

PARTNERSHIP AGREEMENT

This Partnership Agreement (the "Agreement") is made as of this 17 day of January, 2018, (the "Effective Date") by and between Emma M Johnson located at 3152 Ingram Street, Dayton, OH 45410 and Lynn D Crockett located at 4813 Wolf Pen Road, San Francisco, CA 94107 (each, a "Partner" and collectively, the "Partners").

1. Partnership Name and Purpose. The Partners agree to form a partnership under the name of ABC Partnership (the "Partnership"). The Partnership will be governed in accordance with the laws of the State of New York. The Partnership has been formed on the terms and conditions set forth below to engage in the business of owning and operating a bakery and to engage in any and all other activities as may be necessary, related or incidental to carry on the business of the Partnership as provided herein.

2. Place of Business. The principal office of the Partnership will be located at 2823 Caldwell Road, Rochester, NY 14624 or at such places as the Partners shall determine from time to time.

3. Partnership Term. The Partnership shall commence on the Effective Date and will continue until it terminates in accordance with the terms of this Agreement, unless terminated earlier in accordance with the terms of this Agreement.

4. Partners' Capital Contributions. The Partners will contribute capital to the Partnership. The cash contribution of the Partners will be as follows:

- Emma M Johnson, \$10,000.00
- Lynn D Crockett, \$20,000.00

5. Partners' Capital Accounts. The Partnership will establish and maintain for each Partner a separate capital account consisting of the Partner's capital contributions. A Partner may not withdraw any portion of capital from his or her capital account without the written consent of all Partners. Interest, at the rates and times as determined by the Partners, will be paid on the capital account of any Partner.

6. Profits and Losses. The net profits and losses of the Partnership will be divided equally between the Partners.

7. Partner's Income Accounts. The Partnership will establish and maintain a separate income account for each Partner. Each Partner's share of the Partnership profits and losses will be credited to or charged against his or her income account. If there is no positive balance in a Partner's income account, losses will be charged against his or her capital account. Interest, at the rates and times as determined by the Partners, will be paid on the income account of any Partner.

8. Partners' Salary and Drawings. There will be no salary or compensation given to any Partner for services to the Partnership. The Partnership will distribute profits to Partners at the end of each month or at the times and in the amounts as determined by the Partners.

9. Partnership Bank Accounts. The Partnership funds will be kept in an account at a financial institution as agreed upon by all Partners. All withdrawals from these accounts will be made by checks signed by all Partners.

10. Partnership Books and Records. At all times during the term of the Partnership, the books and records of the Partnership will be kept and maintained at _____. Such books and records will be available for inspection by any Partner during business hours upon reasonable notice. The Partnership shall maintain its books and records in accordance with generally accepted accounting principles (GAAP). The Partnership's fiscal year will begin on January 12, 2018 and close on January 11, 2019. An income statement and balance sheet will be prepared at the end of each fiscal year within two (2) month(s) after the end of the fiscal year. An audit of the books and records of the Partnership as of the end of each fiscal year will be prepared by a firm of independent certified public accountants selected by the Partnership.

11. Management. Each Partner has equal rights in the management of the Partnership. The Partners will devote as much of his or her time and efforts to the affairs of the Partnership as may be necessary to accomplish the objectives of the Partnership.

12. Voluntary Dissolution of Partnership. The Partnership may be dissolved at any time upon the consent of all Partners. The Partners shall, as soon as reasonably practicable, liquidate and wind up the affairs of the Partnership. The proceeds received in connection with the liquidation and any other remaining assets of the Partnership will be applied in the following order of priority:

- payment of all debts, liabilities and obligations of the Partnership including all expenses of liquidation;
- distribution to or for the benefit of the Partners in accordance with the positive balance in each Partner's income accounts;
- distribution to or for the benefit of the Partners in accordance with the positive balance in each Partner's capital accounts.

13. Partner's Withdrawal. A Partner may not withdraw from the Partnership unless all remaining Partners unanimously agree to the withdrawal. If the remaining Partners agree to the withdrawal, the remaining Partners may decide either to dissolve and liquidate the Partnership with the withdrawing Partner (in accordance with paragraph no. 12) or continue the Partnership by purchasing the withdrawing Partner's interest (in accordance with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the withdrawing Partner's interest, the remaining Partners shall provide written notice of such intention to purchase within seven (7) day(s) after receipt of the withdrawing Partner's notice to withdraw.

14. Partner's Retirement. A Partner may retire from the Partnership at any time by providing at least seven (7) day(s) written notice of such intention to retire to the other Partners. The remaining Partners may decide either to dissolve and liquidate the Partnership with the retiring Partner (in accordance with paragraph no. 12) or continue the Partnership by purchasing the retiring Partner's interest (in accordance with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the retiring Partner's interest, the remaining Partners shall provide written notice of such intention to purchase within seven (7) day(s) after receipt of the retiring Partner's notice to retire.

15. Partner's Death. If a Partner dies, the remaining Partners may decide either to dissolve and liquidate the Partnership (in accordance with paragraph no. 12) or continue the Partnership by purchasing the deceased Partner's interest (in accordance with paragraph no. 16). The decision to dissolve or continue the Partnership requires the unanimous consent of the remaining Partners. If the remaining Partners choose to purchase the deceased Partner's interest, the remaining Partners shall provide written notice of

such intention to purchase within fourteen (14) day(s) after the Partner's death to the administrator or executor of the deceased Partner's estate.

16. Buyout. If the remaining Partners choose to purchase the withdrawing, retiring or deceased Partner's interest under the preceding paragraphs, that interest will be purchased in the amounts as decided by the remaining Partners that wish to purchase. The value of the withdrawing, retiring or deceased Partner's interest is the fair market value as determined by an independent certified public accountant. The purchase price will not include any separate amounts for goodwill, tradename, patents, or other intangible assets. The remaining Partners may continue to use the Partnership tradename. The purchase price will be paid without interest.

17. Restriction on Transfer. No Partner shall transfer, assign, sell, give, pledge, hypothecate or otherwise encumber, or dispose of in any manner any or all of his or her interest in the Partnership without the written consent of all Partners.

18. New Partners. The Partnership, upon the unanimous consent of all Partners, may admit new Partners to the Partnership on the terms and conditions as determined by the Partners at such time.

19. Arbitration. Any dispute arising out of or related to this Agreement that the Partners are unable to resolve by themselves shall be settled by arbitration in the State of New York in accordance with the rules of the American Arbitration Association. The written decision of the arbitrator(s), as applicable, shall be final and binding on the Partners. Judgment on a monetary award or enforcement of injunctive or specific performance relief granted by the arbitrator(s) may be entered in any court having jurisdiction over the matter.

20. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Partners and their respective legal representatives, heirs, administrators, executors, successors and permitted assigns.

21. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid, legal and enforceable as though the invalid, illegal or unenforceable parts had not been included in this Agreement.

22. Governing Law. The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of New York, not including its conflicts of law provisions.

23. Further Assurances. At the written request of one Partner, the other Partners shall execute and deliver such other documents and take such other actions as may be reasonably necessary to effect the terms of this Agreement.

24. Headings. The section headings herein are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Agreement.

25. Entire Agreement. This Agreement contains the entire understanding between the Partners and supersedes and cancels all prior agreements of the Partners, whether oral or written, with respect to such subject matter.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together, shall constitute one and the same document.

27. Amendment. This Agreement may be amended or modified only by a written agreement signed by all of the Partners.

28. Notices. Any notice or other communication given or made to any Partner under this Agreement shall be in writing and delivered by hand, sent by overnight courier service or sent by certified or registered mail, return receipt requested, to the address stated above or to another address as that Partner may subsequently designate by notice and shall be deemed given on the date of delivery.

29. Waiver. No Partner shall be deemed to have waived any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly and in writing. Waiver by any Partner of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first written above.

SIGNATURES

Partner Signature

Emma M Johnson

Partner Full Name

Partner Signature

Lynn D Crockett

Partner Full Name

This page intentionally left blank.

GENERAL INSTRUCTIONS

WHAT IS A PARTNERSHIP AGREEMENT?

A Partnership Agreement is an internal written document detailing the terms of a partnership. A partnership is a business arrangement where two or more individuals share ownership in a company and agree to share in the profits and losses of their company.

There are three types of partnerships:

General Partnership: All of the partners are on equal footing. They have equal rights and responsibilities in the partnership, and each individual partner can act on behalf of the partnership as a whole. They share in the profits, but they also share in the losses. Each individual partner is also personally on the hook for any actions of the partnership - this is called joint and several liability.

Limited Partnership: The partners are on unequal footing. On one side is the general partner, who manages the business and has the same rights and responsibilities as the partners in a general partnership, including joint and several liability. On the other side is the limited partner - or silent partner - who contributes money to the partnership, but is not involved in the day-to-day of the business. The limited partner is not personally on the hook for the actions of the partnership or the general partner.

Limited Liability Partnership: A limited liability partnership is a hybrid between a partnership and a corporation. None of the partners are personally responsible for the liabilities of the partnership and the other partners beyond their assets in the partnership. The partners can choose how much they want to contribute and how involved they want to be in the business. Limited liability partnerships are a more formal structure and require registration with the state and usually a written partnership agreement as well. Their use is also limited in certain states to professional partnerships, such as lawyers and accountants.

WHEN IS A PARTNERSHIP AGREEMENT NEEDED?

Any arrangement between individuals, friends, or families to form a business for profit creates a partnership. As there is no formal partnership registration process, a written Partnership Agreement shows a clear intention to form a partnership. It also sets out in writing the nuts and bolts of the partnership.

WHAT SHOULD BE INCLUDED?

A simple Partnership Agreement will identify the following basic elements:

- **Partners:** the names of each person who owns the company
- **Partnership Name:** the partnership's catchy new name
- **Purpose:** the business of the partnership
- **Place of Business:** where the partners go to work every day
- **Partner Contributions:** how much and what each partner is contributing
- **Partnership Distributions:** how the profits and losses are divided

Some other useful details a Partnership Agreement might include:

- 1) Capital Accounts.
- 2) Income Accounts.
- 3) Salary and Drawing.
- 4) Bank Accounts.
- 5) Books and Records.
- 6) Management.
- 7) Dissolution.
- 8) Withdrawal.
- 9) Retirement.
- 10) Death.
- 11) Buyout.
- 12) Restrictions on Transfer.
- 13) New Partners.
- 14) Arbitration.
- 15) Governing Law.

OTHER NAMES

As a reference, a Partnership Agreement is known by other names:

- General Partnership Agreement
- Business Partnership Agreement
- Partnership Contract
- Articles of Partnership
- 50/50 Partnership Agreement