

v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Douglas County, Nebraska or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	18.F.	Nebraska law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document.

## **ITEM 18**

### **PUBLIC FIGURES**

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) 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.

### **DEFINITIONS**

(a) Adjusted Profit – means Gross Profit less Disclosed Expenses. Adjusted Profit is not equal to net profit or income and, except as to Cost of Goods and Services Sold and Disclosed Expenses, does not include the deduction of all other expenses incurred by a yorCMO Business including, but not limited to, other operating expenses, interest, taxes, depreciation, and amortization.

(b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us, our affiliate or any person identified in Item 2.

(d) Costs of Goods and Services Sold – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by a yorCMO Business in directly performing Approved Services and Products resulting in Gross Sales. Cost of Goods and Services Sold do not include managerial expenses, administrative expenses, Disclosed Expenses, general expenses, or operating expenses.

(e) Disclosed Expenses – refers to a limited selection of expenses as disclosed in the tables to this Item 19, comprised of the following select expense categories: merchant account fees, insurance expense, telephone expenses, and franchisor related charges for royalty fees, marketing fund fees, technology fees, and client

support fees.

(f) Franchise Outlet – refers to a yorCMO Business operated under a Franchise Agreement that is not a Company Owned Outlet.

(g) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Sales and Marketing Fund Fees, Technology Fees, Client Audit Support Fees, Client Foundation Support Fees, Monthly Client Support Fees, Success Fees, and Client Project Support Fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(h) Gross Sales – means the total revenue derived by each outlet less sales tax, discounts, allowances and returns.

(i) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(j) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(k) Outlet – refers to both Company Owned Outlets and Franchise Outlets, as the context requires.

## **BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles during the respective measurement periods. Data for our Company Owned Outlet is based on information reported to us by our affiliate. Data for the Franchise Outlets are based on financial information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

## **ANALYSIS OF RESULTS COMPANY OWNED OUTLET**

During the 2022, and 2023 Calendar Years we had one Company Owned Outlet located in Omaha, Nebraska. During the 2024 Calendar Year our Company Owned Outlet ceased direct client project engagements in October 2024 but, for purposes of this in Item 19, we report financial data for our Company Owned Outlet from January 1, 2024 until October 31, 2024 at which time this Outlet ceased direct client project engagements for the remainder of the 2024 Calendar Year. This Company Owned Outlet has been in operation since March 2017 and is representative of a Solo yorCMO offering. During the 2019 Calendar Year and 2020 Calendar Year, our Company Owned Outlet initially operated as a Firm yorCMO model but converted to a Solo yorCMO model during the 2021 Calendar Year. The reasonable basis for inclusion of this Financial Performance Representation is the Company Owned Outlet is similar to a Solo yorCMO being offered under this Disclosure Document in terms of operations, utilization of Associate CMO's, computer system, and service offerings. The operational characteristics that make the Company Owned Outlet different are that it does not pay any Royalty Fees, Client Audit Support Fees, Client Foundation

Support Fees, Monthly Client Support Fees, Success Fees, or Brand Fund Contributions to us, expend any minimum amount on local advertising and is not subject to service restrictions.

This Item 19 sets forth certain historical information for the Company Owned Outlet for the 2022, 2023 and 2024 Calendar Years. The Gross Sales information and expense information set forth in this Item 19 is derived from the Company Owned Outlet's accounting software.

Our affiliate previously entered into Independent Contractor Agreements with whereby it granted licenses to third party licensees to utilize the System and the Licensed Marks in connection with the establishment and operation of yorCMO Businesses. As we do not consider these Independent Contractor Agreements to be representative of the Franchised Business, we have not included their information in this Item 19.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees.

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Table 1

Company Owned Outlet: Omaha, Nebraska Date Outlet Opened: March 2017						
	2022 Calendar Year		2023 Calendar Year		Partial 2024 Calendar Year Jan 1, 2024 – Oct 31, 2024	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
<b>Gross Sales</b>	<b>\$125,500</b>	100.0%	<b>\$154,280</b>	100.0%	<b>\$70,950</b>	100.0%
<b>Total Cost of Goods and Services Sold</b>	<b>\$0</b>	0.0%	<b>\$0</b>	0.0%	<b>\$0</b>	0.0%
Less: Disclosed Expenses						
Merchant Account Fees	(\$0)	0.0%	(\$256)	0.2%	(\$419)	0.6%
Insurance Expense	(\$2,122)	1.7%	(\$0)	0.0%	\$0	0.0%
Telephone Expense	(\$0)	0.0%	(\$0)	0.0%	\$0	0.0%
Less: Adjustments for Select Franchise Related Expenses						
Royalty Fee <sup>2</sup>	(\$6,275)	5.0%	(\$7,714)	5.0%	(\$3,547)	5.0%
Sales and Marketing Fund Fee <sup>3</sup>	(\$9,000)	7.2%	(\$9,000)	5.8%	(\$7,500)	10.6%
Technology Fee <sup>4</sup>	(\$900)	0.7%	(\$900)	0.6%	(\$900)	1.3%
Client Support Fee <sup>5</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Success Fee <sup>6</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Total Cost of Goods and Services Sold and Disclosed Expenses	(\$18,297)	14.6%	(\$17,870)	11.6%	(\$12,366)	17.4%
<b>Adjusted Profit After Disclosed Expenses and Select Franchise Related Expenses</b>	<b>\$107,203</b>	85.4%	<b>\$136,410</b>	88.4%	<b>\$58,584</b>	82.6%
<b>Notes to Table 1:</b> Footnote <sup>1</sup> – “%” represents the percentage of total Gross Sales. Footnote <sup>2</sup> – For a Solo yorCMO or Firm yorCMO Business, the Royalty Fee is equal to 5% of Gross Sales. For a Lite yorCMO Business, the Royalty Fee is equal to 50% of Gross Sales. Footnote <sup>3</sup> – The Sales and Marketing Fund Fee is equal to \$750 per month. For a Lite yorCMO Business we do not currently charge the Sales and Marketing Fund Fee. Footnote <sup>4</sup> – The Technology Fee is equal to \$75 per month. Footnote <sup>5</sup> – Client Support Fees include Client Audit Support Fees, Client Foundation Support Fees, and Monthly Client Support Fees that a franchisee would pay to us or required by the Franchise Agreement if its yorCMO Business generated the same Gross Sales over the 2021 and 2022 Calendar Years. Footnote <sup>7</sup> – The Success Fee is a commission paid to us in an amount of up to 30% of all Gross Sales generated from any yorCMO client that engages you and was referred to you by us and/or the Practice Development Support. Currently, the Success Fee is 10% of Gross Sales.						

### **General Notes to Item 19:**

**Note 1:** We recommend that you make your own independent investigation to determine whether or not the Franchise may be profitable to you. You should use the above information as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a yorCMO Business.

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## ANALYSIS OF RESULTS OF FRANCHISE OUTLETS

During the 2022 Calendar Year we had a total of 14 Operational Franchise Outlets. During the 2023 Calendar Year, we had a total of 10 Operational Franchise Outlets. During the 2024 Calendar Year we had a total of 20 Operational Franchise Outlets. We exclude the financial data for four New Franchise Outlets that were not open and operational for the respective Calendar Year as well as exclude the financial data for two Franchise Outlets that ceased operations during the 2024 Calendar Year. Also, as noted above, we do not consider the Independent Contractor Agreements that our affiliate previously entered into with third party licensees granting them licenses to utilize the System and Licensed Marks in connection with the establishment and operation of a yorCMO Business as representative of the Franchised Business and have therefore excluded three licensees (which are accounted for as franchisees in Item 20 as noted in Item 1 of this Franchise Disclosure Document) from this Item 19. Our Franchise Outlets are further described below:

Table 2

<b>Franchise Outlets</b>	
<b>Franchise Outlet</b>	<b>Descriptions</b>
Franchise Outlet 1	This Franchise Outlet has an administrative office located at 563 Canterbury Dr., Carol Stream, Illinois 60188. This Franchise Outlet opened in September 2019 and is representative of the Franchised Business for a Firm yorCMO Business model.
Franchise Outlet 2	This Franchise Outlet has an administrative office located at 16565 Locust Street, Omaha, Nebraska 68116 and operates under the Solo yorCMO Business model. This Franchise Outlet opened in October 2019 and is representative of the Franchised Business for a Solo yorCMO Business model.
Franchise Outlet 3	This Franchise Outlet has an administrative office located at 43429 Sperrin Court, Ashburn, Virginia 20147 and operates under the Solo yorCMO Business model. This Franchise Outlet opened in January 2019 and is representative of the Franchised Business for a Solo yorCMO Business model.
Franchise Outlet 4	This Franchise Outlet has an administrative office located at 12901 NE 176 <sup>th</sup> Circle, Battle Ground, Washington 98604 and began operation under the Lite yorCMO Business model but currently operates under the Solo yorCMO Business model. This Franchise Outlet opened in July 2020 and is representative of the Franchised Business for a Solo yorCMO Business model.
Franchise Outlet 5	This Franchise Outlet has an administrative office located at 1438 Tutwiler Avenue, Memphis, Tennessee 38107 and operates under the Lite yorCMO Business model. This Franchise Outlet opened in March 2022 and is representative of the Franchised Business for a Lite yorCMO Business Model. During the 2024 Calendar Year, this Franchise Outlet ceased operations and is therefore excluded from this Item 19.
Franchise Outlet 6	This Franchise Outlet has an administrative office located at 315 Avalon Way, Thomasville, Georgia 31792 and operates under the Lite yorCMO Business model. This Franchise Outlet opened in March 2022 and is representative of the Franchised Business for a Lite yorCMO Business Model.
Franchise Outlet 7	This Franchise Outlet has an administrative office located at 6135 Long Stirrup Lane, Mint Hill, North Carolina 28227 and operates under the Lite yorCMO Business model. This Franchise Outlet opened in March 2022 and is representative of the Franchised Business for a Lite yorCMO Business Model.
Franchise Outlet 8	This Franchise Outlet has an administrative office located at 3662 Deacon Drive, Mead, Colorado 80542. This Franchise Outlet opened in September 2022 and, as to the 2022 and 2023 Calendar Years, this Franchise Outlet operated under the Lite yorCMO Business model and was representative of the Franchised Business for a Lite yorCMO Business model. During the 2024 Calendar Year, this Franchise Outlet converted to a Solo yorCMO Business and then to a Firm yorCMO Business and is now operated under the Firm yorCMO Business model and representative of the Franchised Business for a Firm yorCMO Business model.