

FRANCHISE DISCLOSURE DOCUMENT



Lighting Squad, LLC
A Minnesota Subchapter-S
Corporation
3508 West 22nd Street
Minneapolis, MN. 55416
(612) 801-7769
travis@mnlightsquad.com
www.mnlightsquad.com

As a Lighting Partners franchisee, you will operate a business providing professional commercial and residential lighting services. The franchise will operate under the brand “{insert city} Lighting Squad”.

The total investment necessary to begin operation of a Lighting Partners franchise is ~~\$37,150~~ 33,650 to \$119,000. This includes \$25,000 ~~for the Franchise Fee and \$1,000 to \$25,000 for the opening inventory~~ that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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, please contact Travis Piepho at 3508 West 22nd Street, Minneapolis, MN 55416 and (612) 801-7769.

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: August 20th, 2024

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 arbitration and/or litigation only in Minnesota. Out-of-state arbitration, 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 Minnesota than in your own state.

2. **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 franchise in a system with a longer operating history.

3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	15% of your gross sales	Monthly, on the 15th of the following month	See Note 1 and Note 2.
Sales and Marketing Fee	15% of your gross sales	Monthly, on the 15th of the following month	This fee is paid to us for the advertising and sales services we will provide to you for your local business. This includes all of your local advertising spend. See Note 1 and Note 2.
Local Marketing/Required Spending	Up to 5% of your gross sales	Monthly, on the 2nd day of the following month	We require franchisee to spend up to 5% of Gross Sales each month on marketing the Business.
Replacement / Additional Training fee	Currently, \$250 per person, per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Software subscription	Currently, \$150-\$250 per month	Monthly	<u>The primary operating software you will use for your CRM and business management is included in the Royalty Fee.</u> Your subscription to QuickBooks will be paid directly to the software provider. We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.

Ladders and Equipment (see Note 3)	\$0 - \$5,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems (see Note 4)	\$100 - \$1,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (see Note 5)	\$1,000 - \$2,000	Check	Upon ordering	Insurance company
Vehicle (see Note 6)	\$0 - \$35,000	Check	Upon purchase	Vendor
Lighting Inventory (see Note 7)	\$1,000 - \$25,000	Check, debit, and/or credit	Upon ordering	Us <u>Vendors</u>
Licenses and Permits (see Note 8)	\$300 - \$500	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.) (see Note 9)	\$1,000 - \$2,500	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training (see Note 10)	\$0 - \$2,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 11)	\$5,000 - \$20,000	Varies	Varies	Employees, suppliers
Total	<u>\$33,650</u> - \$119,000			

Notes

1. The Franchise Fee is due and payable at the time of executing the Franchise Agreement. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

All Franchise Fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. Your location will typically be operated from a small office space location. Your utility deposit will depend on your market, credit score and other factors related to your location. This range accounts for your opening payment to the gas, water and electric company.

3. ~~The Lighting Installation Equipment includes the front of house furniture and fixtures, design elements and the back of house kitchen equipment to operate the restaurant business.~~ The Lighting Installation Equipment includes the necessary ladders and installation equipment to operate the lighting services business. The lighting installation equipment will be provided in the Brand Standards Manual.

4. The cost of computer systems includes the hardware and software needed to operate the restaurant. These items are detailed in Item 11.

5. Insurance includes the cost of insurance necessary to operate the lighting services and installation business. The Insurance coverage amounts of types of insurance are included in Item 8.

6. You must use a vehicle appropriate for your business with our branded logo/wrap. It must be in excellent or better condition, clean, dent-free, and otherwise presenting a professional appearance. The low-end estimate assumes you already have a personal vehicle for the business. The high assumes you lease a new vehicle, with certain fees and costs payable upon signing the lease.

~~7. The Lighting Inventory will consist of the lights and the supplies that you will use to provide the lighting projects to customers. This inventory will be purchased through us directly. The range of investment is dependent on the amount of inventory you choose to invest in to start your location.~~ The Lighting Inventory will consist of the lights and the supplies that you will use to provide the lighting projects to customers. This inventory will be purchased through approved vendors and suppliers directly. The range of investment is dependent on the amount of inventory you choose to invest in to start your location.

~~8. Licenses and Permits includes the cost of the licensing and permitting for your restaurant needed to operate the restaurant in your market.~~ Licenses and Permits includes the cost of the licensing and permitting for you to operate the lighting sales and service business in your market.

9. The Professional Fees include the cost of your attorney and CPA and any other professional service providers who will help support you in opening and establishing your business. We also recommend that you have a Franchise Attorney review the Franchise Agreement prior to making your investment and these costs are all included in this investment range.

10. The cost of training is included in your Initial Franchise Fee, but you will be responsible for the cost of travel, food and lodging to attend training. This range of investment includes this cost and will vary depending on where you are located and the types of accommodations you choose.

11. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Lighting Partners business by our affiliate, and our general knowledge of the industry.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- No statement, questionnaire, or acknowledgement 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 with the franchise.
- All Franchise Fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Lighting Squad, LLC, a Minnesota corporation (“Lighting Partners Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”
- No statement, questionnaire, or acknowledgement 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 with the franchise.

- All Franchise Fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

LIGHTING SQUAD, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Flexx Sports	Sole Proprietor	01/2008	Present	Minneapolis, MN
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Dan Piepho - Partner. Dan Piepho has been our Partner/President in Minneapolis, Minnesota, since 1/2024.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Prospectr Marketing, Inc.	Partner	6/2006	Present	Minneapolis, MN
Every Detail Solar, Inc.	CEO / Partner	1/2022	Present	Minneapolis, MN

Item 3 LITIGATION

No litigation is required to be disclosed in this Item.

Item 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5 INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us \$25,000 as the initial franchise fee. This fee is uniform and is not refundable.

All Franchise Fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

Lighting Inventory

~~When you purchase the Franchised business, you will be required to pay for and invest in the Lighting Inventory for the Franchise. This purchase will be made directly from the Franchisor.~~

~~The total investment for the Lighting Franchise Inventory is \$1,000 – \$25,000 which is a uniform and non-refundable investment.~~

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Lighting Partners Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Lighting Partners Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Lighting Partners Franchising) changes to the Business as Lighting Partners Franchising requires to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Lighting Partners Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than described in this Section, and (C) the Territory will not be changed;
- (v) Franchisee and each Owner executes a general release (on Lighting Partners Franchising's then-standard form) of any and all claims against Lighting Partners Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

All Franchise Fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

4.2 Royalty Fee. ~~In Franchisee's first year of operation,~~ Franchisee shall pay Lighting Partners Franchising a monthly royalty fee (the "Royalty Fee") equal to 7% of Gross Sales. The Royalty Fee for any given month is due on the 2nd day of the following month.

4.3 Intentionally Omitted.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee to Lighting Partners Franchising's training program after opening, Lighting Partners Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$250 per person, per day.

