FRANCHISE DISCLOSURE DOCUMENT

BREAKAWAY BA, LLC
an Oregon limited liability company
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We are BREAKAWAY BA, LLC, an Oregon limited liability company. We offer franchises to qualified individuals and entities to own and operate a Breakaway BA franchise using our programs and systems and the name Breakaway BA and our related trademarks, service marks and logos (collectively the "Marks"). Our franchisees offer accounting, bookkeeping, business consulting, and related services (but not tax preparation services) to businesses and individuals under the Marks and the Breakaway BA programs and systems (the "System").

The approximate total investment necessary to begin operation of a Breakaway BA franchise is $10,500 to $34,500. This includes $0 payable to the franchisor or its affiliate(s).

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 our co-founder and CEO, Shea Keats, at 22467 SW Ash St, Sherwood, Oregon 97140, (503) 941-0888, info@BreakawayBA.com.

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 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: June 21, 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
How much can I earn?	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 F.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BREAKAWAY BA business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BREAKAWAY BA franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 C.

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 Oregon. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Oregon than in your own state.

2. **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.

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 franchisor in a system with a longer operating history.

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.

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Item 1
The Franchisor, and any Parents, Predecessors, and Affiliates

We are BREAKAWAY BA, LLC, an Oregon limited liability company (called "we," "us," or "our" in this disclosure document). We do business under the names "Breakaway BA," "Breakaway Advising," "Breakaway Bookkeeping & Advising" and the Breakaway BA logos. We do not intend to do business under any other names. "You" means the prospective purchaser of a Breakaway BA franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases a Breakaway BA franchise. The business operated under the franchise agreement ("Franchise Agreement") is referred to as the "Franchise" in this disclosure document.

We are the franchisor of the Breakaway BA franchise system. We license our franchisees to own and to operate franchises under the "Breakaway BA" names and marks. We authorize our franchisees to offer accounting, bookkeeping, business consulting, and related services (but not tax preparation services) to businesses and individuals and to use our System and our Marks in the operations of the franchisee's business. A franchise will typically be operated from a home office (subject to availability based on zoning, permitting, and applicable laws) or commercial office location. For any additional office(s) you elect to open and that we approve, you will be required to sign our New Office Addendum attached to the Franchise Agreement (see Exhibit 2) before you can operate from the additional office location.

Our principal office address is 22467 SW Ash St, Sherwood, OR 97140. Our telephone number is (503) 941-0888. We have offered franchises since 2020. We have never offered franchises in any other line of business. We do not operate any businesses of the type being franchised. We may produce and sell innovative advertising and sales promotion materials. We and our affiliates may attempt to negotiate group discount rates for the benefit of our franchisees for products and services and marketing and sales materials. We do not have any other business activities.

Our registered agents for service of process are outlined in Exhibit C to this disclosure document.

Parents, Predecessors and Affiliates

We have no predecessors that are required to be disclosed in this disclosure document.

BREAKAWAY BOOKKEEPING & ADVISING, LLC, an Oregon limited liability company, is our parent company. Its principal address is the same as ours. Since 2019, our parent has owned, operated, and licensed businesses offering products, programs, and services similar to the products and services to be offered by our franchisees. (See Item 20.) Our parent has never offered franchises in any other lines of business.

CADENCIA LLC, a Mexico company ("Cadencia") is our affiliate because it is majority owned by an entity that is owned by some of our owners and officers. Its principal address in the U.S. is the same as ours. Cadencia is a staffing agency that provides bookkeeping support and related services for our franchisees. We do not require our franchisees to use Cadencia's services.

We and our parent and affiliates retain the right to own or operate additional Breakaway BA franchises.

Market and Competition

The market for accounting, bookkeeping, business consulting, and related services is well developed. You will compete with a wide variety of other businesses and individuals that provide similar services in your

market area. These include independent bookkeepers and mass market bookkeeping service providers, financial and business consultants, tax accountants, and bookkeeping and accounting software providers.

The business concept may have some seasonality due to fluctuations in client needs.

Laws

We are not currently aware of any laws or regulations specific to bookkeeping and financial advisory services businesses. However, laws and regulations that apply to businesses in general may apply to your business, including those that (a) establish general standards, specifications, and requirements for the construction, design and maintenance of the Office (if a commercial office); (b) regulate matters affecting the health, safety, and welfare of your clients; (c) set standards pertaining to employee health and safety; and (d) govern labor practices for your employees (among other things, you must pay your employees in compliance with federal and state wage and hour laws).

If you have existing professional licenses or registration (including but not limited to certified public accountant, attorney or real estate broker) you may have additional limitations as to the scope of services you are able to provide or required disclosures. For more information contact your local state licensing board.

It is your responsibility to comply with laws, regulations and requirements applicable to your business. With your own independent professional advisors, you should investigate the laws, regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance.

Item 2
Business Experience

Kristen Keats – Co-Founder

Kristen Keats was our Chief Executive Officer from 2020 to 2022. She has been one of our co-founders (via her ownership in KEY MASTER LLC, an Oregon entity, which is our Member-Manager) since our inception in 2020. She has been one of the co-founders of our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC (via her ownership in KEY MASTER LLC, which is one of our affiliate's Members) in Portland, Oregon since 2019. Ms. Keats has owned and operated Sherwood Tax (Kristen Keats CPA PC) in Sherwood, Oregon since 2020. She served as senior manager for the public account firm of Aldrich Advisors in Lake Oswego, Oregon from 2018 to 2019. Prior to that, she was a manager of the public accounting firm of McCoy Foat in West Linn, Oregon from 2012 to 2020.

Shea Keats – Co-Founder and CEO

Shea Keats has served as our Chief Executive Officer since 2022. She has been one of our co-founders (via her ownership in a separate entity that is one of our Members) since our inception in 2020. Ms. Keats has been an owner of KEY MASTER LLC, an Oregon entity, since 2021. She has been one of the co-founders of our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC (via her ownership in a separate entity that is one of our affiliate's Members) in Portland, Oregon since 2019. She served as Director of Brands for kinder MODERN in New York, New York from 2013 to 2017 and as a coach and consultant in Portland, Oregon from 2017 to 2019.

Michelle Lopez – Co-Founder

Michelle Lopez is one of our co-founders (via her ownership in a separate entity that is one of our Members) since our inception in 2020. She has been one of the co-founders of our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC (via her ownership in a separate entity that is one of our affiliate's Members) in Portland, Oregon since 2019. She served as Chief Financial Officer for Synergo in Portland, Oregon from 2015 to 2019.

Martin Moll – Co-Founder

Martin Moll is one of our co-founders (via his ownership in KEY MASTER LLC, an Oregon entity, which is our Member-Manager) since our inception in 2020. He has been one of the co-founders of our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC (via his ownership in KEY MASTER LLC, which is one of our affiliate's Members) in Portland, Oregon since 2019. Prior to that, he served as a partner and then CEO and Managing Partner in the public accounting firm of Aldrich Advisors in Lake Oswego, Oregon from 2005 to 2019.

Item 3
Litigation

No litigation is required to be disclosed in this Item.

Item 4
Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5
Initial Fees

There are no initial franchise fees.

Item 6
Other Fees

Type of Fee	Amount	Date Due	Remarks
Monthly Desk Fee	25% of your Gross Revenue on the first $100,000 Gross Revenue during a calendar year, and 20% of your monthly Gross Revenue beyond $100,000 Gross Revenue during a calendar year.	Payable monthly as described in the Operations Manual	We will collect payments directly from your clients and remit funds to you after deducting all fees payable to us under the Franchise Agreement. See Notes 1 and 2.
Merchant Processing Costs and Fees	We reserve the right to pass on to you the merchant processing costs and fees associated with	Payable monthly as described in the Operations Manual	See Note 2.

Type of Fee	Amount	Date Due	Remarks
	processing your clients' payments (currently estimated at 3.4%).		
Monthly Technology Fee (Not Being Charged as of the Issuance Date of this Disclosure Document)	We reserve the right to charge for proprietary software (if applicable), other software, and other technology. If charged, we currently estimate this fee will range from $50 to $500 per office per month.	Payable monthly as described in the Operations Manual	See Notes 2 and 3.
Additional Training, Coaching, or Support at Franchisee's Request	We reserve the right to charge our then-current rates (currently $50 to $150 per hour) for training, coaching, or support above and beyond that which is included in the Desk Fee. We will notify you of this charge before providing the services. In addition, you are responsible for your and our transportation, meals and lodging (and wages for your employees) as applicable.	Before or after you open your franchise for business.	See Notes 2 and 4.
Additional Training or Conventions Required or Offered by Franchisor	There is no training fee	Before or after you open your franchise for business.	See Notes 2 and 4.
Additional Training Required by Franchisor Based on Franchisee's Deficiency	We reserve the right to charge our then-current rates (currently $50 to $150 per hour).	Before or after you open your franchise for business.	See Notes 2 and 4.
Transfer Fee	There is no transfer fee	Before transfer	
Transfer Commission	An amount equal to 10% of the annualized billings of the franchise being transferred	Before transfer	Paid to us only if we find the buyer for you
Audit	Our reasonable costs for the audit if you understate Gross Revenue by more than 2% or fail to deliver to us required reports on time	Immediately upon demand	See Note 5.

Type of Fee	Amount	Date Due	Remarks
Interim Management Fees	As incurred	As Incurred	You must pay us a reasonable management fee for management services if we step-in to operate your franchise pursuant to the Franchise Agreement. We will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period.
Indemnification	As incurred	As incurred	You must defend, indemnify and hold us harmless from all claims, losses, and expenses (including attorneys' fees) damages arising out of or connected with your Franchise and the business activities, acts or omissions (whether or not negligent or wrongful) of you and your employees and agents.
Cost of Enforcement	As incurred	As incurred	We may recover from you the amount of our reasonable attorneys' fees and all other expenses we incur in enforcing your obligations under the Franchise Agreement.

Unless otherwise indicated in this Item 6, all ongoing fees are: (i) imposed by and payable to us, (ii) non-refundable, and (iii) uniformly imposed.

Notes:

1) Gross Revenue and Reporting. "Gross Revenue" means all receipts generated by the franchised business from any source including sales, exchanges, services, labor, service charges, etc. It includes all types of remuneration, gift, barter, charity, payment in kind, or any other benefit or value that is received or deferred to be received. It includes revenue derived from any additional office(s) from which you operate your franchise. Credit sales shall be calculated as of the date of sale without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive will be included in "Gross Revenue."

"Gross Revenue" shall not include bona fide credits for returns, refunds, promotional discounts, and sales taxes.

2) Client Collections and Payments. We will collect payments directly from your clients and remit funds to you after deducting all fees payable to us under the Franchise Agreement. We will remit payment to you by the 15th day of each month based on payments for the prior month (or at such other times as we may reasonably designate in our Operations Manual).

3) Monthly Technology Fee. We do not charge this fee as of the issuance date of this disclosure document because our required software stack is included in the Desk Fee. We reserve the right to charge this fee for proprietary software (if applicable), other software, and other technology. You may purchase additional software not included in our software stack at your own expense.

4) Additional Training.

a. *Requested by You.* Training requested by you will be held remotely, or at our headquarters or at other agreed upon locations. The duration and timing of this training is negotiable depending upon your needs and our availability.

b. *Required or Offered by Us.* We may provide refresher training programs or seminars and may require that you complete them to our satisfaction. These programs and seminars will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). If you choose to attend in-person, then you will be responsible for your transportation, meals and lodging (and wages for your employees) as applicable.

c. *Additional Training Required by Franchisor Based on Franchisee's Deficiency*. We may require you to participate in additional training if you fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). If you choose to attend in-person, then you will be responsible for your transportation, meals and lodging (and wages for your employees) as applicable.

d. You will not receive any compensation for services rendered by the trainee during any training. We may designate qualified franchisees, area representatives, or third parties to conduct some or all of your training.

5) Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all unpaid Desk Fees and all other fees and late payment charges that the audit determines are owed (which we may deduct from payments we collect from your clients). These payments will not prejudice any other remedies we may have under this Agreement or by law.

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[1]	$0	Cash, Certified Check or Wire Transfer	Upon execution of the Franchise Agreement.	Us
Rent, Utilities, and Security Deposit – 3 months[2]	$0 to $4,500 ($0 to $1,500 per month)	As Incurred	As Incurred	Landlord
Equipment, Fixtures, Furnishings, Equipment, Computer Hardware and Software, and Supplies[3]	$3,000 to $10,000	As Incurred	Before Opening	Suppliers
Initial Advertising[4]	$0 to $2,500	As Incurred	Before Opening	Suppliers
Licenses and Permits	$1,000 to $2,000	As Incurred	As Incurred	Government agencies, etc.
Professional Fees	$1,000 to $2,000	As Incurred	As Incurred	Professionals (such as Accountant or Lawyer)
Additional Insurance[8] (Annually)	$500 to $2,500	As Incurred	Before Opening	Insurers
Miscellaneous Opening Costs	$0 to $1,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds – 3 months[5]	$5,000 to $10,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
Total[6, 7]	**$10,500** to **$34,500**			

Notes:

1. No Initial Franchise Fees. There are no initial franchise fees.

2. Rent and Security Deposit. We anticipate that many franchisees will operate from a home office or other available and adequate space. Therefore, the low-end range of the table does not reflect any lease-related expenses. The disclosed low-high range also does not include estimated costs to purchase land and building (because we do not require you to purchase your premises). You must lease appropriate space if you do not own adequate space. The Office will typically be a minimum of 150 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs.

3. Equipment, Fixtures, Furnishings, Equipment, Computer Hardware and Software, and Supplies. You must purchase equipment, fixtures, furnishings, equipment, computer hardware and software, and supplies consistent with the operational needs of your Franchise and as may be required in our Operations Manual. Computer hardware and software must comply with our security protocols (for virus protection, etc.), be dedicated to business, up-to-date, and meet our other minimum standards and specifications. The low-end of the estimate assumes you already have certain items and software that meet our criteria. You must have high-speed internet consistent with minimum requirements and standards that may be outlined in the Franchise Agreement and the Operations Manual.

4. Initial Advertising. We recommend that you conduct an initial marketing campaign, especially before and during the initial phase of your franchise operations. Market conditions vary widely, both in terms of competition, familiarity with our franchise system and in terms of media availability and costs.

5. Initial Start-Up Phase and Working Capital. We estimate that the initial phase covered by the additional funds estimate to be approximately three months. Additional funds are provided only as estimates and apply only to your initial three months of operations of your first Franchise. The high and low range estimates are based on our affiliate's experience in opening and operating one or more similar businesses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial three-month phase of operations for your first franchise only.

6. Non-Refundable. All fees are non-refundable.
7. Financing. We do not finance any of these initial expenses. Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors like the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you.

8. Insurance. We will pay for and maintain certain levels of general liability, professional liability, and cyber liability insurance for your Franchise. We reserve the right to modify this coverage or stop maintaining any or all insurance coverage related to your Franchise at our sole discretion. Even though we may carry some insurance to protect you, it is ultimately your responsibility to maintain sufficient insurance for your Franchise, which may include additional insurance. This table estimates premiums for such additional insurance.

Item 8
Restrictions on Sources of Products and Services

Products, Equipment and Services

We will lend to you a copy of our Operations Manual at the mandatory training program described in Section 11, below. The Operations Manual contains the Breakaway BA System and related specifications and standards. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost, unless we specify otherwise. The Operations Manual is confidential and our exclusive property.

We may require you to purchase all items and services needed for the operation of your franchise either from us, our affiliates, one or more mandatory or approved suppliers, or subject to our standards and specifications as we will designate. Currently, except as otherwise described below, we will provide a list

of some optional or preferred suppliers, but you will choose the vendors for products and services needed for the operation of your franchise. We may impose minimum standards and specifications for such products and services.

JDFS BUSINESS SOLUTIONS, an India company ("JDFS") is a staffing agency that provides bookkeeping support and related services for our franchisees' clients. We will not obligate you to require your clients to use JDFS's services. JDFS bills us, and we in turn bill you for JDFS's services. We do not mark-up JDFS's costs, but we may charge for our related costs, such as travel and legal expenses.

Our affiliate, Cadencia, is a staffing agency that provides bookkeeping support and related services for our franchisees. We will not require you to use Cadencia's services. Cadencia bills us, and we in turn bill you for Cadencia's services. We do not mark-up Cadencia's costs, but we may charge for our related costs, such as travel and legal expenses.

You must purchase equipment, fixtures, furnishings, equipment, computer hardware and software, and supplies consistent with the operational needs of your Franchise and subject to our standards and specifications, if any, in our Operations Manual.

Computer hardware and software must comply with our security protocols (for virus protection, etc.), be dedicated to business, up-to-date, and meet our other minimum standards and specifications. As of the issuance date of this disclosure document, our required software stack is currently included in the Desk Fee. We reserve the right to charge a Technology Fee (see Item 6) for proprietary software (if applicable), other software, and other technology. You may purchase additional software not included in our software stack at your own expense.

We reserve the right to charge a credit card processing fee in addition to the Desk Fee (see Item 6).

The actual amount purchased may vary. The amount that you pay to any approved supplier is refundable only to the extent negotiated with such approved supplier.

All specifications that we require of you and lists of equipment and designated and approved suppliers will be included in the Operations Manual. We will upon request provide our minimum specifications to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

Our co-founders (Martin Moll, Kristen Keats, Sabrina Snow, Shea Keats, and Michelle Lopez) are owners (directly or through a separate entity) of us and our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC. Our affiliate owns less than 10% of JDFS. Martin Moll, Kristen Keats, and Shea Keats are owners (through a separate entity) of our affiliate, Cadencia. There are no other approved suppliers in which any of our officers owns an interest.

Subject to our right to designate one or more exclusive suppliers, with advance written notice, you may request our approval to obtain products, equipment, supplies, materials, or services from sources that we have not previously approved. We may require you to give us sufficient information to allow us to determine whether the items or services from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to factors such as the following (to the extent applicable): quality, value, function, and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may license any supplier that can meet or exceed our quality control requirements and standards, for a

reasonable license fee, to produce and deliver products to you but to no other person. Our pertinent confidential information will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and procedures; will maintain the confidentiality of our proprietary information; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose (unless we designate an exclusive supplier for the particular product or service). We will endeavor in good faith to notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 0% to 10% of the total purchases you make to *establish* your franchise.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 0% to 30% of the total purchases you make to *operate* your franchise.

We and our affiliate may derive revenue from providing products and services directly to our franchisees. During our last fiscal year ended December 31, 2023, we received such revenue in the amount of $0 (which was 0% of our total revenue). During our last fiscal year ended December 31, 2023, our affiliate, Cadencia, received such revenue in the amount of $50,719.40, which was 5.3% of its total revenue of $964,875.79.

We and our affiliate reserve the right to receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. However, as of the issuance date of this disclosure document, we do not currently anticipate receiving any such rebates, price adjustments, or discounts.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We do not provide material benefits to you based on your purchase of particular products or services or the use of designated or approved suppliers. However, to renew your franchise or purchase additional franchises, you must comply with your Franchise Agreement, which includes compliance with any standards or specifications in our Operations Manual regarding product and service purchases and the use of designated or approved suppliers.

We intend to negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. We have not yet entered into any formal purchasing or distribution cooperatives related to our franchise system, but we reserve the right to do so. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the Breakaway BA franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to follow our customer service requirements outlined in the Operations Manual.

Insurance

We will pay for and maintain certain types of general liability, professional liability, and cyber security liability insurance coverages for your Franchise. We will determine the types and amounts of coverage. These will be described in our Operations Manual. We reserve the right to modify this coverage or stop maintaining any or all insurance coverage related to your Franchise at our sole discretion. We will endeavor to provide reasonable advance notice to you before making any substantial changes to such insurance coverages.

Whether or not we carry some insurance to protect you, it is ultimately your responsibility to maintain sufficient insurance for your Franchise. We do not represent or warrant that the insurance we maintain or recommend will insure you against all insurable risks or amounts of loss that may arise out of the operation of your Franchise. You should consult with an insurance advisor before you begin operation of your franchise.

You must also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by your landlord (if applicable).

For any policies of insurance that you maintain related to your Franchise, each policy must comply with the following requirements, unless we otherwise confirm to you in writing: (1) name us and each of ours affiliates, directors, agents and employees (as we may specify to you) as additional insureds (except for worker's compensation and employer's liability insurance coverage and as otherwise specified by us in writing) on a primary, non-contributory basis and provide a waiver of subrogation rights against us; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the franchisor parties must be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Office is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier. Upon request, you must provide us with proof of insurance in compliance with the Franchise Agreement.
Franchise Agreement
6. Our maintenance of insurance will not relieve you of any indemnification obligations under the Franchise Agreement.

Item 9
Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other related 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 ("FA")	Disclosure Document Item
a. Site selection and acquisition or lease	FA Section 1.2	Items 6 & 12
b. Pre-opening purchases and	FA Sections 4.1, 5.1 & 8.2	Items 7 & 8

Obligation	Section in Franchise Agreement ("FA")	Disclosure Document Item
leases		
c. Site development and other pre-opening requirements	FA Sections 3.1, 4.1 & 5.1	Items 7, 8 & 12
d. Initial and ongoing training	FA Sections 3.1 & 3.2	Items 6 & 11
e. Opening	FA Sections 4.1 and 5.1	Item 11
f. Fees	FA Sections 2, 6.1, & 7.1	Items 5, 6 & 17
g. Compliance with standards & policies/Operations Manual	FA Sections 5 & 6.3	Items 11 & 17
h. Trademarks and proprietary information	FA Sections 1.1, 5.1, 5.3, 5.4, 5.5, 6.5, 9.2, 9.8 & 9.11	Items 13, 14 & 17
i. Restrictions on products and services offered	FA Sections 1.1, 5.1, 5.2, 5.3, 5.4, 5.5, 5.10, 6.3, 6.5	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	FA Sections 5.1 & 5.2	Item 11
k. Territorial development and sales quotas	FA Section 1.1	Items 7 & 12
l. Ongoing product & service purchases	FA Sections 2.10, 5.1, 5.2, 5.3, 5.8, 5.10 & 8.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	FA Sections 1.2, 5.1, 5.2, 5.3 & 6.5	Items 7, 11 & 17
n. Insurance	FA Section 8.2	Items 7 & 8
o. Advertising	FA Sections 2.5, 5.1, 5.2, 5.3 & 6.5	Items 9 & 11
p. Indemnification	FA Sections 6.7 & 8.1	Item 6
q. Owner's participation/ management/ staffing	FA Sections 2.10, 3, 4.1, 5, 6.5, 6.6, 7, 9.3, 9.14 & 9.15	Items 11, 15 & 17
r. Records and reports	FA Sections 2.8, 5.1 & 5.2	Items 6, 11 & 17
s. Inspections and audits	FA Sections 2.9, 5.1 & 5.2	Items 6, 11 & 17
t. Transfer	FA Section 7	Item 17
u. Renewal	FA Section 6.1	Item 17
v. Post-termination obligations	FA Sections 5.3,5.5, 5.11, 6.5, 6.6, 6.7, 9.8, 9.119.14	Item 17
w. Non-competition covenants	FA Sections 5.6, 6.6, 9.8, 9.11 & 9.14	Item 17
x. Dispute resolution	FA Sections 9.9	Item 17

Item 10
Financing

Except as disclosed in Item 5, we do not provide direct or indirect financing and do not assist in providing financing for you. We do not guarantee any notes or financial obligations.

Item 11
Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, BREAKAWAY BA, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your franchise, we will:

1) Approve or disapprove of proposed sites for the Office (if a commercial office). (Franchise Agreement, Section 1.1.3) We anticipate that most franchisees will operate from a home office. You must lease adequate office space if you do not already own or have access to such space. We do not impose minimum square footage requirements on the size of your office, but it must be adequate to fulfill your obligations under the Franchise Agreement. The factors we may consider in approving a proposed site include population demographics, population density, affluence of population, number of businesses in the area, competition, growth trends, and other factors.
2) Provide initial orientation and training to you. (Franchise Agreement, Section 3.1)
3) Loan you a copy of the confidential Operations Manual. (Franchise Agreement, Section 5.1).
4) Provide written standards and specifications regarding your equipment and/or supplies. (Franchise Agreement, Section 5.1)
5) Give you a list of approved or designated suppliers (as applicable). (Franchise Agreement, Section 5.1)

We do not provide assistance with conforming your premises to local ordinances and building codes and obtaining any required permits; or constructing, remodeling, or decorating the premises; or hiring and training employees.

Time to Open

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 60 days. You must complete the mandatory training program and commence business operations within 12 months after you sign the Franchise Agreement. (Franchise Agreement, Section 4.1) Factors that may affect this time are finding and negotiating for the Office, arranging for the training session, financing, obtaining necessary licenses and permits, obtaining initial equipment, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

Operations Manual Table of Contents

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. The revisions may include advancements and developments in services, supplies, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. (Franchise Agreement, Section 5) The table of contents of the current version of the Operations Manual is included in Exhibit E. It consists of approximately 40 pages.

Initial Training Program

Before you commence your Franchise operations, we will provide you an initial training program. The initial training program consists of mandatory and optional training. The training consists of online and at-home training. The initial training program is included in the Initial Franchise Fee. The training program must be completed by all franchisees unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary. (Franchise Agreement, Section 3.1).

The subjects covered during training and the duration of training are subject to change. The following table outlines our initial training program as of the issuance date of this disclosure document.

INITIAL TRAINING PROGRAM

Subject	Hours Of Class Room Training	Hours Of On The Job Training	Location
Introduction to Productivity & Admin Tools (Slack, Asana, GSuite, Ignition)	1-5 hours	N/A	Online
Xero Partner Training	8-10 hours	N/A	Online
QBO Pro-Advisor Training	12 hours	N/A	Online
Fathom Training	1-3 hours	N/A	Online
FreshBooks Training (Optional)	4 hours	N/A	Online
Other recommended software (optional; may include Bill.com, Gusto, A2X, Hubdoc, Receipt Bank, and more)	Varies pending interest, 1-10 hours each application	N/A	Online
Recommended reading (optional, but highly encouraged)	10 hours	N/A	At Home
Diversity Equity and Inclusion Training	5 hours	N/A	At Home

Our key trainers are Shea Keats and Michelle Lopez. Their experience with us and our affiliate is disclosed in Item 2 above. We anticipate that each trainer will have at least approximately 10 years of experience in the subject(s) she/he teaches at training. We use the Operations Manual for instructional material.

The initial training program is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisor's training personnel's availability. The above-described initial training program must be completed before the scheduled date of the opening of the franchise. Franchise Agreement

You must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement. You are encouraged to participate in the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you fail to complete the mandatory training to our satisfaction.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Additional Training

Requested by You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training, coaching, or support. Such training will be held remotely, or at our headquarters or at other agreed upon locations. We reserve the right to charge our then-current rates for training, coaching, or support above and beyond that which is included in the Desk Fee. We will notify you of this charge before providing the services. In addition, you are responsible for your and our transportation, meals and lodging (and wages for your employees) as applicable. The duration and timing of this training is negotiable depending upon your needs and our availability.

Required or Offered by Us. We may provide refresher training programs or seminars and may require that you complete them to our satisfaction. These programs and seminars will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). There is no training fee. If you choose to attend in-person, then you will be responsible for your transportation, meals and lodging, and wages for your employees.

Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). We reserve the right to charge a reasonable training fee at our then-current rates. If you choose to attend in-person, then you will be responsible for your transportation, meals and lodging (and wages for your employees) as applicable.

Coaching During First Year of Operations. We provide ongoing formal coaching on various aspects of business operations during the first year of your operations. There is no additional fee for such coaching. Such coaching is provided remotely and held at such frequencies as we may designated (e.g. weekly).

(Franchise Agreement, Section 3.2)

Our Obligations During the Operation of Your Franchise Business

After you open your franchise, we will provide additional training to you upon your request as described above. (Franchise Agreement, Section 3.2).

After you open your franchise, we may:

1. Inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.9 and 5).
2. Establish price ceilings or minimum or maximum allowable prices on the products and/or services you offer and sell, to the extent permitted by applicable law. (Franchise Agreement, Section 1.4).
3. Provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing developments and techniques.

Advertising and Brand Development

We do not have an advertising fund to which our franchisees must contribute. We may choose at our discretion to promote our franchises through any medium we choose. This may include, for example, print, internet (including social media marketing), and public relations activities. This may be done locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional or national advertising agencies. We are not obligated to advertise in any specific market area, including your market area. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts.

Advertising Cooperatives

We do not require you to participate in a regional advertising cooperative.

Advertising Approval / Webpage / Social Media

We may provide to you sample advertising templates we approve for you to use in your local advertising and promotional efforts. Otherwise, you will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it.

We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and materials we request to develop, update, maintain and modify the listing. You will not have the right to create an independent website that includes our Marks or promotes your franchise.

Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise. (Franchise Agreement, Section 2.5)

We may provide, and may require you to participate in, marketing calls or remote meetings held at such frequencies as we may designate (e.g. weekly). We do not charge additional fees for such meetings.

Computer Systems

You must lease, purchase or otherwise acquire, from sources of your choice (or from designated or approved supplies, as we determine) and at your expense, computer hardware and software (including software as a service subscriptions) that strictly conform to our specifications. Computer hardware and software must comply with our security protocols (for virus protection, etc.), be dedicated to business, be up-to-date, and meet our other minimum standards and specifications. As of the issuance date of this disclosure document, our required software stack is included in the Desk Fee. We reserve the right to charge a Technology Fee (see Item 6) for proprietary software (if applicable), other software, and other technology. You may purchase additional software not included in our software stack at your own expense.

You must also have access to high-speed internet consistent with our minimum standards and specifications.

We reserve the right to charge a credit card processing fee in addition to the Desk Fee (see Item 6).

The computer hardware and software are for communications, accounting, practice management (e.g. customer relationship management, scheduling, workflow, time keeping, billing), and record keeping.

We will give you advance written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially purchase the computer systems. If you do not already have the computer systems that we require before you purchase a franchise, the estimated cost of purchasing the computer systems that we require is approximately $500 to $3,000.

If we require, you must record and transmit all financial information using our designated systems. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have full ability to poll your data, computer system and related information by means of direct access whether in person or by electronic means. There will be no contractual limitation on our right to access your information or data.

Neither we nor our affiliates will have any obligation to provide any ongoing maintenance, repairs, upgrades or updates related to your computer software and hardware. However, you must upgrade or update your computer hardware and software as we may direct during the term of the Franchise Agreement. There are no contractual limitations on the frequency and cost of this obligation. We estimate that these updates or upgrades will cost approximately $0 to $250 per year.

(Franchise Agreement, Section 5.8)

Item 12
Territory

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

We anticipate that many franchisees will operate from a home office, so rent will not be required. However, you must lease adequate office space if you do not already own or have access to such space. We do not impose minimum square footage requirements on the size of your Office, but it must be adequate to fulfill your obligations under the Franchise Agreement. Your choice of an Office is subject to our reasonable prior approval based on factors such as population demographics, population density, affluence of population, number of businesses in the area, competition, growth trends, and other factors.

You may not establish or operate any other Breakaway BA Office without signing a separate Franchise Agreement for that operation.

Relocation

You may relocate the Office within your State without our prior written approval. Our approval will be required if you wish to relocate outside of your State to ensure the new location is legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws. Any relocation will be at your sole expense.

No Right of First Refusal

You do not receive any options, rights of first refusal, or any other similar rights to acquire additional franchises or to grant subfranchises.

Marketing and Providing Services

Except as otherwise provided in this Item, you may market to, and provide authorized products or services to, clients anywhere within the United States of America. We reserve the right to impose restrictions and/or prohibitions with respect to you marketing and providing products and services in specified states if we determine that such restrictions or prohibitions are necessary to comply with state franchise laws and related laws and regulations. You may not solicit or accept orders using distribution methods besides those specifically permitted in the Franchise Agreement and our Operations Manuals without our prior written approval.

All online advertising and marketing are part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not acquire an independent internet domain name or website.

Our Use of the Marks and Breakaway BA Products and Services

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our Marks different trademarks to others anywhere. Neither we nor our affiliates are restricted from participating in other distribution methods under the Marks or under marks different from the ones you will use under the Franchise Agreement. We will have no obligation to compensate you for any such sales.

We have not established and do not presently intend to establish other franchises or company-owned outlets selling similar products or services under a different trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

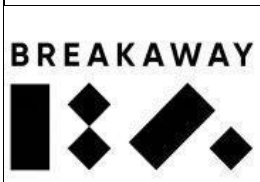
No Minimum Sales Requirements

You are not obligated to meet any minimum sales requirements. However, you must use best efforts to promote your Franchise business.

Item 13
Trademarks

Registrations and/or Applications for Our Marks

We have registrations for our principal Marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO") as follows:

Mark	International Classifications	Registration Date	Registration Number
	IC 035. US 100 101 102. G & S: Bookkeeping IC 036. US 100 101 102. G & S: Financial advisory and consultancy services	December 1, 2020	6212869
BREAKAWAY BA (standard characters)	IC 035. US 100 101 102. G & S: Bookkeeping IC 036. US 100 101 102. G & S: Financial advisory and consultancy services	December 1, 2020	6212868

We have filed (or anticipate filing when due) all required affidavits in respect to registrations of our principal marks with the USPTO. We have filed (or anticipate filing when due) all required registration renewals in respect to such registrations.

Our Common Law Rights to the Marks

We and our affiliate company also claim common law rights to the marks "Breakaway BA," "Breakaway Private," "Breakaway Creative," "Breakaway Advising," "Breakaway Bookkeeping & Advising," and related marks, logos, designs, and slogans.

Your Use of the Marks

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system. We refer to all of these commercial symbols as the "Marks." The Marks are our exclusive property.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing. You may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You cannot use our Service Marks as part of the name of your business entity or with modifying words, designs or symbols except as we authorize in writing. You may not use our Service Marks in connection with the sale of any unauthorized product or service.

All goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. We (or our parent or an affiliate) will own all trademark improvements you develop (if applicable). The immediately preceding sentence does not affect provisions in the Franchise Agreement and our Operations Manual prohibiting you from altering the Marks and requiring you to use the Marks only in strict compliance with our standards and specifications.

Modifying the Marks

We may change or discontinue any part of the Marks at any time in our sole discretion. You will modify or discontinue use of any franchise names or Marks, or will use one or more substitute names or marks, if we

so direct in writing at any time. You will bear all costs and expenses that may be necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks will apply with equal force to any modified or substituted names or marks.

There are no agreements currently in effect or contemplated which would significantly limit our right to use or license the use of the marks listed in this Item 13 in a manner material to the franchise.

Legal Actions Involving the Marks

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the Marks.

You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks, including any claims of infringement or unfair competition. We will reimburse you for all damages for which you are held liable in any proceeding in which your use of any of the Marks in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition, or dilution, and for all costs you reasonably incur in the defense of any claim brought against you or in any such proceeding in which you are named as a party, if you timely notify us of the claim or proceeding and otherwise comply with the Franchise Agreement and give us the right to defend the claim. If we defend the claim, then we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney you retain. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

We know of no superior rights or infringing uses that could materially affect your use of the Marks.

Item 14
Patents, Copyrights, and Proprietary Information

We intend to affix a statutory notice of copyright to our Operations Manual, to certain of our advertising materials, training materials, websites, proprietary software (if applicable), and to all modifications and additions to them. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your Franchise Agreement. You have no other rights to the copyrighted material.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. You are only permitted to use our proprietary processes and systems in accordance with the Franchise Agreement and only as long as you are a franchisee. Your failure to comply with the confidentiality requirements of the Franchise Agreement may result in your payment of liquidated damages to us as specified in the Franchise Agreement. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to, and interest in, our copyrights and other proprietary information.

We do not know of any prior rights or infringing uses that could materially affect your use of our copyrighted materials. You must notify us immediately after receiving notice of any claim, demand or cause of action pertaining to the copyrighted materials or on learning that any third party uses the copyrighted materials without authorization. After receipt of timely notice of an action, claim or demand against you relating to the copyrighted materials, we have the right, but not the obligation, to defend or settle any such action. The Franchise Agreement does not obligate us to take affirmative action when notified of infringement. We have the right to contest or bring action against any third party regarding the third party's unauthorized use of any of the copyrighted materials. We have the right to control all actions but are not obligated to take any action. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. In any defense or prosecution of any litigation relating to the copyrighted materials undertaken by us, you must cooperate with us, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

We have no patents material to your franchise.

We claim proprietary rights to certain confidential information and trade secrets related to our business processes and supplier relationships that you will learn during training. We consider such processes and modifications to be our trade secrets.

You must use reasonable best efforts to continuously improve the products, processes and services used in the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

Item 15
Obligation to Participate in the Actual Operation of the Franchise Business

You will not be required to participate directly in the day-to-day operation of the Franchise, but it must be under your general supervision as it is ultimately your responsibility to comply with the Franchise Agreement. You may designate a manager to assume responsibility for day-to-day operations. Any managers you employ to help you to operate the franchise must complete the mandatory training program described in Item 11 (which is to be conducted by us or by you in accordance with our specifications, at our discretion). The manager is not required to have any equity interest in your franchise business entity.

All of your owners must sign the Franchise Agreement directly, or at least with respect to its covenants related to confidentiality, non-disclosure, and non-competition.

Item 16
Restrictions on What the Franchisee May Sell

We require that you use, offer and sell only those products and services that we approve in writing. You must offer all products and services that we designate as required by our franchisees (except that we may modify such requirements for individual franchisees, such as by permitting franchisees to provide only CFO services or only bookkeeping services). We reserve the right, without limitation, to modify, delete and add to the authorized products and services, and you must adopt such changes at your expense.

All online marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us.

Item 17
Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
a. Length of the franchise term	FA Section 1.1	10 years
b. Renewal or extension of term	FA Section 6.1	If you are in good standing, you may renew for periods of 10 years under the terms of our then-current Franchise Agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	FA Section 6.1	"Renewal" means that you, upon the expiration of the original term of the Franchise Agreement, have the right to enter into a new agreement according to our then-current Franchise Agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than six months before expiration of the initial term; faithfully perform under the initial agreement; refurbish, remodel, and replace the Office (if commercial location) and equipment to conform to the then-current Operations Manual and System standards; sign general release (subject to state law); sign a new agreement that may contain

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
		materially different terms and conditions from the original contract; pay a renewal fee; and go through retraining (if we require it).
d. Termination by franchisee	FA Section 6.2	You will have the right to terminate the Franchise Agreement at any time, for any reasons or no reason, effective after 30 days' advance written notice to us. Upon such early termination, you will cease using our Marks, System, Confidential Information, and other intellectual property and comply with other post-termination obligations of this Agreement. You will be responsible for past due fees and other financial obligations, but will not be liable for fees and other financial obligations that would have accrued thereafter were it not for the early termination.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA Section 6.3	We can terminate only if you default. Any material violation or breach of the Franchise Agreement is deemed a material breach of any other franchise or other agreement between you and us. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and any relevant addenda and any or all of such other Franchise Agreements.
g. "Cause" defined – curable defaults	FA Section 6.3.1	You have 30 days to cure any default not listed in Section 6.3.
h. "Cause" defined – non-curable defaults	FA Section 6.3.2	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of confidential information, violation of non-competition covenants, and other defaults listed in Section 6.3.2.
i. Franchisee's obligations on	FA Section 6.5 & 6.6	De-identification, return of manuals, release

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
termination or nonrenewal.		of phone numbers and listings, payment of sums owed, confidentiality, and non-competition.
j. Assignment of contract by franchisor	FA Section 7.1	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee – defined	FA Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of the Franchise Agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor's approval of transfer by franchisee	FA Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	FA Section 7.1	The transferee must qualify as a franchisee, assume your obligations, and successfully pay for and complete the mandatory training. You may not be in default and must sign a general release (subject to state law). You or the transferee must refurbish, remodel, and replace the Office (if commercial location) and equipment to conform to the then-current Operations Manual and System standards.
n. Franchisor's right of first refusal to acquire franchisee's business	FA Section 7.5	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 30-day notice and right to decide.
o. Franchisor's option to purchase franchisee's business	FA Sections 6.5, 7.3 & 7.4	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. We will have the right of first purchase to purchase some or all of your franchise business assets upon expiration or termination of the Franchise Agreement. We will have the right of first purchase to purchase your franchise if a suitable transferee purchaser is not found within 180 days from the date of your death, disability or incapacity.

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
p. Death or Disability of franchisee	FA Section 7.3	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-Competition Covenants During the Term of the Franchise	FA Sections 5.6	Subject to state law, you shall not disclose confidential information, divert business or clients, or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	FA Section 6.6	Subject to state law, you will not franchise, license, or offer or sell a business opportunity for a similar business for two (2) years within the entire United States of America. However, if a court determines that the geographic scope of this covenant is not legally enforceable, then the geographic scope is the state(s) in which you have an Office and the state(s) in which you service customers. To clarify, this covenant does not prohibit you from continuing to operate your business (as an owner-operator) or serving as an employee for a competing business after termination or expiration of this Agreement as long as you cease using our Marks, System, Confidential Information, and other intellectual property and comply with other post-termination obligations of the Franchise Agreement.
s. Modification of the Agreement	FA Sections 5.1 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.
t. Integration/Merger Clause	FA Sections 5.1, 5.3.3, & 9.7	Only the terms of the Franchise Agreement and Operations Manual are binding subject to state law. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
u. Dispute Resolution by Arbitration or Mediation	FA Section 9.9	Subject to state law, before taking any other legal action, the parties agree to mediate disputes in Multnomah County, Oregon. The mediation clause does not apply to disputes based on your (1) improper use of the Marks or other intellectual property; (2) violation of restrictive covenants in the Franchise Agreement (e.g. confidentiality, non-disclosure, and non-competition); or (3) monetary and payment obligations.
v. Choice of Forum	FA Section 9.9	Subject to state law, mediation and litigation must be in Multnomah County, Oregon. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.
w. Choice of Law	FA Section 9.9	Oregon law applies except as otherwise provided in the Franchise Agreement and subject to state law. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.

See State Law Addendum for disclosures related to specific states and provinces.

Item 18
Public Figures

No public figure is involved in our franchise program.

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 only be given 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Shea Keats, CEO, BREAKAWAY BA, LLC, 22467 SW Ash St. Sherwood, Oregon 97140, (503) 941-0888, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Fiscal Years Ending December 31, 2021, 2022 and 2023

Column 1 Outlet Type	Column 2 Fiscal Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	8	+8
	2022	8	15	+7
	2023	15	17	+2
Company or Affiliate Owned*	2021	6	4	-2
	2022	4	5	+1
	2023	5	5	0
Total Outlets	**2021**	**6**	**12**	**+6**
	2022	**12**	**20**	**+8**
	2023	**20**	**22**	**+2**

* Owned and operated by our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC, or one or more of our founders (which ownership may be through independent business entities)

Table No. 2
Transfers Of Outlets From Franchisees To New Owners (other than the Franchisor)
For Fiscal Years Ending December 31, 2021, 2022 and 2023

Column 1 State	Column 2 Fiscal Year	Column 3 Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	**2021**	**0**
	2022	**0**
	2023	**0**

Table No. 3
Status Of Franchised Outlets
For Fiscal Years Ending December 31, 2021, 2022 and 2023

Column 1 State	Col. 2 Fiscal Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termin-ations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Idaho	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Kansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maine	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	1	0	0	0	0	1
New York	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	0	8	0	0	0	3	5
	2022	5	2	0	0	0	0	7
	2023	7	2	0	0	0	0	9
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Utah	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	1	1
Totals	**2021**	**0**	**11**	**0**	**0**	**0**	**3**	**8**
	2022	**8**	**9**	**0**	**0**	**0**	**2**	**15**
	2023	**15**	**4**	**0**	**0**	**0**	**2**	**17**

Table No. 4
Status Of Company-Owned Outlets*
For Fiscal Years Ending December 31, 2021, 2022 and 2023

Col. 1 State	Col. 2 Fiscal Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of Year
Oregon	2021	6	0	0	2	0	4
	2022	4	1	0	0	0	5
	2023	5	0	0	0	0	5
All Other States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	**2021**	**6**	**0**	**0**	**2**	**0**	**4**
	2022	**4**	**1**	**0**	**0**	**0**	**5**
	2023	**5**	**0**	**0**	**0**	**0**	**5**

Table No. 5
Projected Openings*
As of December 31, 2023 (Through December 31, 2024)

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1-3	0
Florida	0	2-3	0
Georgia	0	1-2	0
Oregon	0	2-3	0
Texas	0	2-3	0
Utah	0	1-3	0
Washington	0	1-3	0
Total	**0**	**10-20**	**0**

* These are projections of the number of new franchises we expect will open in the next fiscal year. It is, however, only a projection. The actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

Exhibit F includes the following:

- A list of our current franchisee outlets and the addresses and telephone numbers of all of their operations as of December 31, 2023.
- A list of our current company-owned and affiliate-owned outlets and the addresses and telephone numbers of all of their operations as of December 31, 2023.
- A list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed,

or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

No trademark-specific franchisee organizations associated with the franchise system have been created, sponsored, or endorsed by us.

No independent franchisee organizations have asked to be included in this disclosure document.

Item 21
Financial Statements

Attached in Exhibit A are our audited financial statements as of December 31, 2021, December 31, 2022 and December 31, 2023. Our fiscal year-end is December 31. Also attached in Exhibit A are our unaudited financial statements as of July 31, 2024.

Item 22
Contracts

The following agreements are attached to this disclosure document as exhibits:

Agreement Name	**Exhibit**
Standard Franchise Agreement and Attachments	B
Form of General Release Clause	D
State Law Addendum to Disclosure Document and Franchise Agreement	G

Item 23
Receipts

Attached to this disclosure document are two Receipt pages. They are duplicates that evidence your receipt of this disclosure document – the first is to be retained by you, the other by us (Exhibit I).

Exhibit A to Breakaway BA Franchise Disclosure Document

FINANCIAL STATEMENTS

For the unaudited financial statements: THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Breakaway BA

Balance Sheet

As of July 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	$204,485.84
Accounts Receivable	
120 Accounts Receivable	26,364.56
Total Accounts Receivable	**$26,364.56**
Other Current Assets	$2,155.67
Total Current Assets	**$233,006.07**
Other Assets	$0.00
TOTAL ASSETS	**$233,006.07**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	$186,980.16
Credit Cards	$9,835.02
Other Current Liabilities	$16,924.21
Total Current Liabilities	**$213,739.39**
Total Liabilities	**$213,739.39**
Equity	$19,266.68
TOTAL LIABILITIES AND EQUITY	**$233,006.07**

Breakaway BA

Profit and Loss

January - July, 2024

	TOTAL
Income	
400 Sales	-6,499.00
460 Other Revenue	240.67
Services	1,554,000.60
Total Income	**$1,547,742.27**
Cost of Goods Sold	
510 Contract Labor	-3,414.69
521 Transaction Fees	2,625.99
522 Sales Commission	757.50
527 Advisor Commissions	1,242,959.59
550 Software Subscriptions	-523.00
Total Cost of Goods Sold	**$1,242,405.39**
GROSS PROFIT	**$305,336.88**
Expenses	
601 Marketing & Branding	22,865.74
602 Continuing Education	3,716.97
604 Bank Service Charges	359.65
605 Company events	1,105.30
607 Gifts	183.49
610 Software subscriptions HQ	32,099.21
624 Postage & Delivery	108.19
625 Business Meals	4,828.51
629 Income Tax Expense	150.00
632 Insurance	17,250.38
640 Legal Expenses	8,620.82
642 Licenses and Registrations	2,730.00
652 Office Expenses	629.51
656 Printing & Stationery	309.00
660 Rent	226.00
665 Contract admin	52,863.00
669 Guaranteed Payments to Partners	140,000.00
676 Dues & Subscriptions	372.49
684 Travel	7,576.16
685 Interest Expense	4,878.67
699 ASK	0.00
Total Expenses	**$300,873.09**
NET OPERATING INCOME	**$4,463.79**
NET INCOME	**$4,463.79**

4 – Breakaway BA Financial Statements

Financial Statements

BREAKAWAY BA, LLC

DECEMBER 31, 2023
and 2022 (RESTATED)

BREAKAWAY BA, LLC

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Fordham & Co LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Member
Breakaway BA, LLC
Sherwood, OR

Opinion

We have audited the accompanying financial statements of Breakaway BA, LLC, which comprise the balance sheets as of December 31, 2023, and the related statements of operations, members' interest (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Breakaway BA, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Breakaway BA, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Breakaway BA, LLC as of December 31, 2022 were audited by other auditors whose report dated November 27, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Breakaway BA, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Fordham & Co LLP
June 20, 2024

BREAKAWAY BA, LLC

BALANCE SHEETS
As of December 31, 2023 and 2022 (Restated)

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 153,069	$ 101,737
Accounts receivable	29,584	44,350
Related party receivable	-	706
Total current assets	182,653	146,793
Total assets	$ 182,653	$ 146,793
LIABILITIES AND MEMBER'S INTEREST (DEFICIT)		
Current liabilities:		
Accounts payable	$ 134,795	$ 112,022
Related party payable	43,452	27,321
Accrued expenses	-	528
Total liabilities	178,247	139,871
Member's interest (deficit)	4,406	6,922
Total liabilities and member's interest (deficit)	$ 182,653	$ 146,793

See accompanying notes and independent auditor's report.

BREAKAWAY BA, LLC

STATEMENTS OF OPERATIONS
For the years ended December 31, 2023 and 2022 (Restated)

	2023	2022
Operating revenue		
Service fees	$ 2,007,466	$ 1,623,642
Other revenue	7,416	2,678
Total operating revenue	2,014,882	1,626,320
Operating revenue		
Advisor commissions	1,612,369	1,237,658
Guaranteed payments	221,000	99,500
Contract costs	46,594	88,131
Software costs	37,319	53,884
General and administrative	56,264	51,269
Consulting expenses	22,191	51,366
Professional fees	16,653	17,057
Advertising expenses	-	750
Total operating expenses	2,012,390	1,599,615
OTHER EARNINGS (EXPENSES)		
Interest expense	(5,008)	(824)
Net income (loss)	$ (2,516)	$ 25,881

See accompanying notes and independent auditor's report.

BREAKAWAY BA, LLC

STATEMENTS OF MEMBER'S INTEREST (DEFICIT)
For the years ended December 31, 2023 and 2022 (Restated)

Balance at January 1, 2022, as restated	$	(18,959)
Net income		25,881
Balance at December 31, 2022, as restated		6,922
Net income		(2,516)
Balance at December 31, 2023	$	4,406

See accompanying notes and independent auditor's report.

BREAKAWAY BA, LLC

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022 (Restated)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (2,516)	$ 25,881
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	14,766	(35,339)
Related party receivable	706	53,810
Accounts payable	22,773	109,984
Related party payable	16,131	5,173
Accrued expenses	(528)	(57,772)
Net cash provided by operating activites	51,332	101,737
NET CHANGE IN CASH AND CASH EQUIVALENTS	51,332	101,737
CASH AND CASH EQUIVALENTS, beginning of year	101,737	-
CASH AND CASH EQUIVALENTS, end of year	$ 153,069	$ 101,737
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 5,008	$ 824
Cash paid for taxes	$ -	$ -

See accompanying notes and independent auditor's report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business:

Breakaway BA, LLC (the "Company") was formed on October 6, 2020 in the state of Oregon as a limited liability company for the principal purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a Breakaway BA franchise offering accounting, bookkeeping, and business consulting services.

As of December 31, 2023 and 2022, there were 18 and 20 franchises, respectively. Related party franchises consisted of four each at the end of each year.

The Company uses the accrual basis of accounting in accordance with generally accepted accounting principles, and their accounting period is the 12-month period ending December 31 of each year.

Use of estimates

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

Cash and cash equivalents:

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

Revenue recognition:

The Company's revenues consist of service fees collected from franchisee's clients, which are then remitted to franchisees after deduction of all costs and fees due to the Company under the franchise agreement. The fees due to the Company consist of desk fees, as a form of royalty fees, and technology fees.

Upon commencement of operations, the Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes ongoing desk fees, technology fees, and the Company's performance obligations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued):

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of desk fees, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees, if any are imposed.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, if any are imposed, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

As of December 31, 2023, the Company has not charged any initial franchise fees.

Accounts receivable relating to revenue from contracts with customers at December 31, 2023, 2022 and 2021 was $29,584, $44,350, and $9,011, respectively.

Accounts receivable:

Accounts receivable represent amounts due from franchisees under the terms of the franchise agreements. Bad debts are estimated on the allowance method in conformity with generally accepted accounting principles. In reviewing aged receivables, management considers their knowledge of the franchisees, historical losses and current economic conditions in establishing the allowance for doubtful accounts. At December 31, 2023 and 2022, the Company considered accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes:

The Company is structured as a limited liability company under the laws of the state of Oregon. The Company is a wholly owned subsidiary of Breakaway Bookkeeping and Advising LLC which files a consolidated tax return. Accordingly, the income or loss of the Company is included in the income tax returns of the members of the parent Company. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are generally subject to examination by taxing authorities for a period of three years from the date they are filed.

Recently issued accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of December 31, 2023 and 2022.

Financial instruments:

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

Concentration of risk:

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

Advertising costs:

The Company's policy is to expense advertising costs when incurred. Advertising expense for the years ended December 31, 2023 and 2022 was $0 and $750, as restated, respectively.

NOTE 2: RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, certain operating expenses of the Company were paid for by the Company's parent. The balance due to the parent for the operating expenses as of December 31, 2023 and 2022 was $43,452 and $27,321, as restated, respectively. This amount is due on demand, bears no interest, and has no repayment terms.

During the years ended December 31, 2023 and 2022, the Company has not incurred rent or other typical operating expenses. An affiliate through common ownership provides office space, telephone services, and labor at no charge. The Company is not expected to reimburse these costs. Were these expenses to be charged, the Company's net income and equity would decrease for each year presented.

NOTE 3: FRANCHISE AGREEMENTS

The Company's franchise agreements generally do not require payment of initial franchise fees upon signing of the agreement. As a form of continuing royalty fees, the Company charges franchisees a desk fee, which is a percentage of the franchisee's gross revenue. Under the franchise agreement, franchisees are granted the right to operate a location using the Breakaway BA, LLC system for a period of ten years. Under the Company's revenue recognition policy, franchise fees, if any are imposed, and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not met the criteria for revenue recognition as of year- end, the Company defers both the revenues and commissions.

NOTE 4: COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5: PRIOR YEAR ADJUSTMENTS AND RESTATEMENT

Member's interest (deficit) at January 1, 2022 has been adjusted to record a related party payable that was originally recorded as member's interest in error. The correction has no effect on the 2023 operating results; however, the cumulative effect of the prior period adjustment increased January 1, 2022 member's (deficit) by $10,397, from $8,562 to $18,959, and decreased December 31, 2022 member's interest by the same amount from $17,319 to $6,922. Related party payable for the year ended December 31, 2022 was increased by $10,397, from $16,924 to $27,321.

NOTE 6: SUBSEQUENT EVENTS

Management has reviewed and evaluated subsequent events through June 20, 2024 the date on which the financial statements were issued.

BREAKAWAY BA, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021 (RESTATED)

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

BREAKAWAY BA, LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
Breakaway BA, LLC
Sherwood, OR

Opinion

We have audited the accompanying financial statements of Breakaway BA, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' interest (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breakaway BA, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the year ended December 31, 2022, management determined that certain revenues and expenses earned and incurred by the Company but collected by a related party during the year ended December 31, 2021 had not been recorded by the Company. Accordingly, the December 31, 2021 financial statements have been restated to correct these errors. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

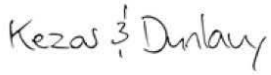
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.



St. George, Utah
November 27, 2023

BREAKAWAY BA, LLC
BALANCE SHEETS
As of December 31, 2022 and 2021 (Restated)

	2022	2021 (Restated)*
Assets		
Current assets:		
Cash and cash equivalents	$ 101,737	$ -
Accounts receivable	44,350	9,011
Related party receivable	706	54,516
Total current assets	146,793	63,527
Total assets	$ 146,793	$ 63,527
Liabilities and Member's Interest (Deficit)		
Current liabilities:		
Accounts payable	$ 112,022	$ 2,038
Related party payable	16,924	11,751
Accrued expenses	528	58,300
Total liabilities	129,474	72,089
Member's interest (deficit)	17,319	(8,562)
Total liabilities and member's interest (deficit)	$ 146,793	$ 63,527

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

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made. Refer to Note 6.

BREAKAWAY BA, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2022 and 2021 (Restated)

	2022	2021 (Restated)*
Operating revenue		
Service fees	$ 1,623,642	$ 883,609
Other revenue	2,678	3,239
Total operating revenue	1,626,320	886,848
Operating expenses		
Advisor commissions	1,237,658	639,700
Guaranteed payments	99,500	-
Contract costs	88,131	81,853
Software costs	53,884	48,085
General and administrative	52,093	40,403
Consulting expenses	51,366	60,984
Professional fees	17,057	19,989
Advertising expenses	750	4,396
Total operating expenses	1,600,439	895,410
Net income (loss)	$ 25,881	$ (8,562)

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

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made. Refer to Note 6.

BREAKAWAY BA, LLC

STATEMENTS OF MEMBER'S INTEREST (DEFICIT)

For the years ended December 31, 2022 and 2021 (Restated)

Balance at January 1, 2021	$	-
Net loss, restated*		(8,562)
Balance at December 31, 2021		(8,562)
Net income		25,881
Balance at December 31, 2022	$	17,319

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

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made. Refer to Note 6.

BREAKAWAY BA, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021 (Restated)

	2022	2021 (Restated)*
Cash flow from operating activities:		
Net income (loss)	$ 25,881	$ (8,562)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(35,339)	(9,011)
Related party receivable	53,810	(54,516)
Accounts payable	109,984	2,038
Related party payable	5,173	11,751
Accrued expenses	(57,772)	58,300
Net cash provided by operating activities	101,737	-
Net change in cash and cash equivalents	101,737	-
Cash at the beginning of the period	-	-
Cash at the end of the period	$ 101,737	$ -
Supplementary disclosures of cash flows		
Cash paid for interest	$ -	$ -

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

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made. Refer to Note 6.

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Breakaway BA, LLC (the "Company") was formed on October 6, 2020 in the state of Oregon as a limited liability company for the principal purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a Breakaway BA franchise offering accounting, bookkeeping, and business consulting services.

The company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022 and 2021, the Company had cash and cash equivalents of $101,737 and $0, respectively.

(e) Revenue Recognition

The Company's revenues consist of service fees collected from franchisee's clients, which are then remitted to franchisees after deduction of all costs and fees due to the Company under the franchise agreement. The fees due to the Company consist of desk fees, as a form of royalty fee, and technology fees.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers.* ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes ongoing desk fees, technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of desk fees, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees, if any are imposed.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, if any are imposed, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

As of December 31, 2022, the Company has not charged any initial franchise fees.

(f) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Oregon. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021 and 2020 tax years were subject to examination.

(g) Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of December 31, 2022 and 2021.

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(j) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expense for the years ended December 31, 2022 and 2021 was $750 and $4,396, as restated, respectively.

(2) Accrued Expenses

Accrued expenses primarily consist of legal fees related to franchise operations as of December 31, 2022 and advisor commissions earned but not yet billed as of December 31, 2021. As of December 31, 2022 and 2021, the balance in accrued expenses was $528 and $58,300, as restated, respectively.

(3) Related Party Transactions

During the years ended December 31, 2022 and 2021, a related party of the Company collected revenues due to the Company on their behalf. These revenues are recorded as a related party receivable. As of December 31, 2022 and 2021, the balance of the related party receivable was $706 and $54,516, as restated, respectively. This amount is due on demand, bears no interest, and has no repayment terms.

During the years ended December 31, 2022 and 2021, the operating expenses of the Company were paid for by a related party. The Company has recorded a payable to the related party for the operating expenses. As of December 31, 2022 and 2021, the balance of the related party payable was $16,924 and $11,751, as restated, respectively. This amount is due on demand, bears no interest, and has no repayment terms.

During the years ended December 31, 2022 and 2021, the Company has not incurred rent or other typical operating expenses. An affiliate through common ownership provides office space, telephone services, and labor at no charge. The Company is not expected to reimburse these costs. Were these expenses to be charged, the Company's net income and equity would decrease for each year presented.

(4) Franchise Agreements

The Company's franchise agreements generally do not require payment of initial franchise fees upon signing of the agreement. As a form of continuing royalty fees, the Company charges franchisees a desk fee, which is a percentage of the franchisee's gross revenue. Under the franchise agreement, franchisees are granted the right to operate a location using the Breakaway BA system for a period of ten years. Under the Company's revenue recognition policy, franchise fees, if any are imposed, and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not met the criteria for revenue recognition as of year-end, the Company defers both the revenues and commissions. The Company has no contract assets or liabilities as of December 31, 2022 and 2021.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss

contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Restatement of Prior Period Financials

The Company has restated its December 31, 2021 financial statements to correct an error. During the year ended December 31, 2021, significantly all of the Company's revenue and expenses were transacted via a related party Company's bank account. Subsequent to that year end, management has determined that not all activity related to the Company had been recorded in the Company's financial statements. Accordingly, the financial statements for the year ended December 31, 2021 have been restated to reflect the correction of these errors. The effect of the restatement is as follows:

BALANCE SHEET

	As of December 31, 2021		
	As Restated	As Previously Reported	Restatement
Assets			
Current assets:			
Cash and cash equivalents	$ -	$ -	$ -
Accounts receivable	9,011	-	9,011
Related party receivable	54,516	248,601	(194,085)
Total current assets	63,527	248,601	(185,074)
Total assets	$ 63,527	$ 248,601	$ (185,074)
Liabilities and Member's Interest (Deficit)			
Current liabilities:			
Accounts payable	$ 2,038	$ -	$ 2,038
Related party payable	11,751	22,446	(10,695)
Accrued expenses	58,300	-	58,300
Total liabilities	72,089	22,446	49,643
Member's interest (deficit)	(8,562)	226,155	(234,717)
Total liabilities and member's interest (deficit)	$ 63,527	$ 248,601	$ (185,074)

(6) Restatement of Prior Period Financials (continued)

STATEMENT OF OPERATIONS

	Year Ended December 31, 2021		
		As Previously	
	As Restated	Reported	Restatement
Operating revenue			
Service fees	$ 883,609	$ -	$ 883,609
Other revenue	3,239	-	3,239
Management fee income	-	248,601	(248,601)
Total operating revenue	886,848	248,601	638,247
Operating expenses			
Advisor commissions	639,700	-	639,700
Contract costs	81,853	-	81,853
Software costs	48,085	-	48,085
General and administrative	40,403	12,533	27,870
Consulting expenses	60,984	-	60,984
Professional fees	19,989	9,913	10,076
Advertising expenses	4,396	-	4,396
Total operating expenses	895,410	22,446	872,964
Net income (loss)	$ (8,562)	$ 226,155	$ (234,717)

STATEMENT OF MEMBER'S INTEREST (DEFICIT)

	Year Ended December 31, 2021		
		As Previously	
	As Restated	Reported	Restatement
Balance at January 1, 2021	$ -	$ -	$ -
Net income (loss)	(8,562)	226,155	(234,717)
Balance at December 31, 2021	(8,562)	226,155	(234,717)

(6) Restatement of Prior Period Financials (continued)

STATEMENT OF CASH FLOWS

	Year Ended December 31, 2021		
	As Restated	As Previously Reported	Restatement
Cash flow from operating activities:			
Net income (loss)	$ (8,562)	$ 226,155	$ (234,717)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	(9,011)	-	(9,011)
Related party receivable	(54,516)	(248,601)	194,085
Accounts payable	2,038	-	2,038
Related party payable	11,751	22,446	(10,695)
Accrued expenses	58,300	-	58,300
Net cash provided by operating activities	-	-	-
Net change in cash and cash equivalents	-	-	-
Cash at the beginning of the period	-	-	-
Cash at the end of the period	$ -	$ -	$ -
Supplementary disclosures of cash flows			
Cash paid for interest	$ -	$ -	$ -

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through November 27, 2023, the date on which the financial statements were issued.

Exhibit B to Breakaway BA Disclosure Document

FRANCHISE AGREEMENT

BREAKAWAY BA, LLC
22467 SW Ash St.
Sherwood, Oregon 97140

(503) 941-0888

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FRANCHISE AGREEMENT

This Franchise Agreement (this "**Agreement**") has been entered into effective _____ (the "**Effective Date**"). It is by and between BREAKAWAY BA, LLC, an Oregon limited liability company, ("**Franchisor**" and "**we/us**") and _____ _____ (jointly and severally "**Franchisee**" and "**you**").

RECITALS

We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to, BREAKAWAY BA and related logos (the "**Marks**"). We own valuable goodwill and have valuable expertise, Confidential Information (defined below), methods, procedures, techniques, uniform standards, operations manuals, guidelines, systems, and materials (the "**System**"). These are connected with the establishment and operation of businesses that offer accounting, bookkeeping, business consulting, and related services to businesses and individuals under the Marks.

AGREEMENT

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant of Franchise**. We grant to you, and you accept from us, the right to use the Marks and the System for ten (10) years from the date of this Agreement (the "**Franchise**"). This grant is solely for the operation by you of one Breakaway BA Franchise at an authorized location (the "**Office**"). The Office address will be designated in Exhibit 1.

1.1.1 No Exclusive Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Also, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

1.1.2 Marketing Area. Except as otherwise provided in this Agreement, you may market to, and provide authorized products or services to, clients anywhere within the United States of America. We reserve the right to impose restrictions and/or prohibitions with respect to you marketing and providing products and services in specified states if we determine that such restrictions or prohibitions are necessary to comply with state franchise laws and related laws and regulations. You may not solicit or accept orders using distribution methods or channels other than those specifically permitted in this Agreement and our Operations Manuals without our prior written approval.

1.1.3 Office Location.

A. You will operate the Franchise only at the Office you select, which may be a home office and which is subject to our prior approval (which we will not unreasonably withhold). It is solely your responsibility to investigate and comply with all applicable zoning, licensing, leasing and other requirements for any proposed Office site. The location for the Office must comply with minimum standards outlined in our Operations Manual. We will have no liability with respect to your selection or our

approval of a location or any lease for the Office.

B. If not determined when this Agreement is executed, you are responsible for selecting the site for the single, initial Office within the "**Search Area**" described in Exhibit 1 and in accordance with this Agreement.

C. You shall not establish or operate any other Breakaway BA office without our prior written approval and without executing the New Office Addendum (attached as Exhibit 2).

1.2 **Relocation of the Office**. You may relocate the Office within your State without our prior written approval. Our approval will be required if you wish to relocate outside of your State to ensure the new location is legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws. Any relocation will be at your sole expense.

1.3 **Rights We Reserve**. We retain all rights not specifically granted to you under this Agreement. Except as otherwise provided in this Agreement, we retain the right, in our sole discretion and without granting any right to you:

A. to use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products to anyone, anywhere, and for any purpose.

B. to sell products or services anywhere, including in close proximity to your Office, through any channels of distribution under the Marks or any other marks.

C. The internet is a channel of distribution reserved exclusively to us, and you may not independently market on the internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

D. to locate Breakaway BA company-owned and franchised locations anywhere regardless of proximity to your Office.

E. to solicit and service (and to grant to others the right to solicit and service) clients anywhere on such terms and conditions as we deem appropriate.

We will have no obligation to compensate you for any such sales.

1.4 **Pricing**. We reserve the right to establish price ceilings or minimum or maximum allowable prices on the products and/or services you offer and sell, to the extent permitted by applicable law.

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS

2.1 **No Initial Franchise Fee**. There is no Initial Franchise Fee.

2.2 **Collection of Client Payments**. Notwithstanding any contrary provision contained in this Agreement, we will collect payments directly from your clients and remit funds to you after deducting all costs and fees payable by you to us under this Agreement. We will remit payment to you by the 15th day of each month based on payments for the prior month (or at such other times as we may reasonably designate in our Operations Manual). We reserve the right to pass on to you the merchant processing costs and fees associated with processing your clients' payments.

2.3 **Monthly Desk Fee**. You will pay to us 25% of your monthly Gross Revenue on the first $100,000 of Gross Revenue during a calendar year, and 20% of your monthly Gross Revenue beyond $100,000 of Gross Revenue during a calendar year. This fee is referred to herein as the "**Desk Fee**." The timing and method of payment for the Desk Fee shall be as described in Section 2.2 above. Periodic coaching, assistance, and support is included in the Desk Fee as we will determine at our discretion.

2.4 **Monthly Technology Fee**. We reserve the right to charge a reasonable fee for your use of proprietary software (if applicable), other software we provide, and other technology as a "**Technology Fee**." The timing and method of payment for the Desk Fee shall be as described in Section 2.2 above.

2.5 **Advertising Standards**.

2.5.1 Approval of Your Local Advertising. You will submit to us all marketing, advertising and promotional materials and content before you use them in your local advertising program. You will not use any marketing, advertising or promotional materials or content until we approve it.

2.5.2 Our Website. We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and materials we request to develop, update, maintain and modify the listing. Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to the website, including your clients, franchisees or prospective franchisees regardless of whether they were referred to you via the website or were otherwise in contact with you. We retain the right to approve any linking or other use of our website.

2.5.3 Your Online Activities.

A. You will not have the right to create an independent website that includes our Marks or promotes your franchise.

B. Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise.

C. Any domain name, site, address, account, and other online platform or presence you create or use in connection with your franchise will be at your expense, but we will be deemed to own the rights to them. Upon termination or expiration of this Agreement for any reason, at our discretion, you must take all action, and sign all documents, necessary to transfer all ownership rights and control of all such domain names, sites, addresses, accounts, and other online presence to us.

D. At your sole expense, you will maintain and update as needed all computer systems and services necessary to access the internet and any intranet or similar communication system we establish in the manner we require. You are required to have high-speed internet service to your Office where you will be able to access downloads from us of operations manual revisions, training materials, and other communications.

2.5.4 Our Advertising. While we anticipate promoting our brand through marketing and advertising, we are not contractually obligated to spend any minimum amount or to conduct any specific type of advertising, marketing, or promotion. We will have sole discretion over the creative ideas, materials, endorsements, media, placement, and allocation of monies in this regard. We may place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

2.5.5 Marketing Meetings. We may provide, and may require you to participate in, marketing calls or remote meetings held at such frequencies as we may designate (e.g. weekly). We do not charge additional fees for such meetings.

2.6 **"Gross Revenue" Defined**. In this Agreement, "**Gross Revenue**" means all receipts generated by the Franchise from any source, including sales, exchanges, services, any other type of remuneration, gift, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds, and sales taxes. It also includes such revenue derived from any additional office(s) from which you operate your Franchise. Credit transactions will be included in Gross Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive will be included in Gross Revenue.

2.7 **You Will Pay Taxes and Indebtedness**. You will pay all when due all taxes, encumbrances, and other debts, regardless of their nature, assessed against you, the Office, or your property.

2.8 **Records and Reports**. You will keep a complete and accurate set of books and records of the operation of the franchised business, produce monthly financial statements in accordance with generally accepted accounting principles for each calendar month, and furnish copies of these statements to us within ten (10) days of our request.

2.9 **Audits**. We may audit your reports, books, statements, business records, cash control devices, and tax returns. We will provide copies of the same to us promptly upon our request. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. You will immediately pay all unpaid Desk Fees and all other fees and late payment charges (at the lower of 18% per annum or the highest rate permitted by applicable law) that the audit determines are owed (which we may deduct from payments we collect from your clients).

2.10 **You are to Pay all Franchise Costs**. All the costs of the franchised business, including opening and operating costs, will be your sole obligation. We will have no other costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them.

2.11 **Application of Payments**. We have the right, in our sole discretion, to apply any payment from you (or collected by us directly from your clients) to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

3 TRAINING

3.1 **Mandatory Initial Training**. We will provide an initial training course for you (or your owners if you are an entity) , which consists of mandatory and optional online and at-home training. You must complete the mandatory portions of the initial training program before opening for business. Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and our training personnel's availability. You must complete this mandatory training program to our reasonable satisfaction or we may terminate this Agreement. Training and training materials may be delivered in the formats or media we choose (which may include digital and online media). You will participate in and pay for the costs of training, including costs of computer equipment and internet services needed to participate. At all times, your franchised business must be operated and supervised by an individual who has completed our mandatory initial training program.

3.2 **Additional Training**.

3.2.1 Requested By You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations (subject to our availability). Such training will be held remotely, or at our headquarters or at other agreed upon locations. The timing and duration for this training is negotiable and depends upon your needs and our availability. All expenses of this training will be borne by you, including your transportation, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. You will not receive any compensation for services rendered by the trainee during this or any other training.

3.2.2 Required or Offered by Us. We may provide refresher training programs or seminars and may require that you complete them to our satisfaction. These programs and seminars will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). There is no training fee, but if you choose to attend in-person, then you will be responsible for your transportation, meals and lodging, and wages for your employees (as applicable).

3.3.3 Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you fail to meet our standards and specifications in the opening or operation of your franchise as we determine at our discretion. This training will be held remotely (and you may have the option, but not the obligation, to attend live in-person at locations we designate). We will charge a reasonable training fee at our then-current rates. If you choose to attend in-person, then you will be responsible for your transportation, meals and lodging, and wages for your employees (as applicable).

3.3.4 Coaching During First Year of Operations. We will provide ongoing formal coaching on various aspects of business operations during the first year of your operations (for your first office only). There is no additional fee for such coaching. Such coaching is provided remotely and held at such frequencies as we may designated (e.g. weekly).

3.3.5 Who Will Provide Training and Coaching. We may provide training and coaching through our staff and/or one or more designees or third-party service providers, which may include, for example, qualified franchisees, master franchisees, and/or representatives of our approved suppliers.

4 COMMENCEMENT OF OPERATIONS

You must commence full and continuous operation of the franchised business within twelve (12) months of the Effective Date. Before commencing operations, you must complete to our exclusive satisfaction the mandatory training program described above and procure all necessary licenses and permits (as applicable). If you do not open by the opening deadline, then we may terminate this Agreement.

5 STANDARDS OF OPERATION

5.1 **Operations Manual**.

5.1.1 Operations Manual. We agree to lend to you a copy of the Operations Manual (the "**Operations Manual**"). In general, the Operations Manual is intended to establish standards and recommendations for outcomes to protect our systems and brand while giving you the flexibility, as an independent contractor franchisee, to determine the means to accomplish such outcomes. You are responsible for the day-to-day

operation of your Franchise. The Operations Manual describes the System, which is defined in the Recitals at the beginning of this Agreement.

5.1.2 Formats of Operations Manual. The Operations Manual includes materials in whatever form (including digital) we provide to you that describe any elements of the System. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. You will strictly adhere to the requirements of the Operations Manual as we amend it periodically.

5.1.3 Confidentiality of Operations Manual. The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason.

5.1.4 Forms and Templates and Your Compliance with Laws. To the extent we provide you forms and templates for you to use in the operation of your franchised business , such forms and templates are provided as samples only. It is solely your responsibility to ensure that all forms, templates, handbooks, documents and agreements you use in the operation of your Franchise are appropriate for their intended purposes and comply with all applicable laws. The indemnities described in Section 8.1 shall include Claims related to or arising from your use of such forms or templates.

5.2 **Standards to Be Maintained**. You will follow the System and maintain standards of product and service that we prescribe. You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. You will only use signs, equipment, materials, products, and services that conform to our specifications to conduct the franchised business. We may take action necessary or desirable to verify your compliance with the terms of this Agreement. To do so, we may:

A. Inspect the franchised business;

B. Observe your operation of the franchised business for any consecutive or intermittent periods we deem necessary;

C. Interview your personnel, clients, and vendors; and

D. Inspect and copy any books, records and documents related to the operation of the franchised business and any other information we may require related to the franchised business.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. Despite the foregoing, our reviews and inspections of your operations do not replace your duty to supervise your own business operations and workers.

You will comply with all applicable laws and regulations in the operation of your franchised business. .

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the franchised business.

You will comply with the following additional standards:

X. You will not offer, sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

Y. You, at your expense, will maintain the Franchise and equipment and furnishings (if a commercial Office that allows for client visits) in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual.

Z. You will keep your Franchise open for business every week of the year, except as we designate or approve in writing.

5.3 **Our Intellectual Property**.

5.3.1 You agree that the Marks, Operations Manual, System, and other intellectual property are our sole and exclusive property. You will not contest, directly or indirectly, our ownership in the Marks, the Operations Manual, other intellectual property, or the System. Except for the License granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Marks, Operations Manual, or System. Your license to use the Marks is non-exclusive.

5.3.2 You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks (or any of our other intellectual property), including any claims of infringement or unfair competition. We will reimburse you for all damages for which you are held liable in any proceeding in which your use of any of the Marks in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition, or dilution, and for all costs you reasonably incur in the defense of any claim brought against you or in any such proceeding in which you are named as a party, if you timely notify us of the claim or proceeding and otherwise comply with the Franchise Agreement and give us the right to defend the claim. If we defend the claim, then we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney you retain. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks, other intellectual property, or the System, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

5.3.3 You will modify or discontinue use of any franchise names or Marks (or other intellectual property), or will use one or more substitute names or marks (or other intellectual property), if we so direct in writing at any time at your sole expense. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks (or other intellectual property) will apply with equal force to any modified or substituted names or marks (or other intellectual property).

5.3.4 You will not advertise or use the Marks without following our then-current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

5.3.5 Any and all goodwill associated with the Marks (or our other intellectual property), including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Marks.

5.3.6 We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks or our other intellectual property.

5.3.7 All the improvements, inventions and developments you make, develop or create for use in the System will be our sole and exclusive property.

5.4 **Your Use of Our Marks**. You and your owners, officers, and agents will not form or participate

in the formation of any entity having a name containing the words of the Marks. The Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 **Confidential Information**.

5.5.1 You specifically acknowledge that we will provide to you valuable information regarding our System for the operation of your Franchise, which may include information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, client lists, manuals, communications methods, accounting and reporting methods, use of proprietary software (if applicable), marketing and sales techniques and strategies ("**Confidential Information**"). Any and all information, knowledge and know how, not generally known about the System will be deemed Confidential Information.

5.5.2 Unless the Franchisor otherwise agrees in writing, during the term of this Agreement and forever after its expiration, transfer or termination, you will not use or disclose any Confidential Information except as required for the establishment and operation of your Franchise as authorized by us.

5.5.3 Confidential Information loses that status if: (1) You can demonstrate that such information has become generally known or easily accessible other than by your breach of this Agreement; or (2) You are legally compelled to disclose such information in judicial or administrative proceedings, provided you have notified the Franchisor prior to disclosure and shall have used your best efforts to obtain and shall have afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5.5.4 You acknowledge and agree that our Confidential Information are and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to our Confidential Information. Our Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

5.5.5 You agree to hold our Confidential Information in the strictest confidence. You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the Confidential Information.

5.5.6 You will not reverse engineer, decompile or disassemble any items embodying the System, our Confidential Information, our proprietary software (if any), or any of our other intellectual property, or permit or induce the foregoing. Without limiting the generality of the foregoing, Franchisee will not attempt to decode or decrypt, or derive the source code, techniques, processes, algorithms, know-how or other information from the proprietary software (if any).

5.5.7 The Operations Manual may contain guidelines to protect Confidential Information and trade secrets, including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information.

5.5.8 You shall require all of your employees and independent contractors - who may obtain or who are likely to obtain knowledge concerning our Confidential Information and who do not directly sign this

Agreement - to sign confidentiality and non-disclosure agreements with provisions similar to those provided in this Agreement. We may provide a sample form of agreement for your use, but it is solely your responsibility to ensure that such agreement complies with applicable law in your jurisdiction. We must be described as a third-party beneficiary on such agreements so that we may enforce such agreements (unless we specify otherwise).

5.5.9 If you become aware of any actual or threatened unauthorized use or disclosure of our Confidential Information, then you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any such unauthorized use or disclosure.

5.5.10 We may disclose financial performance information regarding your Franchise operations in our disclosure documents and elsewhere at our discretion. You hereby consent to the disclosure of such information. You agree to provide such information to us promptly upon request.

5.6 **In-Term Non-Competition Covenant**.

5.6.1 In express consideration for and during the term of this Agreement, neither you nor your owners, directors, officers, successors, agents, or representatives will directly or indirectly (such as through another individual or entity or otherwise) participate as an owner, director, officer, employee, consultant, franchisor, licensor, franchisee, licensee, distributor, advisor or agent, or serve in any other capacity in any business that offers accounting, bookkeeping, and/or business consulting services, or any business that offers (as its primary business) products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. We may waive this covenant only in writing.

5.6.2 You will assure that you and your owners, directors, officers, successors, agents, and representatives, during the term of this Agreement do not divert or directly or indirectly attempt to divert any of our business or any of our clients to any competing establishment.

5.6.3 The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded; provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than 5% of the outstanding securities of the corporation.

5.6.4 Additional exceptions, if any, to the covenants of this Section 5.7 are described in the In-Term Non-Competition Covenant Addendum attached as Exhibit 3 to this Agreement.

5.7 **Participation in the Actual Operation of the Business**.

5.7.1 You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your franchised business. You will not engage in any activity or business enterprise that conflicts with these obligations.

5.7.2 You will not be required to participate directly in the day-to-day operation of the Franchise, but it must be under your general supervision as it is ultimately your responsibility to comply with this Agreement. You may designate a manager to assume responsibility for day-to-day operations.

5.8 **Computer Systems**.

5.8.1 You must purchase computer hardware and software (collectively "**Computer Systems**") consistent with the operational needs of your and as may be required in our Operations Manual. Computer Systems must comply with our security protocols (for virus protection, etc.), be dedicated to business, be up-to-date, and meet our other minimum standards and specifications. Our required software stack is currently included in the Desk Fee. We reserve the right to charge a Technology Fee (see Section 2.4 entitled "Monthly Technology Fee") for proprietary software (if applicable), other software, and other technology. You may purchase additional software not included in our software stack at your own expense. You must comply with any separate software or other Franchise Agreement that we or our designee uses in connection with providing services to you.

5.8.2 You are required to have high-speed internet service where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials and corporate news (as applicable).

5.8.3 We will have full ability to access your data, Computer Systems and related information by means of direct access whether in person or by electronic means.

5.8.4 We may require reasonable changes, replacements, or additions to the Computer Systems. If we require any such changes, replacements, or additions, you must comply with such requirements within a reasonable period at your sole expense.

5.8.5 You acknowledge your understanding that Computer Systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to such issues, and it is your responsibility to protect your business from such issues. You should also take reasonable steps to verify that others with whom you communicate and do business have reasonable protection from such issues. This may include taking reasonable steps to secure your Computer Systems (including firewalls, password protection, and anti-virus systems) and to maintain backup systems.

5.9 **Notice of Court Action**. You will notify us in writing within five (5) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or government instrumentality that may adversely affect your operation of or the financial condition of the Franchise.

5.10 **Products and Suppliers**.

5.10.1 You must purchase all goods and services needed for the operation of your Franchise either from us, our affiliates, one or more exclusively designated suppliers, our approved suppliers, or subject to our standards and specifications, as we will designate. You must purchase items that bear the Marks from us or designated suppliers. We may private label proprietary items and supplies. We retain the right to make a reasonable profit on any items, supplies and materials you buy from us or our affiliates. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you.

5.10.2 You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, at our discretion, disapprove in writing at any time. You will use commercially reasonable efforts and good faith to promote and sell the

products and services.

5.10.3 EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND SERVICES WE OR OUR AFFILIATES PROVIDE. ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR SERVICES EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE, FRANCHISE FEE, OR SUBSCRIPTION FEE PAID BY YOU FOR THE PRODUCTS OR SERVICES. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CLIENTS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR SERVICES FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.

5.10.4 Except for items and services that we require you to purchase from us, our affiliates, or our exclusively designated suppliers, with advance written notice, you may request our approval to obtain items and services from sources that we have not previously approved. We may require you to give us sufficient information to allow us to determine whether the items or services from these other sources meet our specifications and standards.

5.10.5 You expressly agree to promptly pay all invoices to your suppliers and vendors on time.

5.10.6 We may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts.

5.10.7 If you purchase items or services from us or our affiliates, then you must make payment when you place your order. Any items or services goods sold, licensed, or leased by or through us or our affiliates to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods.

5.11 **Non-Disparagement**. Subject to applicable law, each of the parties to this Agreement covenants and agrees that it (and its respective owners, directors, officers, successors, agents, and representatives), during the term of this Agreement and thereafter, shall not (1) do or perform, directly or indirectly, any act injurious or prejudicial to the other party's goodwill (including Franchisor's goodwill associated with the Marks and System); or (2) disparage or defame the other party in any manner (orally, in writing, or otherwise).

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT

6.1 Renewal of Franchise.

6.1.1 Renewal Franchise Agreement. If you are not in breach, you may renew the Franchise for periods of ten (10) years under the terms of our then-current Franchise Agreement forms. These forms may vary materially from this Agreement. Desk Fees and other fees will be set at the then prevailing rates and terms.

Your failure or refusal to execute the renewal Franchise Agreement forms within 30 days after delivery to you may be regarded as an election by you not to renew. There is no renewal fee. We will not be required to renew your Franchise after the first renewal term if we are no longer actively offering Franchises.

6.1.2 Additional Conditions for Renewal. To renew, you must comply with the following additional conditions:

A. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.

B. You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

C. Before renewal, you (and your designated manager, if applicable) will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including transportation, meals, lodging, and our then-current training fee.

D. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

6.1.3 Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days' written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 **Your Early Termination Right**. Notwithstanding any contrary provision in this Agreement, you shall have the right to terminate this Agreement at any time, for any reason or no reason, effective after 30 days' advance written notice to us. Upon such early termination, you will cease using our Marks, System, Confidential Information, and other intellectual property and comply with other post-termination obligations of this Agreement. You will be responsible for past due fees and other financial obligations, but will not be liable for fees and other financial obligations that would have accrued thereafter were it not for the early termination.

6.3 **Termination by Us**.

6.3.1 Default with Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination of this Agreement** and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within 30 days after receipt of our written notice to cure. Termination will occur immediately upon delivery to you of our written notice of termination for failure to cure within the allowed time frame.

6.3.2 Termination Without Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for us to immediately terminate this Agreement** and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure,

if you (or your owners, officers, or key employees):

A. Become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the Franchise or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:

(1) timely undertake to reaffirm the obligations under this Agreement;

(2) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and

(3) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code;

provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchised business, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

B. Fail to pass the initial training program. (See Section 3.1 above).

C. Fail to open the franchised business by the Opening Deadline. (See Section 4.1 above).

D. Receive three or more notices to cure defaults during any consecutive 12-month period whether or not you cured such defaults.

E. On three or more occasions fail to report monthly Gross Revenue on time, understate monthly Gross Revenue by more than 2%, or distort other material information.

F. Falsify data in reports or intentionally understate Revenue or other information reported to the Franchisor.

G. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire Initial Franchise Fee, cancel training and terminate this Agreement.

H. Allow the Franchise, Office or franchised business assets to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for 30 days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within five days of the levy.

I. Are convicted of or plead guilty or no contest to a felony, or any other crime that is reasonably likely to adversely affect the System, the Franchise, or the goodwill associated with the Marks (as we determine at our sole discretion).

J. Within a period of 10 days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.

K. Fail to cooperate with our (or our affiliate's) ability to collect and process payments directly from your clients.

L. Collect or attempt to collect payments directly from your clients without our prior formal written consent.

M. Fail to pay any Initial Franchise Fee, Desk Fee, or any other fees or amounts owed pursuant to this Agreement within five (5) days after receipt of written notice that the fees or amounts are overdue.

N. Operate the Franchise in a manner that creates an imminent danger to public health or safety.

O. Fail to comply with any of the confidentiality, non-disclosure, non-diversion of business, or non-competition covenants of this Agreement, including but not limited to obligations and restrictions

described in Sections 5.6 and 5.7.

P. Attempt to transfer all or any portion of this Agreement, the Office, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement in violation of Section 7.1.

Q. Deny us the right to audit your books and records, inspect the Franchise, or access your computer systems and information, as permitted under this Agreement.

R. Engage in any conduct that is reasonably likely, at our sole opinion, to adversely affect the System, the Franchise, or the goodwill associated with the Marks.

S. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.4 **Time Frames Subject to Applicable Laws**. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law. Also, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

6.5 **Certain Post-Termination Obligations**. Upon expiration or termination of this Agreement, you will:

6.5.1 Immediately cease using the Marks (or any names or marks deceptively similar to them), the Operations Manual and the System.

6.5.2 Completely de-identify the Office, if a commercial office (unless we exercise our option to purchase the franchise under Section 6.5.7 below). De-identification will consist of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used in our franchise system; and any other steps necessary (at our reasonable discretion) to effectively distinguish the Office (and vehicles, if any) from our Marks and proprietary designs, trade dress, and other intellectual property.

6.5.3 Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the System. You will give us a complete and accurate summary of your advertisers, clients and leads, including their names, addresses, telephone numbers and related file records. If required by us, you will assist us in every way possible to bring about a complete and effective transfer of your franchised business to us or to our designated franchisee.

6.5.4 Authorize internet, email, social media providers, electronic network, directory and listing entities to transfer all email addresses that carry our brand (e.g. @breakawayba.com), domain names, locators, directories and listings to us or our designee. Notify them of the termination of your right to use the Franchise names and Marks. You authorize the transfer of your directory listings and internet addresses, branded email addresses, domain names and locators to us or our designated franchisees. You appoint us as your agent and attorney-in-fact to effect the transfer of these directory listings and domain names and internet directory listings to us. You release and indemnify these companies from any damage or loss because they follow our instructions.

6.5.5 Pay to us within seven (7) days all Desk Fees and other sums you owe. These sums will include

all damages, costs and expenses, including reasonable attorneys' fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

6.5.6 Abide by all provisions of this Agreement that expressly or by reasonable implication are intended to apply after expiration or termination of this Agreement, including provisions related to non-use and non-disclosure of Confidential Information and non-competition. You will immediately return to us all of our Confidential Information you have received, including any items that embody the Confidential Information. You acknowledge that you have no continuing ownership interest in the Confidential Information.

6.5.7 At our option, do some or all of the following:

A. Assign to us ownership and control of any domain name, website, online presence or account you own or control related to the Franchise (authorized or unauthorized);
B. Sell to us or our designee your interest in the Franchise, the Office (if a commercial office), and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property. We will have the right to elect this option by written notice to you within 30 days of expiration or termination of this Agreement. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by a single appraiser selected by you from a list of two appraisers provided by us. Franchisor and Franchisee will equally share the cost of the appraisal. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraiser must exclude from its decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. Any time within 30 days after receiving the appraiser's decision, at our option we may purchase the Franchise and your assets at the price determined by the appraiser. Terms of payment will be 10% of the purchase price payable upon contract signing, the balance payable in 60 equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment. We will have the right (but not the obligation) to appoint an interim manager to operate the business, for our own account, from the date of expiration or termination of this Agreement until we or our designee acquires the Franchise under this paragraph.

6.5.8 Upon termination for any reason, you will return to us all proprietary and confidential materials, including signage (if any), advertising and marketing materials, service agreements and other forms, printed files, security codes, and the like as may be described in the Operations Manual.

6.6 **Post-Term Non-Competition Covenant**. This covenant will apply for two (2) years after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, LLC managers, directors, officers, successors, agents, and others occupying similar positions will not directly or indirectly (such as through another individual or entity or otherwise) franchise, license, or offer or sell a business opportunity for any business that offers accounting, bookkeeping, and/or business consulting services, or any business that offers (as its primary business) products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. This covenant applies within the entire United States of America. However, if a court determining the enforceability of this covenant in this Agreement determines that the geographic scope of this covenant is not legally enforceable, then the geographic scope is modified to the state(s) in which you have an Office and the state(s) in which you service customers [or modified to the geographic scope allowed by the court as further described in Section 9.8.2 below (entitled "Lawful Scope")]. We may waive this covenant only in writing. To clarify, this covenant does not prohibit you from continuing to operate your business (as an owner-operator) or serving as an employee for a competing business after

termination or expiration of this Agreement as long as you cease using our Marks, System, Confidential Information, and other intellectual property and comply with other post-termination obligations of this Agreement.

6.7 **Interim Management**. To protect the System, the Marks, the Confidential Information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise for any of the following reasons: (a) after Franchisor has given Franchisee written notice that Franchisee is in default under this Agreement and during the pendency of any cure period or in lieu of immediately terminating this Agreement; (b) you are absent or incapacitated because of illness or death; (c) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the license system (as we determine at our sole discretion); or (d) we determine that significant operational problems require us to temporarily operate the Franchise. If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; and (iv) Franchisee hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor.

7 TRANSFER

7.1 Transfer by You.

7.1.1 We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your owners if you are a business entity). Your rights and obligations under this Agreement are exclusive to you. Except as expressly permitted by this Agreement, you, your owners and others claiming an interest in the Franchise shall not voluntarily or involuntarily sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "**Transfer**") the whole or any part of: (1) this Agreement; (2) substantial assets of the Franchised business; or (3) ownership or control of Franchisee. Any attempted Transfer without our prior written consent will be a breach of this Agreement.

7.1.2 We need not consent to any proposed Transfer to a competitor of ours, or if we reasonably believe the purchase price is excessive, or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis.

7.1.3 You recognize that there are many subjective factors that comprise the process by which we select a suitable franchisee. While we will exercise our discretion reasonably, our consent to a Transfer by you will remain a subjective determination and may include, but not be limited to, the following conditions. Before the effective date of a Transfer we approve:

A. The transferee must assume your Franchise obligations. You will remain bound by all covenants in this Agreement that expressly or by reasonable implication are intended to apply after Transfer of your Franchise rights, including covenants related to non-use and non-disclosure of Confidential Information and the System, post-term non-competition, non-use of the Marks, and similar covenants.

B. You will pay all ascertained or liquidated debts concerning the Franchise.

C. You may not be in breach of this Agreement or any other agreement between the parties.

D. The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.

E. You will pay us a commission in an amount equal to 10% of the annualized billings of the franchise being transferred if we find the buyer for you.

F. The transferee will execute all documents we then require of new franchisees. This includes a new Franchise Agreement in the form we are then using. The new Franchise Agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. We will not be liable for any representations you make to the transferee apart from those contained in our disclosure document.

G. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.

H. If permitted by applicable law, you and your owners, LLC managers, officers, directors, and individuals occupying similar positions will execute a general release in our favor.

I. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full prior to the date of Transfer.

J. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

K. You will deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the Marks and our advertising, promotional and training materials.

7.1.4 Upon our granting of approval for the Transfer, you will ensure that the Transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation, and with the applicable requirements of the lease of the Office.

7.1.5 With our prior written consent, you may Transfer your rights and obligations under this Agreement to a business entity in which you continuously own 100% of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the Franchisee under this Agreement. The entity must agree in writing to be bound by the terms of this Agreement. You will remain a party to this Agreement and therefore personally, jointly and severally liable in all respects under this Agreement.

7.1.6 You may not grant sub-franchises or similar franchise rights to others.

7.1.7 Our consent to a proposed Transfer will not be a waiver of any claims we may have against you or your owners.

7.1.8 You will comply with and help us to comply with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises.

7.1.9 If you are a business entity, your ownership certificates and/or operating agreements will clearly state that assignment or transfer of ownership interests is subject to the restrictions imposed upon assignments by this Agreement.

7.2 **Transfer by Us**.

7.2.1 We shall have the right to sell all or any part of our assets, including the Marks or other intellectual property, and our interest in, and rights and obligations under this Agreement in our sole discretion. Without limiting the generality of the foregoing, we may sell the System to one or more third parties, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. We will not be required to remain in any particular form of business.

7.2.2 As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

7.3 **Your Death or Disability**.

7.3.1 In the case of your death or permanent disability or incapacity (such that you are unable to perform your functions as franchisee as determined by Franchisor at its reasonable discretion) if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity ("**Death or Disability**"), the executor, administrator, conservator, or other personal representative of the deceased or permanently disabled person, or the remaining owners, must appoint a competent manager within a reasonable time, not to exceed 30 days after the date of Death or Disability. The appointment of this manager is subject to satisfactory completion of our required training program(s). While your Franchise is not being managed by such a manager, we may, but are not required to, immediately appoint an interim manager as further described in Section 6.7 (entitled "Interim Management").

7.3.2 Besides the right to appoint a temporary manager as described above, the following will apply in case of Death or Disability. Within 180 days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual may:

A. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Section 7.1; or

B. Transfer your interest according to the provisions of Section 7.1. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection.

7.3.3 If a suitable transferee purchaser is not found within 180 days from the date of Death or Disability, we may at our sole option enter into a contract to purchase the Franchise. We will have the right to elect this option by written notice to you within 60 days of the expiration of the 180-day period. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by a single appraiser selected by you from a list of two appraisers provided by us. Franchisor and Franchisee will equally share the cost of the appraisal. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraiser may include in its decision a factor for the "goodwill" or "going concern" value of the Franchise. Any time within 30 days after receiving the appraiser's decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraiser. Terms of payment will be 10% of the purchase price payable upon

contract signing, the balance payable in 60 equal monthly payments of principal payments with interest calculated at the prime rate published by our principal bank at time of execution of the purchase contracts.

7.3.4 If the provisions of this Section 7.3 have not been fulfilled within the time provided, at our option, all rights franchised to you under this Agreement will immediately terminate and revert to us.

7.4 **First Right of Purchase**.

7.4.1 Before soliciting offers from others, you will notify us in writing if you desire to effectuate a Transfer (defined in Section 7.1). You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will notify you of our election or waiver of our option to purchase within 30 days after our receipt of your written notification and due diligence information. Our failure to notify you within the 30-day period will be deemed a waiver of our option. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to Section 7.5 (Right of First Refusal). Before any Transfer, you must comply with Section 7.1 (Transfer by You) and Section 7.5 (Right of First Refusal). If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction (notwithstanding any prior waiver).

7.4.2 We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can choose to pay the purchase price in cash up front or by industry-standard monthly payments that amortize the principal amount with interest calculated at the prime rate plus 1% as of the date of purchase.

7.5 **Right of First Refusal**.

7.5.1 If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right of first refusal to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within 10 days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right of first refusal within 30 days after receipt of notice from you and due diligence information.

7.5.2 If the interest which is the subject of the third party’s offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this subsection.

7.5.3 If we do not exercise our right of first refusal within the 30-day period, you may make the proposed transfer to a third party. The transfer will not be at a lower price nor on more favorable terms than disclosed to us. Any transfer will be subject to Section 7.1 (Transfer by You). If the Franchise is not transferred by

you within six months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

8 INDEMNIFICATION, INSURANCE, CONDEMNATION AND CASUALTY

8.1 Indemnification.

8.1.1 Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, owners, agents, representatives, employees, landlords, related companies, and assigns (each an "**Indemnified Party**" and collectively "**Indemnified Parties**") from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses (collectively "**Claims**"), arising directly or indirectly from the establishment or operation of the franchise business, the Office, and the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees, agents, or representatives in connection with the performance or breach of any obligation under this Agreement. This indemnity will apply to claims that we (or one or more other Franchisor Indemnified Parties) were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent contractors are our (or another Indemnified Party's) employees, agents are part of a common enterprise with us (or another Indemnified Party), including claims regarding violations of labor or employment laws or regulations. The obligations under this Section shall survive the expiration or termination of this Agreement.

8.1.2 You will defend the Indemnified Parties at your own expense in any legal or administrative proceeding subject to this Section 8.1. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against any Indemnified Party in any proceeding, including any settlement that we approve in writing. You will not settle any claim against any Indemnified Party without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against any Indemnified Party at your expense, including attorneys' fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

8.2 Insurance.

8.2.1 We will pay for and maintain certain types of general liability, professional liability, and cyber security liability insurance coverages for your Franchise. We will determine the types and amounts of coverage. These will be described in our Operations Manual. We reserve the right to modify this coverage or stop maintaining any or all insurance coverage related to your Franchise at our sole discretion. We will endeavor to provide reasonable advance notice to you before making any substantial changes to such insurance coverages.

Whether or not we carry some insurance to protect you, it is ultimately your responsibility to maintain sufficient insurance for your Franchise (at least with types of insurance and coverage limits customary and reasonable for a business of the type Franchisee operates, which is referred to herein as "**Customary Insurance**"), including policies of insurance sufficient to adequately satisfy your indemnity obligations under this Agreement. We do not represent or warrant that the insurance we maintain or recommend will insure you against all insurable risks or amounts of loss that may arise out of the operation of your Franchise. You should consult with an insurance advisor before you begin operation of your Franchise.

8.2.2 Franchisee shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by Franchisee's landlord (if any).

8.2.3 For any policies of insurance that you maintain related to your Franchise, each policy must comply with the following requirements, unless we otherwise confirm to you in writing: (1) name Franchisor and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds (except for worker's compensation and employer's liability insurance coverage and as otherwise specified by us in writing) on a primary, non-contributory basis and provide a waiver of subrogation rights against Franchisor; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Office is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier. Upon request, you must provide us with proof of insurance in compliance with this Agreement.

8.2.4 If we choose not to carry some or all of the insurance described in Section 8.2.1 above, then Franchisee shall provide Franchisor with evidence of Franchisee's insurance at least fifteen (15) days before the Franchise opens (or within 15 days of Franchisor providing notice to Franchisee that Franchisor will no longer provide some or all insurance described in Section 8.2.1 above). For any policies of insurance that Franchisee maintains related to the Franchise, Franchisee shall provide Franchisor with a complete copy of each insurance policy no later than thirty (30) days after delivery of the original proof of insurance, if required by Franchisor. Prior to the expiration of each insurance policy term, Franchisee shall furnish Franchisor with evidence of each renewal or replacement insurance policy to be maintained by Franchisee for the immediately following term and evidence of the payment of the premium thereof. If Franchisee fails or refuses to maintain Customary Insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums thereof, Franchisor may, at Franchisor's option, and in addition to Franchisor's other rights and remedies hereunder, obtain such insurance coverage on Franchisee's behalf and Franchisee shall fully cooperate with Franchisor in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Office which are required to obtain or maintain such insurance and pay to Franchisor on demand any costs and premiums incurred by Franchisor. If Franchisee fails to purchase or maintain any insurance required by this Agreement or fails to reimburse Franchisor for its purchase of insurance on Franchisee's behalf within fifteen (15) days of delivery to Franchisee of Franchisor's written demand for reimbursement, then Franchisor may terminate this Agreement upon notice of termination without opportunity to cure.

8.2.5 The maintenance of sufficient insurance coverage shall be Franchisee's responsibility. Nothing contained in this Agreement will be construed as a representation or warranty by us that the minimum insurance coverage we specify will insure you against all insurable risks or amounts of loss that may or can arise out of or in connection with the operation of your franchise business.

Franchisee's obligations to maintain adequate insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Franchisor nor shall the maintenance of such insurance relieve Franchisee of any indemnification obligations under this Agreement.

9 **MISCELLANEOUS**

9.1 **Notices**.

9.1.1 All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the next business day. They may be sent by e-mail (provided that the sender confirms the e-mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three business days after transmission). Notices will be delivered to you at the Office, to us at our headquarters or to other locations specified in writing. Notices may be delivered and receipted to you personally at any location.

9.1.2 Notices sent by certified or registered mail will be deemed to have been delivered and received three business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the next business day. Notices sent by e-mail will be deemed to have been delivered upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name**. You will execute any documents we may direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Marks.

9.3 **Relationship of the Parties**.

9.3.1 Independent Contractor Relationship. You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. You acknowledge that you are not in a fiduciary relationship with us.

9.3.2 Display. In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads, business forms, business cards, email signatures and similar mediums that you are our licensed Franchisee by using language saying that you operate an independently owned Franchise.

9.3.3 Your Employees.

A. We will not directly control (hire, fire, schedule, direct, supervise, discipline, or set wages for) your employees or independent contractors.

B. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local labor laws and functions of the franchise business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, scheduling, supervision, and discipline of employees, paid or unpaid, full or part-time, and its independent consultants.

C. You will maintain employee records to show clearly that you and your employees are not our employees.

D. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You must display your entire business entity's name, not just the franchised brand, on your payroll checks.

E. You will indemnify, defend, and hold us legally harmless from any of your violations of federal, state or local labor laws or similar laws. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before

signing this Agreement.

F. You must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us. We do not provide sample employment applications for your use with your employees. You should acquire such forms from independent sources of your choice.

G. We do not post job openings at your franchise on our website or otherwise. We do not coordinate the sharing of employees among franchisees.

H. We do not provide sample employee handbooks for your use with your employees. You should develop these with independent sources of your choice.

I. We may recommend optimal staff size and you must have sufficient staff to fulfill your obligations under this Agreement.

J. Notwithstanding the foregoing, you shall not hire any person who has been convicted of, pleaded guilty to, or pleaded no contest to a financial crime or crime of moral turpitude.

9.3.4 Email Accounts. You acknowledge that you will have no expectation of privacy in your business email accounts. If we do access such email accounts and their contents, it is solely for our benefit and not for your benefit. Such access is not for the purpose of assisting you with, or supervising, your business operations or workers. We will not have any obligation to monitor any of your email activity. You must include in your email signature in each email communication the following language or similar language as we may direct: "*[your corporate entity or individual name]* independently owns and operates this Breakaway BA franchised business."

9.4 **Waiver**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

9.5 **Time Is of the Essence**. Time is of the essence of this Agreement.

9.6 **Documents**. You and your owners, officers, and directors agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President, Managing Member, LLC Manager or similar position as your attorney-in-fact to so execute that document in your name and on your behalf.

9.7 **Construction**.

9.7.1 Entire Agreement. This Agreement and its attachments constitutes the entire agreement between the parties with respect to its subject matter. Except as expressly and otherwise provided in this Agreement, this Agreement may be modified only by a written instrument signed by the parties. Nothing in the Agreement is intended to disclaim the representations we made in the disclosure document that we delivered to you.

9.7.2 Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this

Agreement.

9.7.3 Severability. If any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion, which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted.

9.8 **Additional Provisions Regarding Covenants**.

9.8.1 Your Acknowledgments. You acknowledge the following regarding the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), and 6.6 (Post-Termination Non-Competition Covenant): (1) the time, content and geographical restrictions are fair and reasonable; (2) your observance of the covenants will not cause you any undue hardship or impair your ability to obtain employment commensurate with your abilities; and (3) your knowledge of the System would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

9.8.2 Lawful Scope. If, for any reason, any provision set forth in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), 6.6 (Post-Termination Non-Competition Covenant), or any similar covenant in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to such Sections as if the resulting covenant were separately stated in this Agreement. You further acknowledge and agree that we will have the right, at our sole discretion, to reduce the scope of any of the aforementioned covenants. We may do so without your consent, effective immediately upon our written notice to you. You must comply with any covenant that pertains to you as we so modify it.

9.8.3 Damages. You agree that a violation of any of your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including wages, salary, and profits, received by you in connection with such violation, which will be held by you in constructive trust for us.

9.9 **Dispute Resolution and Enforcement**.

9.9.1 Disputes. The mediation and arbitration (if applicable) provisions of this Agreement do not apply to controversies, disputes, or claims related to or based on (1) improper use of the Marks [including those based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.)] or any of the Franchisor's other intellectual property; (2) the violation by Franchisee (or any related individual or entity) of any of the restrictive covenants in this Agreement, which include but are not limited to restrictive covenants under the following sections of this Agreement: Section 5.6 (Confidential Information); Section 5.7 (In-Term Non-Competition Covenant); and Section 6.6 (Post-Term Non-Competition Covenant); or (3) collection of delinquent payments from you. The mediation provisions of this Agreement shall apply to all other controversies, disputes, or claims between the parties (and/or their respective affiliates, owners, officers, directors, LLC managers, agents, guarantors, and/or employees) arising out of or related to: (a) this Agreement or any other agreement between Franchisee and Franchisor; (b) the franchise relationship between Franchisor and Franchisee; (c) the offer and sale of the Franchise; (d) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or (e) any System standard (referred to herein as "**Disputes**").

9.9.2 Mediation. Before taking any other legal action, the parties agree to participate in good faith mediation in accordance with the mediation procedures of Arbitration Service of Portland, Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

9.9.3 Injunctive Relief and Specific Performance. No provision in this Agreement will limit either party's right to seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Without limiting the generality of the foregoing, you acknowledge that any violation by you of the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), Section 6.6 (Post-Termination Non-Competition Covenant), or similar covenants in this Agreement would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of such covenants. We will not be required to post a bond as a condition for the granting of injunctive relief.

9.9.4 Governing Law. This Agreement is accepted by us in the State of Oregon and will be governed by the substantive laws of Oregon without regard to Oregon choice of law provisions. Following are exceptions to this choice of laws provision:

A. Oregon laws will not prevail to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.).

B. Any law of the State of Oregon that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

C. No antitrust, implied covenant, unfair competition, fiduciary, or any similar doctrine of law statute, law or regulation of Oregon (or any other state) is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph.

The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth.

Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Oregon, will be construed and enforced according to the laws of that state.

9.9.5 Venue. All controversies, disputes, or claims related or arising from this Agreement or the relationship between the parties will be mediated, tried, heard, and decided in the county in which our headquarters are then located (currently Multnomah County, Oregon) or the nearest Federal District Court, which the parties agree is the most convenient venue for these purposes.

9.9.6 Attorneys' Fees. The prevailing party in any proceeding, suit, or action to enforce this Agreement will recover its proceeding and court costs and reasonable attorneys' fees.

9.9.7 Remedies. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy. The

following provisions are in addition to all other remedies available to us at law or in equity:

A. We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorneys' fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

B. You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the covenants of this Agreement related to confidentiality and non-competition.

9.10 **Cross-Defaults**. If you or any of your owners, officers or key employees violate any material provision of any other Franchise Agreement or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

9.11 **Successors and Assigns**. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and permitted assigns of the parties. Except as provided in the immediately preceding sentence, the parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

9.12 **Counterparts and Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Execution of this Agreement via DocuSign or other reputable e-signature services shall constitute valid and legally binding execution.

9.13 **Withholding Consent**. Our consent, whenever required by this Agreement, will be at our sole and absolute discretion unless expressly stated otherwise herein and may be withheld if you are in breach of this Agreement. In this Agreement, the phrase "at our discretion" or similar wording shall mean "at our sole and absolute discretion."

9.14 **Joint and Several Liability**. If, at any time during the term of this Agreement, the Franchisee consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the Franchisee's obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity.

9.15 **Signing by Owners**. If you are a business entity, all of your owners (and principal officers, if we so require) must sign this Agreement as direct parties, at least with respect to its covenants regarding confidentiality, non-disclosure, and non-competition. This constitutes a material obligation under this Agreement.

9.16 **Force Majeure**. In the event that either party shall be delayed, hindered in, or prevented from the performance of any act required under this Agreement by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of utilities, restrictive governmental laws or regulations, riots, insurrection, war, Acts of God, or any reason of a like nature, not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of such delay; provided that the provisions of this section shall not operate to excuse you from timely payment of any monetary obligations under this Agreement.

9.17 **We May Investigate**. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, officers, directors, LLC managers, and persons occupying similar positions or performing similar functions. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

9.18 **Your Additional Representations and Acknowledgments**. You make the following representations and acknowledgments to us:

9.18.1 Receipt of Disclosure Documents. You have received our disclosure document at the earlier of (1) the first personal meeting with us (if required in your state); or (2) 14 calendar days before signing any Franchise Agreement or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale (or 10 business days if required in your state). In addition, you acknowledge either:

A. Receipt of this Agreement containing all substantive terms at the time of delivery of the disclosure document; or

B. If we unilaterally and materially altered the terms and conditions of our standard Franchise Agreement or any related agreements attached to the disclosure document (in connection with properly amending our franchise registration in the relevant state(s)), you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than seven calendar days before you signed this Agreement.

9.18.2 You Have Read and Understand this Agreement. You have read and understand this Agreement. You have had the opportunity to review this Agreement with professional advisors of your own choosing.

9.18.3 Speculative Success. The success of your franchised business is speculative and depends, to a large extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty, express or implied, as to the potential success of the Franchise.

9.18.4 Independent Investigation, No Projections or Representations. You have entered this Agreement after conducting an independent investigation of us and of the franchise we offer. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which you in particular might realize. Except as outlined in Item 19 of our disclosure document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our disclosure document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form Franchise Agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

9.18.5 No Review of Business Plans or Loan Applications. Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third-party loan applications related to your purchase of and proposed operation of the Franchise. We have strongly recommended that

you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential franchise investment for you. You acknowledge that we will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchised business.

9.18.6 Your Location. You acknowledge that we will not provide or designate locations for you. You have investigated the potential of the market area in which you are to establish and operate your franchised business and the laws and applicable regulations. You agree and represent that that market area is reasonable and the Initial Franchise Fee (if any) represents fair consideration for the opportunity to establish and operate a Breakaway BA franchise.

9.18.7 Health and Full-Time Participation. You acknowledge that a Breakaway BA business involves hard work and sometimes long hours, similar to most small businesses that are owner-operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You represent that you or your principals are in good health and able to devote your best efforts in the operations of your franchised business and/or that you have the business management skills necessary to successfully hire a manager to run the day-to-day operations of your franchised business.

9.18.8 Investigate Applicable Laws. You have had ample opportunity to investigate laws applicable to your business with your own independent legal counsel before signing this Agreement.

9.18.9 No Representations, Projections, or Warranties by Franchisor. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

9.19 **Miscellaneous**.

9.19.1 No Guarantee of Income or Refund. Without limiting the generality of the foregoing, you acknowledge that we have not guaranteed that you will derive income from the Franchise that exceeds the price you paid for the Franchise; or that we will refund all or part of the price you paid for the Franchise, or repurchase any of the products, equipment, supplies or chattels supplied by us (as applicable), if you are unsatisfied with the Franchise.

9.19.2 Varying Forms of Agreement. You are aware that some present and future Breakaway BA franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

9.19.3 Terrorism, Convictions, Immigration Status. You represent to us, unconditionally without reservation, that:

A. Neither you, nor any of your owners, officers or employees, nor any of their respective spouses, children, or parents, nor anyone who has an interest in or who will manage the franchise, nor any of your affiliated entities ("**Interested Party(ies)**"): supports terrorism; provides money or financial services to terrorists; receives money or financial services

from terrorists; or is engaged in terrorism, or any activity, organization, or plan with a terrorist. For purposes of this Agreement, "terrorist(s)" includes any person or organization on any current U.S. government list of persons and organizations that support terrorism as provided by law. You represent that neither you nor any Interested Party is on any such list(s).

B. Neither you nor any Interested Party has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes.

C. All Interest parties are eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

D. You and all Interested Parties are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

The parties have executed this Agreement on the day and year first above written.

Franchisor: BREAKAWAY BA, LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OWNERS (AND PRINCIPAL OFFICERS, IF WE SO REQUIRE) OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 1
to
FRANCHISE AGREEMENT

OFFICE LOCATION

Office. The Office is located at the following address:

_____.

[The above blank will be completed by us once the Office has been selected by you and approved by us if unknown at the time of signing the Franchise Agreement.]

Search Area. If either the Office has not been selected by you and approved by us at the time of signing the Franchise Agreement, you are responsible for selecting the site for your Office, subject to our approval, within the following "**Search Area**":

_____.

Franchisor does not grant territorial protections or exclusivity in the Search Area. There are no understandings, oral or written, concerning the future placement of offices by any party and concerning any territory protections granted to you.

EXHIBIT 2
to
FRANCHISE AGREEMENT

FORM OF NEW OFFICE ADDENDUM

THIS NEW OFFICE ADDENDUM (this "**Addendum**") by and between BREAKAWAY BA, LLC ("**Franchisor**" or "**us**") and _____ ("**Franchisee**" or "**you**") shall be effective as of the date of execution by Franchisor (the "**Effective Date**"). Franchise #_____.

RECITALS

A. Franchisee presently operates an approved BREAKAWAY BA franchise, the main office of which is located at _____ (the "**Main Office**"). Franchisee and Franchisor have signed a Franchise Agreement governing the operation of the Main Office (as well as any other authorized offices) with an effective date of _____ for Franchise #_____ (the "**Franchise Agreement**").

B. Franchisee seeks to open an additional office ("**New Office**") to be operated under the terms of the Franchise Agreement.

C. Franchisor has agreed to grant Franchisee the right to operate another authorized New Office under the terms and conditions of the Franchise Agreement, as amended by this Addendum.

AGREEMENT

In consideration of the provisions in the Franchise Agreement, the promises in this Addendum, and other good and valuable consideration, the delivery, receipt, and sufficiency of which are acknowledged, the parties mutually agree to add the following provisions to the Franchise Agreement:

1. New Office Location and Opening Date. Franchisee has been approved to and may operate a New Office at the following address: _____ (Franchise #___). The New Office will commence business under the System on or before the following date: _____ **("New Office Opening Date")**.

2. Term. The term length of this Addendum will match the term of the Franchise Agreement.

3. Initial Franchise Fee. Franchisee shall pay Franchisor an Initial Franchise Fee of *[$10,000]* for the New Office added by this Addendum.

4. Ongoing Fees. All ongoing fees under the Franchise Agreement will apply to operations at the New Office, including but not limited to Desk Fees.

5. Confidential Terms and Conditions. Franchisee agrees to keep confidential the terms of this Addendum.

6. Termination and Renewal. This Addendum may be terminated by Franchisor, or renewed by the parties, under the same terms and conditions as the Franchise Agreement.

7. Release.

7.1 General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents) does release and discharge and covenants not to sue Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, employees and agents ("**Released Parties**") from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a "**Claim**" and collectively "**Claims**"), including but not limited to Claims arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties through the date of this Addendum ("**Claim**").

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

Franchisee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.

B. Waiver of Statute. The Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If applicable, the parties waive the benefit of California Civil Code Section 1542, which states: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO 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."

C. Franchisee's Acknowledgments. FRANCHISEE HEREBY ACKNOWLEDGES THAT FRANCHISEE HAS READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTANDS IT; FRANCHISEE IS VOLUNTARILY EXECUTING THIS RELEASE; FRANCHISEE HAS BEEN GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND FRANCHISEE IS AWARE THAT BY SIGNING THIS RELEASE FRANCHISEE IS WAIVING CERTAIN LEGAL RIGHTS THAT FRANCHISEE MAY HAVE AGAINST THE RELEASED PARTIES.

D. Covenant Not to Sue. Franchisee covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

8. Miscellaneous. Except as stated in this Addendum, no further additions, modifications or deletions to the Franchise Agreement are intended by the parties or made by this Addendum. All capitalized terms not otherwise defined in this Addendum will have the meanings given in the Franchise Agreement. The headings in this Addendum are for convenience only, do not constitute a part of this Addendum, and will not be deemed to limit or affect any of the provisions of this Addendum. The stipulations in this Addendum apply to the Franchise Agreement and supersede any inconsistent or conflicting provisions in the Franchise Agreement. These stipulations apply only to Franchisee and are not transferable or assignable. The governing law, dispute resolution, and enforcement provisions of the Franchise Agreement shall apply to this Addendum.

9. Counterparts and Electronic Signatures. This Addendum may be executed in any number of counterparts, each of which will be deemed an original, and all of which will constitute one and the same agreement. Execution of this Addendum via DocuSign or another reputable e-signature services will constitute valid and binding execution of this Addendum.

Franchisor: BREAKAWAY BA, LLC

[FORM OF AGREEMENT – NOT FOR SIGNATURES]

By: _____

Name: _____

Title: _____

Date: _____

Franchisee:

[FORM OF AGREEMENT – NOT FOR SIGNATURES]

Company Name: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 3
to
FRANCHISE AGREEMENT

IN-TERM NON-COMPETITION COVENANT ADDENDUM

This In-Term Non-Competition Covenant Addendum ("***Addendum***") is entered into as of _____, 20___, between BREAKAWAY BA, LLC, an Oregon limited liability company ("***Franchisor***"), and _____ and _____ ("***Franchisee***"). It amends the Franchise Agreement ("***Franchise Agreement***") between the parties of this same date.

Notwithstanding Section 5.6.4 of the Franchise Agreement (entitled "In-Term Non-Competition Covenant"), Franchisee (and its owners and affiliated entities) may, during the term of the Franchise Agreement and thereafter, participate in the following activities: _____
_____.

However, in participating in such activities, the Franchisee (and others) shall not use (or disclose, as applicable) the Franchisor's Marks, System, Confidential Information, or other intellectual property as further provided in the Franchise Agreement.

Franchisor: BREAKAWAY BA, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

Franchisee (jointly and severally):

Name of Entity: _____

By: _____

Print Name: _____

Title: _____

Date: _____

[SIGNATURES CONTINUE BELOW.]

Individuals:

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

Exhibit C to Breakaway BA Disclosure Document

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The following table reflects our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Sacramento: 2101 Arena Boulevard Sacramento, California 95834-2036 San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980 Toll-Free Number: 1-866-275-2677	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 Toll-Free Number: 1-866-275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	New York Department of State 99 Washington Avenue, 6th Floor Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions 150 Israel Rd. SW Tumwater, WA 98501-6456 (360) 902-8760	Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

Exhibit D to Breakaway BA Disclosure Document

FORM OF GENERAL RELEASE CLAUSE

The Franchise Agreement provides that the franchisee must sign a general release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise rights. As a condition to approving of a transfer or renewal, the franchisor will require the franchisee to sign a Termination & Release Agreement or Renewal & Release Agreement. Following is a form of general release clause (subject to change) that would be included in such agreement:

General Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("***Releasing Parties***") does release and forever discharge and covenants not to sue Franchisor (and its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("***Released Parties***") from all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a "***Claim***" and collectively "***Claims***"), including but not limited to Claims arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties through the date of this Agreement (except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing license or Franchise Agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing license or Franchise Agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. With the advice of legal counsel, the Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If applicable, the parties waive the benefit of California Civil Code Section 1542, which states: A

GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO 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.

C. Covenant Not to Sue. The Releasing Parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

[D. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]

E. Releasing Parties' Acknowledgments. EACH OF THE RELEASING PARTIES HEREBY ACKNOWLEDGE THAT THEY HAVE READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTAND IT; THEY ARE VOLUNTARILY EXECUTING THIS RELEASE; THEY HAVE GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND THEY ARE AWARE THAT BY SIGNING THIS RELEASE THEY ARE WAIVING CERTAIN LEGAL RIGHTS THAT THEY MAY HAVE AGAINST THE RELEASED PARTIES.

[The release contained herein does not apply to claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.]

Exhibit E to Breakaway BA Franchise Disclosure Document

OPERATIONS MANUAL / ADVISOR HANDBOOK
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Breakaway Operations Manual

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Exhibit F to Breakaway BA Franchise Disclosure Document

LISTS OF CURRENT FRANCHISEES

As of December 31, 2023:

First	Last	Street	City	State	Phone
Asma	Rahman	213 SE Willow Way	Topeka	KS	785 969 4340
Faith	Bygd	5 Burma Road	North Berwick	ME	207 703 3362
Sully	Ramirez	21-06 Dalton Pl Fair Lawn	Fair Lawn	NJ	646 596 2361
Vonmarie	Thomas	1591 Metropolitan Avenue	Bronx	NY	718 801 7836
Laura	Blackburn	211 Old Lankford Rd	North Wilkesboro	NC	336 902 3261
Rick	Hansen	20785 SE Iron Horse Lane	Bend	OR	503 806 5559
Scott	Tindall	3950 Goodpasture Loop	Bend	OR	714 809 4385
Juliya	Buzey	1453 NW 15th St	Gresham	OR	971 420 5402
Joe	Pointer	8864 SE Northern Heights Ct	Happy Valley	OR	503 701 1352
Adrienne	Lambing	19000 SW Hillsboro Hwy	Newberg	OR	503 706 6885
Gretchen	Walker	633 Warner Parrott Rd	Oregon City	OR	503 810 1787
Sigrid	Causey	22265 SW Old Kruger Rd	Sherwood	OR	503 702 3884
Nicole	Yen	10737 SW Verdun Loop	Tigard	OR	503 610 8349
Danielle	Holden	22467 SW Ash St	Tualatin	OR	858 999 4562
Rechelle	Kennedy	306 Davinci Court	Rostrave Twp	PA	814 490 6262
Steven	Thompson	2310 N Henderson Ave #1021	Dallas	TX	682 312 4014
Barbara	Derebery	159 W. Broadway, #310	Salt Lake City	UT	801 918 6553
Deanna	Fowler	1141 N Tanglewood Lane	Liberty Lake	WA	360 503 3763

LISTS OF CURRENT AFFILIATE-OWNED OUTLETS*

* Owned and operated by our affiliate, BREAKAWAY BOOKKEEPING & ADVISING, LLC, or one or more of our founders (which ownership may be through independent business entities)

As of December 31, 2023:

Name	City/State*	Email Address
Key Master LLC Contact: Martin Moll	Lake Oswego, Oregon	martinmoll@breakawayba.com
Snowshine LLC Contact: Sabrina Snow	Portland, Oregon	sabrinasnow@breakawayba.com
Key Master LLC Contact: Kristen Keats	Sherwood, Oregon	kristenkeats@breakawayba.com
Chez Shea LLC Contact: Shea Keats	Wilsonville, Oregon	sheakeats@breakawayba.com
Columbia Winds LLC Contact: Michelle Lopez	Wilsonville, Oregon	michellelopez@breakawayba.com

* The main address for our affiliate-owned outlets is 22467 SW Ash St., Sherwood, Oregon 97140.

LISTS OF CERTAIN FORMER FRANCHISEES

As of December 31, 2023:

Name	City/State	Phone
Jillian Vanderbeek	Sandpoint, ID	503-504-0538
Jeff Siegal	Vancouver, WA	503-709-3371

Exhibit G to Breakaway BA Franchise Disclosure Document

STATE LAW ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

California

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.

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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Our website address is www.BreakawayBA.com. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.**

FDD Item 17, FA Sections 5, 6, 7 and 9

(1) 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.

(2) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

(3) 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.

(4) You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

(5) The Franchise Agreement provides that all issues or disagreements relating to the Franchise Agreement will be mediated, tried, heard and decided in the county in which our headquarters are then located (currently Multnomah County, Oregon) with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(6) The Franchise Agreement requires application of the laws of the State of Oregon. This provision may not be enforceable under California law.

(7) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner of the Department of Financial Protection

and Innovation may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

FDD Item 3

Response to California 10 CCR Section 310.114.1(c)(3): Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

FDD Item 6; Franchise Agreement Section 2.8

Late payment penalties and late charges will not exceed California's legal limit on interest rates, which is currently 10% annually.

FDD Item 17.r and FA Section 6.6

Under Business and Professions Code Section 16600, covenants not to compete that extend beyond the termination of the franchise are not enforceable under California law.

FA Subsections 19.8.1 through 19.8.9

Subsections 19.8.1 through 19.8.9 of the Franchise Agreement shall apply only to the extent permissible pursuant to California franchise laws.

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.

FA Section 9.18

The representations and acknowledgments in Section 9.18 of the Franchise Agreement (entitled "Additional Representations and Acknowledgments") are hereby deleted to the extent they are not permissible or enforceable under applicable state franchise laws.

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.

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

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

Maryland

The Disclosure Document (Item 17) and Franchise Agreement are amended to include that any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Sections 6.1 and 7.1 of the Franchise Agreement are amended accordingly.

FDD Item 17; FA Section 9

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement is amended as follows: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

FDD Item 5; FA Section 2.1

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

[Signatures for the Maryland State Law Addendum appear on the next page.]

DATED _____.

("we/us"): BREAKAWAY BA, LLC	("you"): _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
	Signed Personally: _____
	Print Name: _____

[The remainder of this page is intentionally left blank.]

Washington

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Franchise Agreement 5.10.3

The following language is hereby stricken at the end of Franchise Agreement Section 5.10.3: "EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES."

FDD Item 17p; Franchise Agreement Sections 6 and 7

To the extent Franchise Agreement Sections 6 and 7 give us the option to purchase your business, the purchase price will be paid in cash, in full, at the time of closing.

Franchise Agreement
FDD Item 5; FA Section 2

The franchisor will defer collection of the initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

FA Section 19.8

Section 19.8 of the Franchise Agreement shall apply only to the extent permissible pursuant to Washington franchise laws.

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.

The undersigned does hereby acknowledge receipt of this addendum.

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this ___ day of _____, 20__.

BREAKAWAY BA, LLC:

By: _____

Name: _____

Title: _____

Franchisee: _____

By: _____

Name: _____

Title: _____

Signed Personally: _____

Print Name: _____

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:

State	Effective Date
California	Offered by separate disclosure document
Maryland	Pending
Washington	Offered by separate disclosure document

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 I to Breakaway BA Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If BREAKAWAY BA, LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

If BREAKAWAY BA, LLC does not deliver this franchise 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 the state agency listed in Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Kristen Keats, CEO and Co-founder, and Shea Keats, Michelle Lopez, and Martin Moll, Co-founders, BREAKAWAY BA, LLC, 22467 SW Ash St., Sherwood, Oregon 97140, (503) 941-0888.

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.

Date of Issuance: **June 21, 2024** (and effective as of the individual state registration dates reflected on the cover page).

I have received a disclosure document dated as indicated above that included the following Exhibits:

A. Financial Statements
B. Standard Franchise Agreement (with Exhibits)
C. List of State Agents for Service of Process and State Administrators
D. Form of General Release Clause
E. Operations Manual / Advisor Handbook Table of Contents
F. Lists of Current and Certain Former Franchisees and Affiliate-Owned Operations
G. State Law Addendum to Disclosure Document and Franchise Agreement
H. State Effective Dates
I. Receipts

DATED this ___ day of _____, 20___.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

KEEP THIS COPY FOR YOUR RECORDS.

Exhibit I to Breakaway BA Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If BREAKAWAY BA, LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

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I. Receipts

DATED this ___ day of _____, 20___.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO BREAKAWAY BA, LLC, 22467 SW Ash St., Sherwood, Oregon 97140 (or via electronic means as directed by BREAKAWAY BA, LLC).