

FRANCHISE DISCLOSURE DOCUMENT- UNIT

	<p>ATAX LLC d/b/a ATAX, A Virginia Limited Liability Company 780 Lynnhaven Parkway Suite 240 Virginia Beach, VA 23452 (888) 268-0321 www.ATAX.com</p>
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The franchise offered is for the operation of an ATAX single unit franchise (the “Franchised Business”). An ATAX Franchised Business offers income tax preparation, bookkeeping, payroll, and incorporation services.

The total investment necessary to begin operation of an ATAX Franchised Business ranges from ~~\$62,650~~\$59,150 to \$79,000. This includes \$35,000 that must be paid to the Franchisor or its 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alberto Ortiz, at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452 or by phone at (888) 268-0321.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 17, 2024

Parents

We have a parent, Loyalty, LLC, a Virginia Limited Liability Company formed on November 6, 2017, with a principal address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach Virginia, 23452.

Loyalty, LLC offers franchise sales assistance to us and to the affiliate companies listed below. Loyalty, LLC does not offer franchises in any line of business.

Affiliates

~~We have an affiliate, Jomsom Franchise Company LLC d/b/a Jomsom, formed in March 2012, with a principal business address of 4390 US Highway 1, STE 203, Princeton, NJ 08540. Jomsom offers franchise opportunities for staffing and payroll services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2012. They do not offer franchises in any other line of business.~~

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We have an affiliate, Loyalty Brokers LLC d/b/a Loyalty Business Brokers, formed December 30, 2020, with a principal place of business at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452. Loyalty Business Brokers offers franchise opportunities for business brokerage. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. They do not offer franchises in any other line of business.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Ledgers offers franchise opportunities for compliance, advisory and tax services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. They do not offer franchises in any other line of business.

We have an affiliate, LMS Franchising, LLC established on May 21, 2014, with a principal place of business of 707 N. New Ballas Road, St. Louis, Missouri 63141, which also conducts business under the Little Medical School® trade name and may also use the name “Little Medical School” or “Little Nursing School” or “Little Veterinarian School.” LMS Franchising, LCC offers franchise opportunities for curriculum-based educational programs that focus on medicine, science and the benefits of good health for children ages four to fourteen years old. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2014. They do not offer franchises in any other line of business.

We have an affiliate, Tectum Franchising LLC d/b/a CR3 American Exteriors, formed on July 12, 2022, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. CR3 American Exteriors has offers franchise opportunities for offering, selling, and performing roofing and remodeling services for commercial and residential customers. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. They do not offer franchises in any other line of business.

(c) to establish and operate, and grant rights to others to establish and operate a Franchised Businesses or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;

(d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

(e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;

(f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees;

(g) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

Our affiliate Loyalty Business Services LLC d/b/a Ledgers offers franchise opportunities for bookkeeping, compliance, advisory and tax services under the Ledgers brand as described in Item 1. As of the ~~Issuance Date~~ April 17, 2024, all outlets are franchisee owned, but our affiliate may operate company owned outlets in the future. Although Ledgers and ATAX typically target a different client base, Ledgers franchisees do offer goods and services that are similar to the goods and services you will offer in your Territory and therefore may solicit or accept orders from within your Territory. Ledgers and ATAX share the same principal business address, but their staff maintain physically separate offices and they provide training at different times or at different facilities.

~~We and Ledgers have primarily offered franchise opportunities to existing franchisees with rights over the same territory to eliminate conflicts between the franchisor and franchisees and between the franchisees of each system regarding territory, customers, and franchisor support. We have not previously offered or sold ATAX and Ledgers franchises in the same territory to different franchisees or area representatives, and do not have any plans to do so. If we ever did so, we would~~We will be the sole decision maker for any conflicts between the franchisor and franchises and between franchisees of each system regarding territory, customers, and franchisor support. Except as stated in this Item 12, neither we, our parent, or affiliates have any plans to operate or franchise a business under a different trademark that offers or sells similar goods and services.

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ITEM 13 TRADEMARKS

The Franchise Agreement licenses to you the right to use the following principal trademarks (“Marks”) registered or applied for with the U.S. Patent and Trademark Office (“USPTO”):

Description of Mark	Serial/Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
ATAX (Wordmark)	3441651	Principal	June 3, 2008
 (Design Mark, color is not claimed as a feature of the mark and you may use this mark in multiple color configurations as approved by us)	97869581	Principal	Pending: Application Filed April 3, 2023

We have filed all required affidavits and renewals.

Our application is pending for the ATAX Design Mark identified above. On January 2, 2024, the USPTO issued a non-final action letter refusing registration due to a likelihood of confusion with a previously registered ATAX Live mark (Reg. No. 5641191). On April 11, 2024, we filed a response and co-existence agreement. If we cannot overcome the USPTO’s refusal then we may not be able to protect this design mark.

Aside from the Design Mark, there are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the Franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchises.

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.

Basis

ATAX® Franchised Businesses offer income tax preparation, bookkeeping, payroll, and incorporation services from a brick-and-mortar location within an exclusive territory. There were 111 operational franchised outlets systemwide as of December 31, 2023. Our financial performance representation is systemwide and encompasses the entirety of our outlets that: (i) were operational during the entirety of our measurement period from January 1, 2023, through December 31, 2023, and (ii) began their second tax season as an ATAX franchisee in 2023. We excluded company owned outlets and 44 franchised outlets (40% of total franchised outlets) from these financial performance representations because they did not ~~begin their second tax season as an ATAX franchisee on January 1, 2023-meet our criteria.~~

The following two tables present historic gross revenue figures for the remaining 60% of (67/111) of ATAX offices, which operated for the entire year from January 1, 2023, through December 31, 2023. Table 1 provides a historical financial performance representation for ATAX Franchisees in their second tax season in operation. Table 2 provides a historical financial performance representation for ATAX Franchisees in their third or subsequent tax season in operation. These representations are based on information reported to us by each of our ATAX® franchisees as Gross Revenues as we define the term for purpose of royalty calculations. Gross Revenue is net of any refunds and excludes sales and use taxes.

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Table 1:

ATAX Operational Franchise Outlets Gross Revenue – Second Tax Season in Operation For the Period January 1, 2023 to December 31, 2023			
Total Number of Outlets	Average Annual Revenue / (Median Annual Revenue)	Highest and Lowest Annual Revenue	Number (%) of Outlets that Met or Exceeded Average
16	\$42,701.14 (\$32,807.17)	\$132,626.92 - \$3,820.00	6 (37.5%)

Table 2:

ATAX Operational Franchise Outlets Gross Revenue – Third+ Tax Seasons in Operation For the Period January 1, 2023 to December 31, 2023			
Total Number of Outlets	Average Annual Revenue / (Median Annual Revenue)	Highest and Lowest Annual Revenue	Number (%) of Outlets that Met or Exceeded Average
51	\$170,285.48 (\$94,750.80)	\$1,154,230.41 - \$5,472.10	18 (35.3%)

Assumptions

Our study measured ATAX® franchisee’s. There are no material operational differences between the outlets reported in this financial performance systemwide who began at least their second tax season in operation on or before January 1, 2023. We also representation and the franchise offered pursuant to this Franchise Disclosure Document, except age and location of outlet. The majority of the franchisees we studied have been in business for three or more tax seasons and are located in large metropolitan areas. The market where your ATAX office is located, however, may be in a smaller urban or suburban area. Accordingly, the results achieved by these franchisees may not be typical for those in your area. Further, we conducted a separate systemwide study of ATAX® franchisees performance during who began their first year tax season in operation 2023. That study showed that franchisees who opened for their first tax season did not achieve the levels of success demonstrated by franchisees with two or more full tax seasons in operation during their first tax season in operation. Additionally, we acquired the assets of our predecessor on July 15, 2019, which included established franchisees with a high geographical concentration in New York. Although our study is systemwide, the franchised outlets have a higher concentration in New York than other markets. The market where your ATAX® is operated may not be like our existing franchisees. Accordingly, the results achieved by the franchisees in our study may not be typical for a business in your areatax seasons in operation. Your outlet will offer the same goods and services to the same client base as these reported outlets.

~~No certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form.~~ Written substantiation of our studies and other financial information that forms the basis for this financial performance representation will be made available to you upon reasonable request.

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

Other than the preceding financial performance representation, ATAX® does not make any other 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 outlet, 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 the franchisor's management by contacting Alberto Ortiz at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452, the Federal Trade Commission, and the appropriate state regulatory agencies.

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