Line of Credit-WF-5833	39,480.00
Payroll Liabilities	
Federal Taxes (941/944)	2,316.88
Federal Unemployment (940)	84.00
FL Unemployment Tax	189.00
KS Income Tax	-232.07
KS Unemployment Tax	0.00
MA Income Tax	0.00
MA Unemployment Tax	-542.96
Medical Insurance Deduction	0.00
NJ Income Tax	0.00
NJ Quarterly Taxes	0.00
VA Income Tax	745.44
VA SUI Employer	202.40
<b>Total Payroll Liabilities</b>	<b>2,762.69</b>
<b>Total Other Current Liabilities</b>	<b>\$37,742.69</b>
<b>Total Current Liabilities</b>	<b>\$39,448.37</b>
<b>Total Liabilities</b>	<b>\$39,448.37</b>
Equity	
David Maddox's Distribution	0.00
Owner Investment	500.00
Retained Earnings	129,501.76
Net Income	17,611.81
<b>Total Equity</b>	<b>\$147,613.57</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$187,061.94</b>

EXHIBIT **H**

**State-Specific Disclosures**

### California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Disclosure Document for Hi-5 ABA, Inc. in connection with the offer and sale of franchises for use in the State of California is amended to include the following:

1. Our website, [www.Hi-5ABA.com](http://www.Hi-5ABA.com), has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).
5. In Item 3, "Litigation," is amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.
6. Item 10 "Financing," is amended by the addition of the following paragraphs:

For California franchises, to the extent that any Advances are made to the franchisee for the operation of the Franchised Business as described in this Disclosure Document, we will make the Advances to the franchisee, instead of Hi-5 Processing. Hi-5 Processing will assist in the collection and payment of monies, including Advances, as the designated Billing Vendor. The terms described in Item 10 of this Disclosure Document and in the Hi-5 Processing Agreement regarding Advances, including repayment obligations, will apply to the advances that we make to you. Additionally, you will sign the California Amendment to the Hi-5 ABA Processing Agreement that is included in Exhibit B of this Disclosure Document.
7. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraph at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Virginia. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code § § 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code § § 20000 through 20043).

8. The Franchise Disclosure Document is amended to include the following:

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

California has a labor law known as California Assembly Bill 5 or “AB5” that governs when someone is classified as an employee or an independent contractor. Your franchise agreement states that you are an independent contractor, but AB5 may mean you are an employee instead. Being an employee may entitle you to minimum wage, sick and family leave, unemployment and workers' compensation, expense reimbursements, protection from retaliation and discrimination, and other benefits given to employees. You should research and consult with an attorney regarding California’s labor laws.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk perhaps including your house, if your franchise fails

9. Item 19, "Financial Performance Representations," is amended by the addition of the following paragraph:

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

## Hawaii Disclosure Addendum

The following paragraphs are to be added in the state cover page:

THESE FRANCHISES WILL BE FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Disclosure Document for Hi-5 ABA, Inc. in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

1. Item 20 "List of Outlets," shall be amended by the addition of the following paragraph:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

This addendum will apply only if the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., would apply independently without referring to this addendum.

## Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 the Disclosure Document for Hi-5 ABA, Inc. for use in the State of Illinois is amended as follows:

1. In Item 5, the paragraphs under “Initial Franchise Fee” are amended with the addition of following:

We will defer payment of the Initial Franchised Fee owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. Our “pre-opening” obligations relate to the services or other actions that we must complete before you are authorized by us to begin operating and offering services to clients. The Illinois Attorney General’s Office has imposed this deferral requirement because of our financial condition.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," will be amended by the addition of the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. Item 1 of the Disclosure Document, under “Industry-Specific Regulations” is amended by the addition of the following:

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2 (West 2016); Medical Practice Act of 1987, 225 ILCS 60/ (West 2016); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2016). If these laws apply to Applied Behavioral Analysis services, and you wish to operate a Hi-5 ABA Business in Illinois, you must comply with these and any other applicable laws.

IF SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT REQUIRE LICENSURE IN ILLINOIS AND YOU ARE NOT

LICENSED IN ILLINOIS TO PROVIDE SUCH SERVICES, YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

## Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for Hi-5 ABA, Inc. for use in the State of Maryland is amended as follows:

1. In Item 5, the paragraphs under “Initial Franchise Fee” are amended with the addition of following:

We will defer payment of the Initial Franchise Fee owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. Our “pre-opening” obligations relate to the services or other actions that we must complete before you are authorized by us to begin operating and offering services to clients. The Maryland Securities Division has imposed this deferral requirement because of our financial condition.

2. Item 17, “Renewal, Termination, Transfer, and Dispute Resolution,” is amended by the addition of the following language:

The general releases required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

Pursuant to the Interpretive Opinion “Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments” dated January 23, 2023, issued by the State of Maryland Office of the Attorney General Securities Division (the “Division”), the Division requires franchisors selling franchises that are subject to the Maryland Franchise Registration and Disclosure Law to provide the following legend: “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 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.”

3. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply independently without referring to this addendum.

## Michigan Disclosure Addendum

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTling ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE.\* THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE. (\* - DESPITE THIS PROVISION OF THE STATE LAW, WE INTEND TO SEEK ENFORCEMENT OF THE ARBITRATION CLAUSE,

AS PROVIDED IN THE FRANCHISE AGREEMENT, TO THE FULLEST EXTENT PERMITTED UNDER THE FEDERAL ARBITRATION ACT.)

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

\* \* \* \*

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

\* \* \* \*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000, THE FRANCHISOR MUST, AT THE

REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE SECTION  
525 W. OTTAWA ST., FIRST FLOOR  
LANSING, MICHIGAN 48913  
(517) 373-7117

THIS ADDENDUM WILL APPLY ONLY IF THE MICHIGAN FRANCHISE INVESTMENT LAW WOULD APPLY INDEPENDENTLY WITHOUT REFERRING TO THIS ADDENDUM.

## Minnesota Disclosure Addendum

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for Hi-5 ABA, Inc. for use in the State of Minnesota is amended to include the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

This addendum will apply only if the Minnesota Franchises Law would apply independently without referring to this addendum.

## New York Disclosure Addendum

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 DE 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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005.**

**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 the 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 10-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 subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action

brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. This addendum will apply only if the New York Franchise Law (N.Y. General Business Law, Article 33) would apply independently without referring to this addendum.

## STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

## North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Disclosure Document for Hi-5 ABA, Inc. shall be amended by the addition of the following language:

1. Item 5, "Initial Fees," is amended by the addition of the following language:

We will defer payment of the Initial Franchised Fee owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. Our "pre-opening" obligations relate to the services or other actions that we must complete before you are authorized by us to begin operating and offering services to clients. The North Dakota Securities Department has imposed this deferral requirement because of our financial condition.

2. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (N.D. Cent. Code Section 51-19-09):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to N.D. Century Code Section 9-08-06, without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. This addendum will apply only if the North Dakota Franchise Investment Law (N.D. Cent. Code, §§ 51-19-1 through 51-19-17) would apply independently without referring to this addendum.

## Rhode Island Disclosure Addendum

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Disclosure Document for Hi-5 ABA, Inc. for use in the State of Rhode Island is amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is amended by the addition of the following:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. This addendum will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. L. §§ 19-28.1-1 through 19-28.1-34, would apply independently without referring to this addendum.

## South Dakota Disclosure

In recognition of the requirements of the South Dakota Codified Laws, the Disclosure Document for Hi-5 ABA, Inc. for use in the State of South Dakota is amended to include the following:

1. Item 5, "Initial Fees," is amended by the addition of the following language:

The South Dakota Division of Insurance, Securities Regulation, requires us to defer payment of the Initial Franchised Fee and other pre-opening payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. Our "pre-opening" obligations relate to the services or other actions that we must complete before you are authorized by us to begin operating and offering services to clients.

2. This addendum will apply only if the South Dakota Codified Laws would apply independently without referring to this addendum.

## Virginia Disclosure Addendum

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of Hi-5 ABA, Inc. is amended as follows:

1. The page of this FDD titled “Special Risks to Consider About *This Franchise*” is supplemented with the addition of the following:

**Supplier Control.** You must purchase all or nearly all of the inventory, supplies, or services that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set (see Item 8). These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

2. Item 17, Additional Disclosure. The following statement is added to Item 17.h:

Under 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 does 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.

3. This addendum will apply only if the Virginia Retail Franchising Act would apply independently without referring to this addendum.

EXHIBIT I

**State-Specific Amendments to Franchise Agreements**

## Illinois Amendment to the Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Hi-5 ABA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is amended by the addition of following new paragraph:

Payment of the Initial Franchise Fee will be deferred until we have completed our pre-opening obligations to you under this Agreement, and you have begun to operate the Franchised Business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to our financial condition. At the time you are authorized and begin operating the Franchised Business, the deferred amount will be due to us.

2. Section 2 of the Agreement, under the heading "Term and Renewal," is amended by the addition of the following new paragraph 2.3, which will be considered an integral part of the Agreement:

2.3 If any of the provisions of this Section 2 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act will apply. If we refuse to renew this Agreement, we will compensate you if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

3. Section 17 of the Agreement, under the heading "Default and Termination," is amended by the addition of the following new paragraph 17.9, which will be considered an integral part of the Agreement:

17.9 If any of the provisions of this Section 17 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law will apply.

4. Section 27.7 of the Agreement, under the subheading "Must Bring Claims within One Year," is amended by adding the following language at the end of the paragraph:

Notwithstanding the provisions of Section 27.7, any claims arising under the Illinois Franchise Disclosure Act (the "Act") must be brought before the earlier to occur of: the expiration of 3 years after the act or transaction constituting the violation upon which the claim is based; the expiration of one year after the you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act; or 90 days after delivery to you of a written notice disclosing the violation. No cause of action barred under existing law on the effective date of the Act will be revived by the Act. Every cause of action under the Act survives the death of any person who might have been a plaintiff or defendant.

5. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following new Section 27.10, which will be considered an integral part of the Agreement:

27.10 Nothing contained in this Section 27 will constitute a condition, stipulation, or provision purporting to bind any Illinois Franchisee to waive compliance with any

provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met), including, without limiting the provisions of Section 705/41 of the Illinois Franchise Disclosure Act.

6. Section 5 of the Agreement, under the heading "Licensure and Accreditation Process" is amended by the addition of the following:

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2 (West 2016); Medical Practice Act of 1987, 225 ILCS 60/ (West 2016); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2016). If these laws apply to Applied Behavioral Analysis services, and you wish to operate a Hi-5 ABA Business in Illinois, you must comply with these and any other applicable laws.

IF SERVICES OF THE NATURE DESCRIBED IN THIS AGREEMENT REQUIRE LICENSURE IN ILLINOIS AND YOU ARE NOT LICENSED IN ILLINOIS TO PROVIDE SUCH SERVICES, YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## Maryland Amendment to the Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Hi-5 ABA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.6 of the Agreement, under the heading "Term and Renewal," is amended by the addition of the following:

The general releases required as a condition of renewal or sale will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 4.1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is amended by the addition of following new paragraph:

Payment of the Initial Franchise Fee will be deferred until we have completed our pre-opening obligations to you under this Agreement, and you have begun to operate the Franchised Business. This financial assurance requirement was imposed by the Maryland Securities Division due to our financial condition. At the time you are authorized and begin operating the Franchised Business, the deferred amount will be due to us.

3. Section 16.3 of the Agreement, under the heading "Transfers by You," is amended by the addition of the following:

The general releases required as a condition of assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Section 27 of the Agreement, under the heading "Governing Law," and Section 27.10 of the Agreement, under the heading "Disputes," is amended by the addition of the following:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Sections 27.7 of the Agreement, under the heading "Must Bring Claims Within One Year," is amended by the addition of the following:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Section 25 of the Agreement under the heading "Entire Agreement and Amendment," and Section 28 of the Agreement, under the heading "Acknowledgments," is amended by the following:

All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. The Franchise is amended to include the following:

Pursuant to the Interpretive Opinion “Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments” dated January 23, 2023 (the “Interpretive Opinion”), issued by the State of Maryland Office of the Attorney General Securities Division (the “Division”), the Division requires franchisors selling franchises that are subject to the Maryland Franchise Registration and Disclosure Law to include the following statement in their franchise agreements: “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 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.”

Accordingly, any statement, questionnaire, or acknowledgment in this Agreement that is not permitted under the Interpretive Opinion is deleted in its entirety and shall have no force or effect.

8. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. § 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Hi-5 ABA, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

c. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

d. Minnesota considers it unfair to not protect the franchisee’s rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

e. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

g. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

2. This amendment will apply only if the Minnesota Franchise Act would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## New York Amendment to the Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.2 through 201.16), the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.6 of the Agreement, under the heading "Term and Renewal," is amended by the addition of the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 16.4.1 of the Agreement, under the heading "Transfers", is amended by the addition of the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 27.4 of the Agreement, under the heading "Injunctions," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in its place:

Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

4. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

5. This amendment will apply only if the New York Franchise Law (N.Y. Gen. Bus. Law Article 33) would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## North Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement for Hi-5 ABA, Inc. shall be amended as follows:

1. Section 4.1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is amended by the addition of following new paragraph:

Payment of the Initial Franchise Fee will be deferred until we have completed our pre-opening obligations to you under this Agreement, and you have begun to operate the Franchised Business. This financial assurance requirement was imposed by the North Dakota Securities Department due to our financial condition. At the time you are authorized and begin operating the Franchised Business, the deferred amount will be due to us.

2. The Franchise Agreement shall be amended by the addition of the following Section 29:

29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to N.D. Cent. Code Section 9-08-06 without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

- I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. This amendment will apply only if the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

### Rhode Island Amendment to the Franchise Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Hi-5 ABA, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be amended by the addition of the following:

27.10 Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

### South Dakota Amendment

In recognition of the requirements of the South Dakota Codified Laws, the parties to the attached Hi-5 ABA, Inc. Franchise Agreement agree as follows:

1. Section 4.1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is amended by adding the following language:

The South Dakota Division of Insurance, Securities Regulation, requires us to defer payment of the Initial Franchise Fees payable to us under Section 4.1 of this Agreement until we have completed our pre-opening obligations under this Agreement, which obligations relate to services or other actions we must complete before you are authorized to begin operating the Franchised Business. At the time you are authorized to begin operating the Franchised Business, such deferred amount will be due to us.

2. This amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Codified Laws are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this South Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Hi-5 ABA, Inc.  
Franchisor

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT JK

Table of Contents for Manuals

**EXHIBIT ~~K~~L**  
**General Release**

*The following is our current general release language, which we expect to require a Franchisee and/or transferor to sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.*

[Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the “**Franchisor Group**”) from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Hi-5 ABA Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’ and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Hi-5 ABA Business. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

Each member of the Franchisee Group expressly waives and relinquishes all rights and benefits that she/he may now have or may in the future have under and by virtue of California Civil Code Section 1542. Each member of the Franchisee Group understands the significance and consequence of such a specific waiver. (Section 1542 provides that “[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”) For the purpose of implementing a general release and discharge as described in above, each member of the Franchisee Group expressly acknowledges that this Release is intended to include in its effect, without limitation, a release of all claims described above, including those which the parties do not know or suspect to exist in their favor at the time of signing this Release, and that this Release contemplates that any such claims will be permanently extinguished.

**EXHIBIT LM****State Effective Dates**

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATES</b>	<b>EFFECTIVE DATE</b>
California	<del>July 14, 2023</del> <a href="#">PENDING</a>
Illinois	<del>May 5, 2023</del> <a href="#">PENDING</a>
Indiana	<del>April 28, 2023</del> <a href="#">PENDING</a>
Maryland	<del>October 5, 2023</del> <a href="#">PENDING</a>
Michigan	<del>May 1, 2023</del> <a href="#">PENDING</a>
Minnesota	<del>June 6, 2023</del> <a href="#">PENDING</a>
New York	<del>June 22, 2023</del> <a href="#">PENDING</a>
North Dakota	<del>June 5, 2023</del> <a href="#">PENDING</a>
Rhode Island	<del>May 24, 2023</del> <a href="#">PENDING</a>
South Dakota	<del>April 28, 2023</del> <a href="#">PENDING</a>
Virginia	<del>May 28, 2023</del> <a href="#">PENDING</a>
Wisconsin	<del>April 28, 2023</del> <a href="#">PENDING</a>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT **MN**

Receipts

**RECEIPT**  
(Exhibit ~~M~~N)

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 Hi-5 ABA, Inc. offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or (c) under Iowa law, if applicable, at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship, or (d) under Michigan law, if applicable, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hi-5 ABA, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit ~~D~~E.

The franchisor is Hi-5 ABA, Inc., at 5306 Lee Highway, Warrenton, Virginia 20187 (tel: 703-598-7517). The franchise sellers are David Maddox, Tim Maddox and Ben MacGowan at Hi-5 ABA, Inc.'s offices, 5306 Lee Highway, Warrenton, Virginia 20187 (tel: 703-598-7517). Any additional individual franchise sellers involved in offering the franchise are: \_\_\_\_\_.

The issuance date of this Franchise Disclosure Document is ~~April 28, 2023~~ June 19, 2024.

Hi-5 ABA, Inc. authorizes the agents listed in Exhibit ~~E~~F to receive service of process for us.

I have received a Franchise Disclosure Document dated ~~April 28, 2023~~ June 19, 2024, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

- |  |   |
|--|---|
| A Franchise Agreement  | <del>H State-specific Disclosures</del>                   |
| B Hi-5 Processing Franchisee Services Agreement              | <u>H Financial Statements</u>                             |
| C Clinical Consultation Agreement                            | I State-specific <u>Disclosures</u>                       |
| D <u>Business Associate Agreement</u>                        | <u>J State-specific</u> Amendments to Franchise Agreement |
| <u>E</u> List of Administrators                              | <del>J</del> <u>K</u> Table of Contents for Manuals       |
| <del>E</del> <u>F</u> List of Agents for Service of Process  | <del>K</del> <u>L</u> General Release                     |
| <del>F</del> <u>G</u> List of Current and Former Franchisees | <del>L</del> <u>M</u> State Effective Dates               |
| <del>G</del> <u>Financial Statements</u>                     | <del>M</del> <u>N</u> Receipts (2 copies)                 |

By: \_\_\_\_\_  
Prospective Franchisee

_____ Printed Name	_____ Date Received
_____ Street Address:	_____ E-mail Address:
_____ _____	_____ Home Phone #:
_____ _____	_____ Mobile Phone #:

(Please keep this copy.)

**RECEIPT**  
(Exhibit ~~M~~N)

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 Hi-5 ABA, Inc. offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or (c) under Iowa law, if applicable, at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship, or (d) under Michigan law, if applicable, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hi-5 ABA, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit ~~D~~E.

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- |  |   |
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| D <u>B</u> usiness Associate Agreement                       | <u>J</u> State-specific Amendments to Franchise Agreement |
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| <del>G</del> Financial Statements                            | <del>M</del> <u>N</u> Receipts (2 copies)                 |

By: \_\_\_\_\_  
Prospective Franchisee

Printed Name _____	Date Received _____
Street Address: _____	E-mail Address: _____
_____	Home Phone #: _____
_____	Mobile Phone #: _____

\_(Please sign, date, and return this copy to us.)