

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

### *Background and ABA Businesses Reported:*

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

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

### Information Reported Regarding the Included Businesses:

The tables below provide the following categories of data for each of the applicable ABA Businesses during the 2023 calendar year: the total revenues billed during 2023; the total revenues collected during 2023; the average monthly billings during the last three months of 2023; the number of weeks for which billable work was recorded in 2023; the number (as a high and low range) of BCBA's who worked for the business during 2023; the number of separate clients that each business served during 2023 (as low and high of range); and information regarding the low, high and average revenues measured on a per client basis. Please read carefully all of the

information in this Item 19 (including the tables below and the notes following the tables) for explanation of how these results are determined.

**Table 1:**

<b>ABA Business</b> (note 1)	<b>2023 Total Billings</b> (note 2)	<b>2023 Total Revenue Collected</b> (note 3)	<b>No. of Weeks Billing in 2023</b>	<b>No. of BCBA's (Low /high)</b> (notes 4 and 5)	<b>Q4 2023 Monthly Average Total Billings (note 2)</b>
Affiliate Business #1	\$2,272,193	\$2,778,256	52	9 / 17	\$272,585
Affiliate Business #2	\$261,752	\$242,431	52	1 / 1	\$22,749
<i>Non-Affiliated Franchised Businesses</i>					
1	\$1,348,433	\$1,339,654	52	3 / 5	\$126,181
2	\$1,369,502	\$1,153,539	52	1 / 3	\$150,306
3	\$78,021	\$72,408	41.7	0 / 2	\$1,113
4	\$68,782	\$98,255	52	1 / 1	\$1,723
5	\$216,409	\$201,065	52	2 / 4	\$15,517
6	\$18,922	\$11,640	35	0 / 1	\$3,056
7	\$473,182	\$438,069	52	1 / 1	\$31,368
8	\$53,595	\$8,415	22.9	0 / 1	\$5,757
9	\$43,656	\$31,303	45.6	0 / 1	\$1,570
10	\$62,371	\$23,317	46.7	1 / 1	\$16,649
11	\$737,811	\$740,160	52	2 / 3	\$72,382
12	\$3,012.	\$2,256	22	1/1	\$0
13	\$129,120	\$137,082	52	1 / 1	\$5,915
14	\$1,046,836	\$1,006,678	52	3 / 5	\$82,813
15	\$207,618	\$218,322	52	1 / 1	\$12,591
16	\$150,029	\$50,907	34.9	0 / 1	\$37,983
17	\$222,748	\$220,181	32.7	1 / 1	\$0
18	\$292,797	\$297,882	52	2 / 3	\$25,617

<b>ABA Business</b> (note 1)	<b>2023 Total Billings</b> (note 2)	<b>2023 Total Revenue Collected</b> (note 3)	<b>No. of Weeks Billing in 2023</b>	<b>No. of BCBAs (Low /high)</b> (notes 4 and 5)	<b>Q4 2023 Monthly Average Total Billings (note 2)</b>
19	\$400,293	\$398,778	52	1 / 2	\$32,935
20	\$366,2012	\$250,393	52	1 / 2	\$45,215
21	\$16,589	\$10,391	35	1 / 1	\$3,013
22	\$131,926	\$117,569	52	3 / 4	\$20,882
23	\$780,135	\$787,693	52	2 / 2	\$73,933
24	\$5,293,250	\$4,388,572	22.7	5 / 8	\$401,040

**Table 2:**

<b>ABA Business</b> (note 1)	<b>No. Clients Low</b> (note 7)	<b>No. Clients High</b> (note 7)	<b>Client Billings - Low Client No. Month</b> (note 8)	<b>Client Billings - High Client No. Month</b> (note 8)
Affiliate Business #2	7	10	\$13,790	\$31,583
<i>Non-Affiliated Franchised Businesses</i>				
1	18	39	\$53,886	\$150,328
2	3	49	\$3,951	\$166,665
3	0	10	\$0	\$14,237
4	0	2	\$2,295	\$10,900
5	9	12	\$12,407	\$22,928
6	0	5	\$0	\$6,696
7	5	15	\$14,055	\$49,899
8	0	25	\$0	\$15,855
9	0	5	\$1,284	\$6,793
10	0	15	\$0	\$27,170
11	21	30	\$47,109	\$74,758
12	0	2	\$0	\$871
13	2	3	\$5,217	\$13,298
14	17	25	\$78,545	\$103,689

<b>ABA Business</b> (note 1)	<b>No. Clients</b> <b>Low</b> (note 7)	<b>No. Clients</b> <b>High</b> (note 7)	<b>Client Billings -</b> <b>Low Client No.</b> <b>Month</b> (note 8)	<b>Client Billings -</b> <b>High Client No.</b> <b>Month</b> (note 8)
15	4	7	\$9,727	\$23,601
16	0	10	\$0	\$42,827
17	0	17	\$0	\$39,796
18	6	8	\$18,905	\$30,881
19	10	13	\$27,913	\$49,639
20	8	15	\$12,413	\$51,436
21	0	3	\$0	\$3,289
22	1	5	\$1,680	\$25,592
23	7	10	\$50,569	\$77,799
24	0	211	\$0	\$565,180

Notes to Tables.

1. *ABA Businesses and Areas of Operations.* Under the Franchise Agreement, franchisees are generally authorized to perform services within a specific state. The geographic scope in which franchisees will actually perform services within that state will vary on a number of factors, including the number of BCBAs and Technicians that the Franchised Business has on staff and where those staff are geographically located (due to the fact that ABA Services are provided in person and therefore driving distance is a factor relevant to the services that they provide). For Affiliate ABA Business #1 shown in the table, the Division operated it with BCBAs acting as Independent Contractors and with Technicians as employees. Its BCBAs were located throughout Virginia operating in different regions of the state with different insurance payors.
2. *Total Billings.* The column titled “2023 Total Billings” in Table 1 reflects the total dollar amount for ABA Services that were billed to clients or insurers of the Included Businesses during 2023, based on the invoices submitted for payment for the billable hours of the ABA Services provided by the BCBAs and Technicians of the Included Businesses. This amount may vary from the revenues collected during the same time period (information regarding the dollar amounts *collected* during the year is in the column “Total Revenue Collected” and below in Note 3). The column titled “Q4 2023 Monthly Average Billings” in Table 1 reflects, for each of the Included Businesses, the average dollar amount for ABA Services that were billed to clients or insurers on a *per month* basis the months October, November and December 2023.
3. *Revenues and Centralized Billing Process.* ABA Businesses generate revenue based on the ABA Services that they provide to clients through their BCBAs and Technicians.

- A. The term “Gross Revenues” used in the Franchise Agreement refers to all revenue and compensation of the Franchised Business that have been collected from all sources (directly or indirectly). “Gross Revenues” under the Franchise Agreement excludes any client refunds and taxes that a franchisee directly collects from clients and actually transmit to the appropriate taxing authorities.
  - B. The column titled “Total Revenues Collected” in Table 1 reflects the Revenues *collected* by the Included Businesses during the year, regardless of when the services were performed and the related invoices submitted for payment for the billable hours of the ABA Services provided by the BCBAs and Technicians of the Included Businesses. The process of submitting and collecting payments for claims through insurance for payment on ABA Services rendered takes time. For the Franchisee that began operating in 2023, all revenues relate to services rendered in 2023, but portions of these revenues may be collected in 2024. For the Franchisees who began operating 2022, a portion of the revenues collected in 2023 may relate to services rendered in 2022 (and similarly, a portion of their revenues for services performed in 2023 may be collected in 2024).
  - C. As described in Items 6 and 8 of this FDD, similar to services provided to the Affiliate Businesses, the Division will provide franchisees with Clinical Consulting Services and Hi-5 Processing will provide franchisees with billing and administrative support services that includes assistance processing, submitting and collecting on invoices for the ABA Services rendered by the Franchised Businesses. Item 11 includes additional details regarding these Services and copies of the Hi-5 Processing Agreement and Clinical Consulting Agreement are included in Exhibits B and C of this disclosure document. Clients with qualifying conditions may be eligible to receive ABA services as part of their health insurance plans or under Medicare or Medicaid services authorized by CMS. Each payor has different service requirements and billing rates. The specific payors will vary based on the coverage and plans available in each area. For example, regarding Affiliate ABA Business #1 included in the tables, revenues collected include services invoiced to Humana Military, Tricare, various Virginia counties, Virginia Medicaid, and self-pay clients.
4. *Requirements for BCBAs.* To provide ABA Services to clients, an ABA Business must have at least one BCBA (as described in Item 1, a BCBA is a Board Certified Behavior Analyst, or a person with such other qualifications as a state may authorize) and comply with any additional requirements that may apply under state regulations. A BCBA may provide ABA Services to clients and supervise Technicians who are trained in ABA therapy and who will act to provide ABA Services to clients under the BCBA’s supervision.
  5. *Number of BCBAs.* Subject to the applicable regulations, each ABA Business will determine the number of BCBAs and Technicians that it employs (or otherwise contracts with) to provide ABA Services to its clients. The number of BCBAs and Technicians that an ABA Business utilizes may vary over time. Table 1 reflects the number of BCBAs that each Included Business used during the reported period. If the number of BCBAs varied in the relevant period, then the range (as low and high) of the number of BCBAs is listed in Table 1. As noted above in this Item, the Division has been in operation as a non-profit since November 2014, and reflects a number of BCBAs that is likely higher than new franchises, or at least for those not already operating in the ABA field before joining the system. The ability to recruit and retain staff (including BCBAs, LBA or similar designate in other states) in these numbers may vary among the franchise locations.

6. *Number of Clients.* The columns in Table 2 above regarding “Number of Clients – Low” and “Number of Clients – High” reflect, for each Included Business, the number of individual clients to whom the Franchised Business provided ABA Services through their personnel. The number of clients of a particular business will vary over time. Table 2 reflects the low and high numbers of clients for each Included Business during the reported year. As noted above in this Item, the Division has been in operation as a non-profit since November 2014, and historically has serviced a higher number of clients than new franchises. Due to changes in billing software during 2023, we are not able to provide the specific range of client statistics for the Affiliated Business operated by the Division in 2023, and therefore it is not included in Table 2.
7. *Client Billing Data.* Table 2 provides additional information regarding the billings of the Included Businesses for months with varying number of clients. The column titled “2023 Client Billings – Low Client # Month” reflects, for each Included Business, the total billings for a month in which the Included Business had its lowest number of clients. The column titled “2023 Clients Billings – High Client # Month” reflects, for each Included Business, the total billings for a month in which the Included Business had its highest number of clients.
8. *Source of Data.* The data in the tables above was prepared from the internal records of the Division and other affiliate for the Affiliate ABA Businesses, and from the records submitted to us and Hi-5 Processing for the non-affiliated franchised ABA Businesses. This information was not prepared according to generally accepted accounting principles and has not been audited.
9. *Intended Use.* These notes are intended only to explain factors that you should consider as you read the tables and information in this Item 19.
10. *Expenses.* The above tables present only revenue data, and as such provides only a part of the information that you will need to evaluate the franchise opportunity. We urge you to carefully consider also the expenses that you may incur (wages, fees, and other expenses) and to independently evaluate the costs that you are likely to incur.

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

- Royalty Fees payable to us (7% of your Gross Revenues, subject to an Annual Volume Discount at certain breakpoints).
- Centralized Billing Services fees payable to Hi-5 Processing for Centralized Billing Services (4% of your Gross Revenues);
- Fees payable to Hi-5 Processing for Administrative Services (3% of your Gross Revenues); and
- Fees payable to the Division for Clinical Consulting Services (generally 1% of Gross Revenues).

There are additional expenses that you may incur, such as wages or other compensation for the BCBAs and Technicians who you employ or retain to provide ABA Services to your clients; franchisee compensation; employee benefits (health, vacation, and pension plan

contributions); debt service; insurance; business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; legal and accounting fees; and bookkeeping and other professional services.

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

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

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

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

Other than the preceding financial performance representations, Hi-5 ABA does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting David Maddox, our President, at Hi-5 ABA, Inc., at 5306 Lee Highway, Warrenton, Virginia 20187 (tel: 703-864-1300), the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

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

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