

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are the audited financial statements for the periods ending December 31, 2021, 2022 and 2023. [Also attached as Exhibit F are the unaudited financial statements for the period from January 1, 2024 to April 30, 2024.](#) Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit C – Franchise Agreement, including the following agreements:

- Approved Location/Protected Area (as Exhibit 1)
- Personal Guaranty (as Exhibit 3)
- Telephone, Internet Websites and Listing Agreement (as Exhibit 4)
- Disclosure Questionnaire (as Exhibit 5)
- Assignment of Franchise Agreement (as Exhibit 6)
- Electronic Transfer Authorization (as Exhibit 7)
- Collateral Assignment of Lease (as Exhibit 8)
- Confidentiality Agreements (as Exhibit 9)

Exhibit G – Form of Release

Exhibit H – Form of Transfer Agreement

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between _____ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated _____, 20____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

MINNESOTA LAW MODIFICATIONS

1) The Minnesota Department of Commerce requires that certain provisions contained in franchise documents be amended to be consistent with the Minnesota Franchise Law, Minnesota Statute Chapter 80C, which regulates the sale of franchises to be located in Minnesota or to be sold to residents of Minnesota. Registration is required by the franchisor offering and selling the franchise. To the extent that the Disclosure Document and/or Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Agreement requires the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Generator Supercenter that would violate the Act, or a rule or order under the Act. Minn. Rule 2860.4400D prohibits requiring a franchisee to assent to a general release. Any release of claims or acknowledgment of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchises Act or a rule or order promulgated thereunder shall be void with respect to claims arising under the Minnesota Franchises Act.

b. The following language must amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and agreement(s):

"Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

c. The Minnesota Department of Commerce requires that Generator Supercenter indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreement. Article 10 of the Agreement describes the circumstances under which Generator Supercenter will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Article 10 of the Agreement.

d. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

e. The Agreement contains certain provisions regarding termination and non-renewal of franchise and notice and opportunity to cure. To the extent any provision of this Agreement and/or the Disclosure Document are inconsistent with respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, 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, those provisions of the Agreement and/or Disclosure Document are hereby amended accordingly. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreement.

f. Any section of the Agreement (pertaining to liquidated damages) is hereby deleted; provided, that such deletion shall not excuse you from liability for actual or other damages and the formula for assessing liquidated damages shall be admissible in any litigation or proceeding as evidence of actual damages.

g. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

~~h. Exhibit 5 of the Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.~~

h. 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.

2) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3) As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Generator Supercenter reserves the right to challenge the enforceability of the state law.

4) All other provisions of the Agreement are hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

Generator Supercenter Franchising, LLC

Balance Sheet

As of April 30, 2024

05/31/24

Accrual Basis

	Apr 30, 24
ASSETS	
Current Assets	
Checking/Savings	
1000Z · Cash & Checking	
900Z · Morgan Stanley MM 36746	3,883,529.25
Morgan Stanley MM 35598	619,703.94
1010Z · PNC 3172 Depository	1,450.00
1001Z · PNC 0845 Operating	2,240,240.95
Total 1000Z · Cash & Checking	6,744,924.14
Woodforest Franchise - 3534	5,121.07
Total Checking/Savings	6,750,045.21
Accounts Receivable	
1200Z · Accounts Receivable	676,046.66
1255Z · Rebate Receivable	1,434,938.00
Total Accounts Receivable	2,110,984.66
Other Current Assets	
1400Z · Prepaid Expense	330,946.50
1500 · Intercompany	
1501Z · Due To/From Houston	1,537,577.87
Total 1500 · Intercompany	1,537,577.87
1275Z · Deferred Commissions	357,259.58
1350Z · Employee Advance	1,020.90
Total Other Current Assets	2,226,804.85
Total Current Assets	11,087,834.72
Fixed Assets	
1710Z · Furniture & Fixtures	
1711Z · A/D Furniture & Fixtures	-21,797.33
Total 1710Z · Furniture & Fixtures	-21,797.33
1761Z · Office Equipment & Software	38,751.34
Total Fixed Assets	16,954.01
TOTAL ASSETS	11,104,788.73
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000Z · Accounts Payable	19,425.25
Total Accounts Payable	19,425.25
Other Current Liabilities	
2311Z · Liability for Uncertain Tax Pos	101,000.00
2300Z · Deferred Revenue	2,722,519.73
Total Other Current Liabilities	2,823,519.73
Total Current Liabilities	2,842,944.98
Total Liabilities	2,842,944.98
Equity	
Draw Houston	-13,353,160.35

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05/31/24

Accrual Basis

Generator Supercenter Franchising, LLC

Balance Sheet

As of April 30, 2024

	<u>Apr 30, 24</u>
3910Z · Partners Equity	
3102Z · Partner Contributions	
3100Z · Opening Balance Equity	1,000.00
Total 3102Z · Partner Contributions	1,000.00
Draws	
Owner Draw - Cruise	-17,961.42
Owner Draw - Metcalfe	-2,273,081.49
Owner Draw - W Metcalfe	2.00
Total Draws	-2,291,040.91
Total 3910Z · Partners Equity	-2,290,040.91
3900Z · Retained Earnings	21,048,625.49
Net Income	2,856,419.52
Total Equity	8,261,843.75
TOTAL LIABILITIES & EQUITY	11,104,788.73

Generator Supercenter Franchising, LLC

Profit & Loss

05/31/24

January through April 2024

Accrual Basis

	Jan - Apr 24
Ordinary Income/Expense	
Income	
4602Z · Job Reviews Income	137,150.00
Franchise fees income	20,750.00
4601Z · Royalties Income	2,250,317.24
4070Z · Vendor Rebate Income	1,443,198.69
4000Z · Fees Income	441,454.61
4400Z · Franchise Advertising Income	38,591.63
Total Income	4,331,462.17
Cost of Goods Sold	
5200Z · Franchise Training	900.00
5250Z · Franchise Advertising	15,558.13
5000Z · Commissions & Fees	12,962.55
Total COGS	29,420.68
Gross Profit	4,302,041.49
Expense	
miscellaneous expense	14,250.00
6200.1Z · Bank Service Charges	1,955.35
6060Z · Facilities	
6060.2Z · Repairs & Maintenance	170.59
Total 6060Z · Facilities	170.59
6400Z · Sales, Marketing, Advertising	
6400.2Z · TRADE SHOW	382.96
6400.1Z · Advertising	227,686.52
6400Z · Sales, Marketing, Advertising - Other	33,865.00
Total 6400Z · Sales, Marketing, Advertising	261,934.48
6200Z · Office	
6200.8Z · Stationery & Printing	5,700.61
6200.9Z · - Training	1,425.00
6200.7Z · Staff Meals & Meetings (100%)	8,196.95
6200.6Z · Postage & Delivery	3,490.47
6201.1Z · Uniforms	15,049.40
6200.5Z · Office Supplies & Exp	12,029.57
6200.3Z · Dues & Subscriptions	1,879.17
Total 6200Z · Office	47,771.17
6500Z · Software, Computers, IT	
6500.1Z · Computers	135,994.44
6500Z · Software, Computers, IT - Other	7,478.92
Total 6500Z · Software, Computers, IT	143,473.36
9015Z · Interest Expense	9,032.30
6800Z · Wages & Benefits	
6803Z · Payroll Tax Expense	43,733.19
6801Z · Bonus	8,500.00
66000 · Salaries & Wages	540,957.70
6802Z · Payroll Expenses	1,882.82
6800.1Z · Benefits	
6800.2Z · 401K	21,681.33
6800.5Z · Health Insurance	10,903.71
Total 6800.1Z · Benefits	32,585.04
Total 6800Z · Wages & Benefits	627,658.75

Generator Supercenter Franchising, LLC

05/31/24

Profit & Loss

Accrual Basis

January through April 2024

	<u>Jan - Apr 24</u>
6020Z · Auto	
6020.2Z · Fuel	7,084.98
6020.6Z · Repairs & Maintenance	1,317.97
Total 6020Z · Auto	8,402.95
6080Z · Insurance	
6080.2Z · D&O	19,439.49
6080.6Z · Workers Comp	458.25
6080.3Z · General Liability	25,357.11
Total 6080Z · Insurance	45,254.85
6100Z · Meals & Entertainment (50%)	35,691.24
6300Z · Professional Fees	
6300.4Z · Professional Services - Recruit	8,931.24
6300.1Z · Accounting	46,427.44
6300.3Z · Legal	26,017.96
Total 6300Z · Professional Fees	81,376.64
6700Z · Travel	
6700.1Z · Parking	3,239.47
6700.2Z · Tolls	155.29
6700.5Z · Car Rental	9,989.40
6700.3Z · Travel & Lodging	131,520.73
6700.4Z · Travel Meals	23,745.40
Total 6700Z · Travel	168,650.29
Total Expense	1,445,621.97
Net Ordinary Income	2,856,419.52
Net Income	2,856,419.52