FRANCHISE DISCLOSURE DOCUMENT
LIGHTBRIDGE FRANCHISE COMPANY, LLC
A New Jersey Limited Liability Company
116 Grand Street, 2nd Floor
Iselin, NJ 08830
(732) 980-1900
info@lightbridgeacademy.com
www.lightbridgeacademy.com

As a franchisee, you will operate a Lightbridge Academy Center offering early learning programs for infants (6 weeks and up), toddlers, pre-school and kindergarten age children, with summer camps for school age children.

The total investment necessary to begin the operation of a Lightbridge Academy Center ranges from $621,233-$824,150 for a leased Center and $2,611,900-$5,088,750 for a purchased Center. This includes $121,000-$142,000 that must be paid to the franchisor or its affiliate.

We also offer to certain qualified individuals the right to develop multiple Lightbridge Academy Centers under a Multi-Unit Operator Agreement. The total investment for the first location under a Multi-Unit Operator Agreement for five Centers is between $676,233 - $879,150 for a leased Center and between $2,706,900-$5,143,750 for a purchased Center. This includes between $176,000-$197,000 that must be paid to the franchisor and/or its 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, contact Lightbridge Franchise Company, LLC: Attn: Franchise Department at 116 Grand Street, 2nd Floor, Iselin, NJ 08830, (732) 980-1900.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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: April 29, 2022, as amended November 23, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchise outlets.
Will my business be the only Lightbridge Academy business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Lightbridge Academy franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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 litigation only in the then-current county and state where our corporate headquarters is located (currently, Middlesex County, New Jersey). Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate and/or litigate with the franchisor in the then-current county and state where our corporate headquarters is located than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any)

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is Lightbridge Franchise Company, LLC, a New Jersey limited liability company. To simplify the language in this Disclosure Document, Lightbridge Franchise Company, LLC, will be referred to as "we" or "us". "You" means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; (iii) each of your members and managers if you are a limited liability company and (iv) spouses of any of the aforementioned individuals. Spouses of individual franchisees are also required to sign our Guaranty. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit C to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

The Franchisor and Affiliates

We are a New Jersey limited liability company formed on November 16, 2010 and maintain our principal business address at 116 Grand Street, 2nd Floor, Iselin, New Jersey 08830. We do business under our corporate name.

We offer and sell franchises for the operation of Centers under the "Lightbridge Academy®" mark. We started offering franchises for the same type of business you will be operating in January, 2011. From 2011 through June 2014, we offered franchises under the trade name "Rainbow Academy". Beginning in October, 2014, we required existing franchisees to cease operating under the trade name "Rainbow Academy" and begin operating under the trade name "Lightbridge Academy". We have never offered franchises in any other line of business. We currently do not operate any Lightbridge Academy Centers however one of our affiliates operates Lightbridge Academy Centers.

We have no predecessor. Our parent company, Lightbridge Holdings Group, Inc., a Delaware corporation ("Holdings") was formed on May 17, 2021, with its principal address at 116 Grand Street, 2nd Floor, Iselin, New Jersey 08830. On June 15, 2021, Holdings purchased the majority of the ownership interest in us pursuant to a Membership Interest Purchase and Contribution Agreement. Holdings has never offered franchises in the child care industry or any other line of business.

Our affiliate, Rainbow Academy Child Care Centers, LLC, a New Jersey limited liability company ("Rainbow Academy") was formed in February, 2000. Its principal business address is 116 Grand Street, 2nd Floor, Iselin, New Jersey 08830. Rainbow Academy owns our Proprietary Marks. It has never offered franchises in the child care industry or any other line of business.

Our affiliate, Lightbridge Assurance Group, LLC, a New Jersey limited liability company ("Lightbridge Assurance Group") was formed on April 1, 2011. Its principal business

address is 116 Grand Street, 2nd Floor, Iselin, New Jersey 08830. Lightbridge Assurance Group will provide, in certain instances, financial assurances to landlords of our franchisees, including limited guarantees related to the collection of rent. Lightbridge Assurance Group has never conducted a business of the type you will be operating and has never offered franchises in the child care industry or any other line of business.

Our affiliate, Lightbridge Foundation, Inc., a non-profit corporation, (the “Foundation”) was formed on September 21, 2001. Its principal business address is 116 Grand Street, 2nd Floor, Iselin, New Jersey 08830. The Foundation is dedicated to supporting parents and children along life’s journey. Instead of focusing on a single cause, our foundation provides a wide range of support to those within our Circle of Care. The Foundation has never conducted a business of the type you will be operating and has never offered franchises in the child care industry or any other line of business. Our franchisees are required to raise a minimum of $2,000 annually for the Foundation.

Agent for Service of Process

Our agent for service of process is identified in Exhibit A to this Disclosure Document.

The Business We Offer

We grant franchises for the right to operate a Lightbridge Academy Center (the “Lightbridge Academy Center” or “Center”) under our unique business system (the "Lightbridge Academy System" or the “System”) and proprietary marks ("Proprietary Marks"), described in this Disclosure Document. The Lightbridge Academy System includes a proprietary method of interior and exterior design, layout, décor, color scheme, fixtures, and furnishings; materials and supplies; teaching and other methods, uniform standards, specifications and procedures for operations; procedures for management; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved or further developed by us.

Your Lightbridge Academy Center will offer early learning programs for infants (6 weeks and up), toddlers, pre-school and kindergarten age children, as well as summer camps for school age children, before care, after care and back-up care. A typical Lightbridge Academy Center will be approximately 8,000 to 11,600 square feet and accommodate approximately 140-200 children. Your state or local jurisdiction will make a final determination of your Lightbridge Academy Center’s enrollment capacity. The Lightbridge Academy Center must be operated by you, a full time Director, and a full time Assistant Director that has been trained by us. The Director will be responsible for overseeing the day-to-day aspects of your Lightbridge Academy Center.

The form of Franchise Agreement we currently offer is attached as Exhibit C to this Disclosure Document (“Franchise Agreement”). The Franchise Agreement grants you the right to use the Lightbridge Academy System and Proprietary Marks.

Multi-Unit Operator Agreement

We offer a Multi-Unit Operator Agreement for the development of five Lightbridge Academy Centers with a defined development area, subject to Center Performance Requirements. Our form of Multi-Unit Operator Agreement is attached as Exhibit D to this Disclosure Document. You will be required to open each Franchised Business in accordance with a development schedule. The Franchise Agreement for each Franchised Business developed under the Multi-Unit Operator Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed, except the royalty fees and brand development fees payable to the Company will not exceed the fees in the Franchise Agreement for the first Franchised Business developed thereunder. Initial training fees will also be reduced. Upon the opening of your third Center you will be required to hire a Regional Manager to assist with the management of your Centers.

Market and Competition

The market for child care services is highly developed and competitive. Your Lightbridge Academy Center will compete with other businesses performing similar services, including public and private programs, independently owned day care centers (or similar businesses), regional and national chains and franchises offering similar services for children, which may operate more locations and may have greater financial and marketing resources.

Applicable Industry-Specific Laws and Regulations

Your business will be subject to various federal, state and local laws and regulations, which are specific to child safety, which may include licensing and registration requirements, personnel screening obligations involving background checks and criminal records checks; personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; specified minimum indoor and outdoor physical facilities and equipment; requirements that structures provide shade; food service requirements; privacy and record keeping. You must investigate, keep informed of and comply with these laws as well as other federal, state and local laws regulating child safety in the operation of your Lightbridge Academy Center. Your Lightbridge Academy Center's enrollment capacity will be determined by state and local governmental authorities.

In addition, you should be aware that there are other general laws and regulations that apply to your Lightbridge Academy Center's operation and construction, and you should also make further inquiries to find out about these laws and regulations as part of your decision-making process. The laws and regulations may change from year to year. You should investigate the application of these laws further.

Referral Program

We currently have a referral program under which participating franchisees, Directors and employees are paid a total referral fee of $1,000-$5,000 for leads to qualified candidates who acquire a franchise, subject to program criteria. The referral fee is subject to change and/or elimination at any time.

ITEM 2

BUSINESS EXPERIENCE

~~**Chairman and Founder: Gaetano (Guy) T. Falzarano**~~

~~Guy is the founder of Lightbridge Franchise Company and has been our Chairman since June 2021. Guy previously served as our Chief Executive Officer from 2011 to June, 2021 and as our President from 2011 through August, 2015. Guy has also served as the Chairman of our affiliate, New Jule Holdings, LLC located in Iselin, NJ, and of our parent, Lightbridge Holdings Group, Inc., since June 2021. Guy is the President of the Lightbridge Foundation and has served in this capacity since 2002. Guy has served as the President of the Early Childhood Education Advocates (ECEA) since 2019.~~

Chief Executive Officer: Gigi Schweikert

Gigi has served as our Chief Executive Officer and the Chief Executive Officer of our parent, Lightbridge Holdings Group, Inc. since June, 2021. Gigi previously served as our President from August, 2015 to June, 2021 and as our Chief Operating Officer from August, 2014 to November, 2020. Gigi has served as the Chief Executive Officer of our affiliate, New Jule Holdings, LLC since June, 2021. Gigi has been the Vice President of Lightbridge Foundation, Inc. since August, 2014. She currently serves as an Advisory Board Member for Marco Polo World School headquartered in New York, New York since 2019 and for Seton Hall University - Transformative Leadership in Disruptive Times in South Orange, NJ since 2020. She has been a Board Member for the Early Care & Education Consortium headquartered in Washington, DC since 2021.

Chief Operating Officer: Joanne Sofia, CFE

Joanne has been our Chief Operating Officer and the Chief Operating Officer of our parent, Lightbridge Holdings Group, Inc. since June, 2021. Prior to that, Joanne was our Chief Operations Officer from November 2020 to June 2021 and was our Senior Vice President of Operations from November 2018 to November 2020. From December 2016 through October 2018, Joanne served as our Vice President of Company Centers. Joanne has served as the Chief Operating Officer of our affiliate New Jule Holdings, LLC since June, 2021. Joanne has also served as a member of the Rutgers CX Board since May, 2016.

Vice President of Operations: John Hamilton, CFE

John has been our Vice President of Operations since June, 2021. Prior to that, John worked at Goddard Systems in King of Prussia, Pennsylvania from November 2015 until June 2021 in multiple positions including Regional Manager.

~~**Vice President of Quality Assurance: Jaclyn Falzarano**~~

~~Jaclyn is our Vice President of Quality Assurance and has served in this capacity since June 2021. Jaclyn previously served as our Vice President of Operations from January 2014 to June 2021. In 2013, she served as our Franchise Business Coach. From March 2011 – September 2012, Jaclyn served in the Education and Training department for our affiliate, Rainbow Academy Associates, LLC. From February 2005 through November 2010, she worked as a Center Director for multiple Lightbridge Academy Centers.~~

Chief Financial Officer: Joseph Fede

Joe is our Chief Financial Officer and has served in this capacity since January, 2014. Since June, 2021 Joe has also been the Chief Financial Officer of our parent, Lightbridge Holdings Group, Inc, and of our affiliate New Jule Holdings, LLC and is an officer of our affiliate Lightbridge Development Company, LLC.

Chief Marketing Officer: Brenda J. Febbo; CFE

Brenda has served as Chief Marketing Officer since August, 2015. Brenda previously served as our Vice President of Marketing and Sales from December, 2010 through July, 2015. Brenda also served as the Vice President of Marketing for our affiliate, Rainbow Academy Associates, LLC from December, 2007 through December, 2010. Since June, 2021 Brenda has been the Chief Marketing Officer of our parent, Lightbridge Holdings Group, Inc, and of our affiliate New Jule Holdings, LLC. From December, 2008 to 2019 Brenda served on the Board of Directors for the Lightbridge Foundation.

~~**Senior Vice President of Franchise Development: David F. Falzarano**~~

~~David is our Senior Vice President of Franchise Development and has served in this capacity since December 2020. From December 2010 to December 2020 David worked in our Franchise Development department and held multiple different titles during that time. From July, 2010 through November 2010, David served as the Director of Operations for our affiliate, Rainbow Academy Associates, LLC. From January 2009 through June 2010, David served as the Director of Human Resources for Rainbow Academy Associates, LLC. Prior to that, from February 2006 through January 2009, David served as the Assistant to the Chief Executive Officer of Rainbow Academy Associates, LLC.~~

Senior Vice President of Franchise Sales: Jim DiRugeris

Jim has served as our Senior Vice President of Franchise Sales since November 2021. From January 2020 – September 2021, Jim worked as Chief Development Officer for Celebree Enterprises LLC, in Lutherville, Maryland and from October 2014 to January 2019, he served as Vice President, Franchise Development for Goddard Systems, Inc., in King of Prussia, Pennsylvania.

Vice President of Education and Training: Jennifer Romanoff, MA ECE

Jennifer is our Vice President of Education and Training, and has served in this capacity since December, 2010. From 2008 through December, 2010, Jennifer also served as the Director of Education and Training for our affiliate, Rainbow Academy Associates, LLC. Jennifer was previously a Director at a Rainbow Academy center from April, 2003 through January, 2009.

Chief Information Officer: Benjamin Blake

Benjamin is our Chief Information Officer and has served in this capacity since January, 2020. Prior to joining us, he worked as an independent IT management consultant with engagements including those with Lightbridge Academy beginning in December of 2018 to January, 2020. From July 2006 until November 2018, Ben worked as the head of technology under several senior titles for Huntington Learning Centers at the Oradell, NJ headquarters.

Board Member: Ross Brendel

Ross serves on the Board of Directors for our parent, Lightbridge Holdings, Group, Inc., since June, 2021. He has also been the founder and Managing Principal of Westerly Group in New York City since August, 2019. From September, 2013 to June, 2019 Ross was part of the investment team at Sycamore Partners in New York City and served as the Vice President from 2017 to June, 2019. Since 2020 Ross has served on the boards of Sylmar Group in Los Angeles, CA, and Evermore Industries in Austin, TX. Since 2021 he has served on the board of Era Services Group in Phoenix, AZ,

Board Member: Brian Burke

Brian serves on the Board of Directors for Lightbridge Holdings Group, Inc. since June, 2021. Since January, 2019, he has served as the Managing Partner of Elmsley Capital in Chicago, IL and since November, 2019 he has served as the Executive Chairman of Keystone Display, Inc. in Hebron, IL. From June 2016 - December 2018, Brian held the position of Vice President for Garnett Station Partners located in New York, NY.

Board Member: Susan Wolford

Susan serves on the Board of Directors for Lightbridge Holdings Group, Inc. since June, 2021. Susan served as Vice Chair for BMO Capital Markets headquartered in Toronto, Canada from November 2018 to July 2020 and was also its Managing Director and Head of Technology & Business Services Group from January, 2003 to November, 2018. Susan has served as Chairwoman of the Board at Edify Acquisition Corp headquartered in New York, NY since January of 2021, and has been on the boards of Keypath Education headquartered in Chicago, IL since May 2021, the Rutgers Cancer Institute in New Brunswick, NJ since June 2009, World Quant headquartered in Old Greenwich, CT since 2015, and Villanova School of Business in Villanova, PA since

2007.

Board Member: Frank Scaraggi

Frank has served on the Board of Directors for Lightbridge Holdings Group, Inc. from September, 2022 through the present. From June, 2016 through the present, he has been a member of our affiliate, Lightbridge Properties, LLC. From November 2011 – June 2021 he served as one of our Directors and from January, 2001 - 2014, he was also the Vice President of the Lightbridge Foundation. Frank has been the sole manager of Legacy Real Estate Trust from 2001 through the present.

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

You must pay our standard initial franchise fee of $40,000. The initial franchise fee is payable when you sign the franchise agreement. Except as noted below, the initial franchise fee is not refundable under any circumstances.

We provide special financial incentives to qualified veterans who have been honorably discharged from the US Armed Forces. We offer qualified candidates a 10% reduction off the initial franchise fee for each Lightbridge Academy Center they agree to develop. The applicable veteran must own 20% or more of the assets of the Center or of the business entity that is the Franchisee. We reserve the right to cancel or modify this program at any time.

We may award you more than one individual franchise (outside of our Multi-Unit Operator Agreement program), however, if you elect to execute more than one franchise agreement to develop an additional Center(s), we will not permit you to develop a new Center, if any existing Center that you have operated for a minimum of twelve (12) months is or falls below a 65% Occupancy Rate. In such event, you will not

receive any refund of any fees paid to us. Your sole remedy is to bring your existing Center up to a 65% Occupancy Rate or better, at which time we will permit you to begin development of the additional Center. The Occupancy Rate percentage is based on the enrollment compared to the Center's state licensed capacity.

Multi-Unit Operator Agreement – Development Rights Fee

The development rights fee owed if you qualify to develop multiple Centers depends on the number of Centers you will be opening. The schedule is as follows:

2 Centers = Development Rights Fee $65,000
3 Centers = Development Rights Fee $85,000
4 Centers = Development Rights Fee $100,000
5 Center = Development Rights Fee $115,000

You will not pay an additional initial franchise fee.

We provide special financial incentives to qualified veterans who have been honorably discharged from the US Armed Forces. We offer qualified candidates a 10% reduction off the Development Rights Fee. The applicable veteran must be a 20% or more owner of the business or of the business entity that is the Developer. We reserve the right to cancel or modify this program at any time.

The ability to continue opening Centers under the Multi-Unit Operator Agreement is contingent upon all Center Performance Obligations being met. The Development Rights Fee must be paid in full when you sign the Multi-Unit Operator Agreement. The Development Rights Fee is imposed uniformly on all multi-unit operators, is fully earned by us when received and is not refundable.

Center Development Fee

You must also pay us a Center Development Fee of $40,000. We will assist you in identifying potential locations that meet our standards and criteria, including size, layout and other physical characteristics. We will also provide you with on-site assistance during the construction of your Lightbridge Academy Center. We may, at our discretion, also provide you with demographic studies and competitive analyses, attend township approval meetings, review licensing and zoning requirements, perform secret shopping, negotiate with landlords and/or developers, coordinate engineering studies, and provide marketing and advertising assistance, among other things. The Center Development Fee consists of an initial payment of $20,000, which you must pay at the earlier of: (i) the signing of your lease agreement or purchase agreement for your approved premises; or (ii) 6 months after signing the Franchise Agreement. The remaining balance of $20,000 is payable upon the issuance of the temporary certificate of occupancy (or the equivalent in your state). If you are executing a Multi-Unit Operator Agreement, the Center Development Fee for the second through fifth Centers is reduced to $20,000 which is due at the earlier of: (i) the signing of your lease agreement

or purchase agreement for your approved premises; or (ii) 6 months after signing the Franchise Agreement. The Center Development Fee is not refundable under any circumstances.

Training Fee

You must also pay a non-refundable initial training fee of $40,000 for your initial training and for services related to the Lightbridge Academy Center opening. We will reduce the initial training to: (i) $20,000 if you are an existing franchisee, in good standing, opening a subsequent Center, or (ii) $20,000, per franchise agreement, if you are operating under a Multi-Unit Operating Agreement. If this is your initial franchise (including an initial franchise under a Multi-Unit Operator Agreement) the fee consists of an initial payment of $20,000 that is payable within 60 days of execution of the Franchise Agreement when you begin our Owners Track 1 program which is a three-day training program focused on providing an overview on finding and funding your site, construction, licensure, lease negotiating and other relevant topic areas. The remaining payment of $20,000 (this payment is not applicable for those operating under Multi-Unit Operator Agreements) is payable during construction when you begin our Owners Track 2 program which is a two-day training program focused on providing an overview on launching your business, onboarding, vendors and enrollment, among other things. Following Owners Track training you must attend our standard franchise training which is a three-week training (broken up by week over the course of 3-4 months) covering topics such as operations, marketing and education. For existing franchisees in good standing, and those opening their second through fifth Centers under Multi-Unit Operator Agreements, the required $20,000 training payment is due prior to beginning standard franchise training.

If this is your initial franchise (including the first unit under a Multi-Unit Operator Agreement), you (or your Operating Principal if you are an entity) must attend Owners Track training in addition to our standard training. The fee covers standard franchise training for up to 4 people including you (or your Operating Principal if you are an entity), your Director and your Assistant Director if this is your initial franchise, and 2 people if you are an existing franchisee in good standing or if you are opening your second through fifth Centers under a Multi-Unit Operating Agreement. The fee also covers Owners Track training for you (or your Operating Principal if you are an entity).

Background Checks

Upon signing the franchise agreement, you must pay us our costs to obtain background checks (including asset verification) on you. The background check fee and asset verification fee for each person signing the franchise agreement is up to $1,000 per person (total of $2,000 if two people sign). In the event we determine that you do not meet our criteria for a franchisee, then we will refund you any monies we received towards your initial franchise fee less our expenses of $10,000. However, we will not refund any monies to you unless you sign a termination agreement and general release in a form reasonably satisfactory to us. Our current form of Release is attached to the

Franchise Agreement as Exhibit 6.

Lease Guaranty

Our affiliate, Lightbridge Assurance Group, LLC, may, in its discretion, provide a limited lease guaranty to certain qualified franchisee's landlords, specifically for the purpose of leasing the property to operate a Lightbridge Academy Center. Any lease guarantee will be subject to terms and conditions acceptable to Lightbridge Assurance Group, LLC. If you elect to participate, and are approved by Lightbridge Assurance Group, you will be required to execute our Lease Guaranty Agreement, which is attached to this Disclosure Document as Exhibit F. You will be required to pay Lightbridge Assurance Group a one-time initial set-up fee payment of twenty thousand dollars ($20,000) and a lease guaranty fee equal to one dollar ($1.00) per square foot of your Premises. The lease guaranty fee is an annual fee, but payable in twelve equal monthly installments (commencing on the first day of the month immediately following the rent commencement date in your lease agreement).

Except as described above, the fees listed in this Item 5 are uniform for all prospective franchisees.

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ITEM 6

OTHER FEES

NAME OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7% of Gross Revenues. The royalty fee is reduced to 4% of Gross Revenues during the first six months your Center is open for business.	Payable on the 5th day of each month.	(Note 2, Note 3 and Note 4)
Brand Development Fund	Up to 3% of Gross Revenues	Monthly; amounts payable to the Brand Development Fund due at the same time and in the same manner you pay the Royalty Fee	Used to contribute to the Brand Development Fund, which is described in Item 11. Currently 2% of Gross Revenues.
Advertising Cooperative	As determined by the cooperative, up to 2% of Gross Revenues	As cooperative directs	(Note 5)

NAME OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Special Promotional Programs	Cost of Program	As incurred	(Note 6)
Transfer	25% of then current initial franchise fee; however if we (a) introduce the transferee or (b) if the transferee is an existing center employee, 10% of the sales price.	Prior to transfer	See Item 17 for a further explanation of transfer conditions.
Transfer of Multi-Unit Operating Agreement	$5,000; however if we (a) introduce the transferee or (b) if the transferee is an existing center employee, 10% of the sales price.	Prior to transfer	See Item 17 for a further explanation of transfer conditions.
Renewal	10% of then current initial franchise fee	At the time of execution of franchise agreement for renewal term.	Due only if you execute a franchise agreement for a renewal term.
Audit	Our audit costs	Upon completion of inspection/ audit	(Note 7)
Collection Costs, Attorneys' Fees and Interest	Interest on overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate, costs of collection, attorneys' fees and court costs	As incurred	(Note 8)
Initial Training	Our then current tuition (currently $2,000 per person); you will also pay personal expenses, including transportation, lodging, meals and salaries	As incurred	(Note 9)
On-site Training and Supplemental Training	Our then current rates; you will also pay personal expenses, including transportation, lodging, meals and salaries for your employees	As incurred	We may charge a reasonable fee for additional on-site training. We may charge our then current tuition for any refresher or supplemental training. Our current tuition is currently set at $500 per person per day.
Indemnification	Amount of loss or damages plus costs	As incurred	(Note 10)

NAME OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Bank Charges and Administrative Costs	Our then-current fees	Upon invoice	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
New Product or New Supplier Approval	Cost of review and testing.	Payable to us, when incurred.	You may request approval of a new service to be offered, product or a supplier under our published procedures. We or the independent testing facility we designate may charge a fee for the testing. We may also charge you a fee for services in making a determination on the proposed service, product or supplier. See Item 8.
De-Identify Premises	Costs plus administrative fee. (currently 15%)	As incurred	If you don't de-identify your Lightbridge Academy Center premises following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you an administrative fee.
Insurance	Cost of insurance plus administrative fee (currently 15%).	Annually	Paid to Insurers. See Item 7. We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and an administrative fee.
Technology Fee	Currently $400 per month.	At our request	Paid to us or approved supplier(s). (Note 11)
Late Crisis Notification Fee	Our then-current fee (Currently $5,000 per occurrence plus $500 per day, beginning on the second day).	As Incurred.	(Note 12)
Center Management Fee	In the event we must operate the Center you must pay us our then-current management fee (currently 10% of the Center's monthly Gross Revenues). In addition, you are also required to pay our expenses and other fees, such as royalties.	As Incurred.	We have the right to operate the Center under certain circumstances if the Center is in jeopardy or if you are in default.
Relocation Fee	Our then-current Fee (Currently $40,000)	Upon approval of relocation request.	This is not our exclusive remedy in the event you fail to open the new location.

NAME OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Annual Franchisee Conference	Our then-current fee for attendance (currently $350.00)	As incurred	We may require that you pay a fee for attendance at our Annual Franchisee Conference. The fee is payable to us.
Late Reporting Fee	12% of the last Royalty payment made.	As incurred	See Note 3
Enroll 360	Amount varies (Currently $250-$349 per month)	Monthly	This is an optional paid service. It is designed to nurture online leads and convert them into scheduled tours through the use of an online scheduling tool, Chatbot, LiveChat, and a dedicated Customer Care Specialist. We reserve the right to adjust the fee upon notice to you.
Website Hosting	Our then-current fee	As incurred	Payable to us or our approved vendor if we determine it is necessary to charge a separate website hosting fee. We do not currently charge a separate fee.
Mobile Tablet Service and Support	Our then-current fee (currently $90)	Monthly	Payable to us or our affiliate for mobile device management service and support.

Note 1: All fees are non-refundable. These fees may not be uniform for franchisees signing the Franchise Agreement. All fees are imposed by and are paid to us or our affiliates.

Note 2: "Gross Revenues" includes all revenue derived from all business conducted at or from your Lightbridge Academy Center's premises, including any monies received during pre-sales, but excluding the amount of any sales tax imposed by any federal, state, municipal or other governmental authority, customer refunds or adjustments or any revenue donated to the Lightbridge Foundation.

Note 3: If you open your business on or prior to the 15th day of the month, then that month shall be deemed your "first month" for purposes of calculating the Royalty Fee rate. In the event you open for business after the 15th day of the month, then the following month will be considered your "first month" for purposes of calculating the Royalty Fee rate. If you fail to submit any report on a timely basis, we may withdraw from your operating account an amount equal to the last Royalty Fee payment made and/or require you to provide the report on a weekly basis. Once the correct numbers have been determined any overpayments from the estimated amount shall be forwarded to you or credited to your account; you shall pay any underpayments, with interest. For each month you fail to submit a required report we may charge a penalty in the amount of 12% of the last Royalty Fee payment made.

Note 4: Each December, during the term of your Franchise Agreement, we will perform a royalty reconciliation for the prior twelve months (December 1st through November

30th). To the extent the royalty reconciliation determines any underpayment, we will withdraw the amount of such underpayment at the time that we withdraw the monthly Royalty Fee for the following January. To the extent the royalty reconciliation determines any overpayment, we will deduct the amount of the overpayment from the amount we withdraw from your monthly Royalty Fee in the following January. To the extent the overpayment exceeds the amount owed for your January Royalty Fee payment, then we will refund any difference.

Note 5: We reserve the right to require you to become a member of an advertising cooperative. If a cooperative has been established applicable to your Lightbridge Academy Center, you shall immediately become a member of such cooperative. The amounts you are required to contribute to an Advertising Cooperative will be credited to your Minimum Local Advertising Expenditure requirements. See Item 11 for additional information.

Note 6: In addition to the above requirements, we may, in our discretion, establish special promotional campaigns or open houses applicable to the System as a whole or to specific advertising market areas. You must pay to us, or a designated vendor, your share of the cost of the development, purchase, lease, installation and/or erection of all materials necessary to the campaigns, including counter cards, posters, banners, signs, photography or give-away items. You must also advertise the promotion or open house in the manner we specify. Amounts spent will be credited towards your quarterly local advertising requirement.

Note 7: You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Lightbridge Academy Center. We have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 2% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods within a 12 month period, or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported or paid.

Note 8: If we engage an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement or Multi-Unit Operator Agreement, and your claim in the action is denied or the action is dismissed, we may recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same.

Note 9: Our current tuition includes initial training for up to 4 individuals (if this is your initial franchise), or 2 individuals (if you are an existing franchisee in good standing or are opening your second through fifth Centers under a Multi-Unit Operator Agreement). Initial Training is required for you (or your Operating Principal if you are an entity) and your Director before your Lightbridge Academy Center opens. Your Assistant Director and any Regional Managers (if applicable) must also attend within 60 days of assuming their positions. You will pay us our then current tuition, currently set at $2,000 per person, for all persons attending the initial training program beyond the first 4 (or 2 if you are an existing franchisee in good standing or if this is your second through fifth Center under a Multi-Unit Operator Agreement).

Note 10: You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Lightbridge Academy Center, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

Note 11: We reserve the right to charge a reasonable technology fee for modifications and enhancements made to the website, proprietary software and for other maintenance and support services we offer. The Technology Fee covers but is not limited to the maintenance and updates for the Cloud platform, Lightbridge Academy exchange email server, local franchisee website as well as testing and research on new technology. We reserve the right to increase this fee as we deem appropriate on an annual basis.

Note 12: Payable if you fail to alert us immediately (in no event later than 24 hours) of any potential crisis situation as listed in the Operations Manual or Crisis and Emergency Management Plan, including any allegation or occurrence of abuse, neglect, or mistreatment of a child; any allegation or discovery that a child has been released to an unauthorized person; any occurrence of unlawful conduct in the Center; any allegation or discovery of any hazardous substance associated with the Center; any outbreak of serious illness associated with the Center, any occurrence where the police are notified or come to your Center; or any occurrence at your Center that results in a hospitalization, after you know or should reasonably know of the existence of the potential crisis.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE LEASED LIGHTBRIDGE ACADEMY CENTER

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$40,000	Lump Sum	Payable upon signing franchise agreement	Us
Initial Training (Note 2)	$40,000	Lump Sum	(Note 2)	Us
Center Development Fee (Note 3)	$40,000	Lump Sum	(Note 3)	Us
Background Checks and Asset Verification (Note 4)	$1,000-$2,000	Lump Sum	Upon signing the Franchise Agreement	Vendors or Us
Lease Deposit (Note 5)	$44,333-$87,500	Lump Sum	When you sign the Lease	Landlord
Leasehold Improvements (Note 6)	Varies	Lump Sum	As Incurred	Vendors
Lease Guaranty Set- Up Fee (Note 7)	$0-$20,000	Lump Sum	When you sign the Lease Guaranty Agreement	Our affiliate, Lightbridge Assurance Group, LLC
Lease Guaranty Payment (Note 8)	$0-$2,900	Monthly Payments	The first day of each month, beginning on the first month after your rent commencement date.	Our affiliate, Lightbridge Assurance Group, LLC
Equipment, Fixtures and Furnishing (Note 9)	$241,000-$297,500	Lump Sum	As Incurred	Vendors
Permits & Licenses (Note 10)	$400 – $1,000	As Incurred	As Incurred	Governmental Authorities

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signs (Note 11)	$18,000-$30,000	As Agreed	As Incurred	Supplier
Prepaid Insurance Premium (Note 12)	$4,000 - $6,750	Lump Sum	As Incurred	Insurance Carrier/Broker
Pre-Launch Advertising (Note 13)	$24,000	Lump Sum	Before Opening	Suppliers
Initial Promotional Materials	$2,500	Lump Sum	Before Opening	Supplier
Training (Note 14)	$1,000 – $5,000	As Incurred	As Incurred	Airlines, hotels, restaurants
Professional Fees (Note 15)	$15,000 - $25,000	As Incurred	As Incurred	Attorney, accountant, engineer, and other professionals
Additional Funds - 3 months (Note 16)	$150,000 - $200,000	As Incurred	As Incurred	Us, Your Employees, Suppliers and Creditors
Total	**$621,233-$824,150**			

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YOUR ESTIMATED INITIAL INVESTMENT
FOR A SINGLE PURCHASED LIGHTBRIDGE ACADEMY CENTER

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$40,000	Lump Sum	Payable upon signing franchise agreement	Us
Initial Training (Note 2)	$40,000	Lump Sum	(Note 2)	Us
Center Development Fee (Note 3)	$40,000	Lump Sum	(Note 3)	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Background Checks and Asset Verification (Note 4)	$1,000-$2,000	Lump Sum	Upon signing the Franchise Agreement	Vendors or Us
Real Estate Acquisition, Construction Costs and Loan Fees (Note 6)	$1,850,000-$4,000,000	Lump Sum or Financed over time	As Incurred	Seller of Land and/or Building
Equipment, Fixtures and Furnishing (Note 9)	$241,000-$297,500	Lump Sum	As Incurred	Vendors
Permits & Licenses (Note 10)	$400 – $1,000	As Incurred	As Incurred	Governmental Authorities
Signs (Note 11)	$18,000-$30,000	As Agreed	As Incurred	Supplier
Prepaid Insurance Premium (Note 12)	$4,000 - $6,750	Lump Sum	As Incurred	Insurance Carrier/Broker
Pre-Launch Advertising (Note 13)	$24,000	Lump Sum	Before Opening	Suppliers
Initial Promotional Materials	$2,500	Lump Sum	Before Opening	Supplier
Training (Note 14)	$1,000 – $5,000	As Incurred	As Incurred	Airlines, hotels, restaurants
Professional Fees (Note 15)	$200,000-$400,000	As Incurred	As Incurred	Attorney, accountant, engineer, and other professionals
Additional Funds - 3 months (Note 16)	$150,000 - $200,000	As Incurred	As Incurred	Us, Your Employees, Suppliers and Creditors
Total	**$2,611,900-$5,088,750**			

Notes

General: All fees and payments listed in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee. In preparing these estimates, we relied upon our affiliate's experience in operating Lightbridge Academy Centers. You should

review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase a franchise.

Note 1: See Item 5 for information about the initial franchise fee.

Note 2: The training and opening assistance fee consists of an initial payment of $20,000 that is payable prior to you beginning Owners Track 1. The remaining balance of $20,000 is payable prior to you beginning Owners Track 2. Following Owners Track training you must attend our standard franchise training. If you are an existing franchisee in good standing, the training and opening assistance fee is reduced to $20,000 payable prior to beginning standard franchise training. If this is your initial franchise, you (or your Operating Principal if you are an entity) must attend Owners Track training and standard franchise training. This amount covers standard franchise training for up to 4 people, including you (or your Operating Principal if you are an entity), your Director and your Assistant Director if this is your initial franchise, and 2 people if you are an existing franchisee in good standing. It also covers Owners Track training for you (or your Operating Principal if you are an entity).

Note 3: The Center Development Fee consists of an initial payment of $20,000, which you must pay at the earlier of: (i) the signing of your lease agreement or purchase agreement for your approved premises; or (ii) 6 months after signing the Franchise Agreement. The remaining balance of $20,000 is payable upon the issuance of the temporary certificate of occupancy (or the equivalent in your state). If you are executing a Multi-Unit Operator Agreement, the Center Development Fee for the second through fifth Centers is reduced to $20,000 which is due at the earlier of: (i) the signing of your lease agreement or purchase agreement for your approved premises; or (ii) 6 months after signing the Franchise Agreement. The Center Development Fee is not refundable under any circumstances. See Item 5 for more information about the Center Development Fee.

Note 4: Upon signing the franchise agreement, you must pay us the costs to obtain a background check and asset verification on you. The high end of the range assumes that we will be required to perform two background and asset verification checks. International background checks may exceed this range. In the event we determine that you do not meet our criteria for a franchisee, then we will refund you any monies we received towards your initial franchise fee, less our expenses of $10,000. However, we will not refund any monies to you unless you sign a termination agreement and general release in a form reasonably satisfactory to us. Our current form of Release is attached to the Franchise Agreement as Exhibit 6.

Note 5: Centers typically occupy approximately 8,000 to 11,600 square feet of commercial space. Monthly rental for leased premises will vary depending upon the location of the Lightbridge Academy Center and then-current local real estate rental market conditions. Estimates of rental costs may be obtained by contacting local commercial realtors. The range in the chart reflects an estimated lease deposit equal to first and last months' rent.

Note 6: For a leased Center your estimated construction and build-out costs range from $412,500 to $1,300,000 (not including site work, costs of plan, government approvals, permits, consents and other entitlement costs), but will vary depending upon the size of your Lightbridge Academy Center and its geographic location. Your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Lightbridge Academy Center. The low range of the leased Center chart assumes the costs have been offset. You may also choose to purchase land and construct a Center or purchase land with a structure and renovate. In doing so you will incur real estate acquisition costs that will vary depending on several factors, including the location of the real estate, the size of the lot, whether there are any existing structures and the condition of those structures. We estimate the real estate alone will cost between $500,000-$1,200,000 and constructing or renovating improvements on the land will cost between $1,350,000-$2,400,000. The low end contemplates a renovation and the high end contemplates new construction. If you choose to finance your purchase, loan fees may range from $175,000-$400,000. If you purchase real estate you may also be required to pay real estate taxes annually, which will vary by state. The high range of both charts assumes you have chosen to install an upgraded playground.

Note 7: If a landlord requires a limited guarantee from Lightbridge Assurance Group, LLC, you will be required to pay this fee if you elect to move forward with such location.

Note 8: This is an optional fee and is subject to the approval of our affiliate, Lightbridge Assurance Group, LLC. This fee is equal to one dollar ($1.00) per square foot of your Premises. The lease guaranty fee is an annual fee, but payable in twelve equal monthly installments (commencing on the first day of the month immediately following the date we permit you to open the Center for business). The high end of this amount is for the first three monthly payments for a location which occupies 11,600 square feet.

Note 9: This includes the cost for leasing required technology and software.

Note 10: The cost of permits and licenses will depend upon the state, county, local municipality or other geographic location within which the Lightbridge Academy enter is located.

Note 11: The range in the chart reflects the estimate for temporary signage and 3 exterior and several interior signs. The actual cost of your sign will depend upon the size and location of your Lightbridge Academy Center, the particular requirements of the landlord, local and state ordinances and local zoning requirements.

Note 12: The cost of the insurance coverage required by the Franchise Agreement will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you

operate, and national or local market conditions.

Note 13: You will need to implement our Pre-Launch Advertising program in connection with the opening of the Center. You may choose to spend more than the required amount.

Note 14: The range in the chart reflects the estimated cost of lodging and dining expenses for 4 persons attending the initial training program. This estimate does not include estimated travel costs, which will vary greatly depending upon your proximity to the training site.

Note 15: You may decide to obtain advice from professionals, such as an attorney, an accountant, an architect, a civil engineer, and others for document review, formation of your corporate entity, the overall design and development of your Lightbridge Academy Center, including land use issues, the terms of your lease, and other issues. We reserve the right to require you to use certain vendors, in our discretion, as provided in the Operations Manual. This estimate does not include any legal or other professional fees in connection with any commercial loan. Loan fees and legal fees will vary, based on the amount you elect to borrow. For purchased Centers, this figure includes the increased costs associated with land acquisition and either renovation or new construction of a structure.

Note 16: This is an estimate only of the range of initial start-up expenses for 3 months. These expenses include employee salaries, rent, marketing of your grand opening event, technology fees and miscellaneous costs and inventory during the first 3 months your Lightbridge Academy Center is in operation. This estimate does not include royalty or advertising contributions or any allowance for an owner's draw. We cannot estimate the operating results of your Lightbridge Academy Center. The estimate of additional funds for 3 months shown in the above chart is not an estimate of working capital you will need, but relates only to certain expenses for the time period stated. Other than the optional limited lease guaranty that our affiliate may, in certain instances, supply to your landlord, we do not directly or indirectly finance any portion of your initial fees.

YOUR ESTIMATED INITIAL INVESTMENT
FOR FIVE LEASED LIGHTBRIDGE ACADEMY CENTERS

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (Note 1)	$115,000	Lump Sum	Upon signing Multi-Unit Operating Agreement	Us
Initial Training (Note 2)	$20,000	Lump Sum	See note 2	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Other Expenditures for first Center (Note 3, 4)	$541,233 - $744,150	Per Table Above	Per Table Above	Per Table Above
Total (Note 5)	**$676,233- $879,150**			

YOUR ESTIMATED INITIAL INVESTMENT FOR FIVE PURCHASED LIGHTBRIDGE ACADEMY CENTERS

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (Note 1)	$115,000	Lump Sum	Upon signing Multi-Unit Operating Agreement	Us
Initial Training (Note 2)	$20,000	Lump Sum	See Note 2	Us
Other Expenditures for first Center (Note 3, 4)	$2,571,900- $5,008,750	Per Table Above	Per Table Above	Per Table Above
Total (Note 5)	**$2,706,900 - $5,143,750**			

Note 1. This fee is discussed in Item 5. If you will be developing two Centers the Development Fee listed herein will be reduced to $65,000; if you will be developing three Centers the development fee will be reduced to $85,000; and if you will be developing four Centers the development fee will be reduced to $100,000.

Note 2. You must pay a non-refundable initial training fee of $20,000 for your initial training and for services related to the Lightbridge Academy Center opening. If this is your initial franchise, the fee is payable within 60 days of execution of the Franchise Agreement when you begin our Owners Track 1 program. The fee is payable prior to beginning standard franchise training for your second through fifth Centers. This amount covers standard franchise training for up to 4 people, including you (or your Operating Principal if you are an entity), your Director and your Assistant Director if this is your initial franchise, and 2 people if you are an existing franchisee in good standing. It also covers Owners Track training for you (or your Operating Principal if you are an entity).

Note 3. This amount includes the Center Development Fee. The Center Development fee for your first unit is the same as for an initial single unit. The fee is reduced to $20,000 for your second through fifth Centers. The Center Development Fee is not refundable under any circumstances.

Note 4. These are the estimates to build-out your first Center. Initial Training Costs differ from those for a single unit and therefore have been removed from the single unit numbers and included as a separate line item. Costs associated with building out additional Centers are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

Note 5. If you will be developing two Centers, your total costs to develop the first Center will be between $626,233 and $829,150 for leased Centers and between $2,656,900 and $5,093,750 for purchased Centers; if you will be developing three Centers your total costs to develop the first Center will be between $646,233 and $849,150 for leased Centers and between $2,676,900 and $5,113,750 for purchased Centers; and if you will be developing four Centers your total costs to develop the first Center will be between $661,233 and $864,150 for leased Centers and between $2,691,900 and $5,128,750 for purchased Centers.

None of the expenses listed in the above two charts are refundable. Other than the optional limited lease guaranty that our affiliate may, in certain instances, supply to your landlord, we do not directly or indirectly finance any portion of your initial fees.

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ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Equipment and Supplies

Unless otherwise specified in writing by us, the items you purchase for the establishment, development, and operation of your Lightbridge Academy Center must meet our specifications and quality standards, and, in certain instances, must be purchased only from suppliers that we designate. We will provide you, in the Operations Manual, with a list of approved suppliers of furniture, fixtures, equipment, signs, stationary, office supplies, games, toys, educational materials, school supplies, food, cleaning supplies, kitchen supplies and other supplies and products necessary to operate your Lightbridge Academy Center. The layout, design and appearance (the "trade dress") of your Lightbridge Academy Center shall meet our approval and conform to our standards and specifications as set forth in the Operations Manual, and you may not alter the trade dress without our consent.

You are required to purchase or lease from our approved vendors marketing materials, items bearing the Proprietary Marks, premium incentive items, toys, educational materials, equipment, and software. We may also require you to use our approved vendors in connection with our open house programs and other special promotions or other items that we designate. If we determine, in our sole discretion, that expenses are not being properly entered into QuickBooks, we may require that you retain a bookkeeper approved by us, at your cost, for up to six (6) months at a time. You cannot be a supplier to other franchisees without our approval.

We reserve the right to designate our self or our affiliate as an approved vendor for certain items, and in some instances, as the only approved vendor. In our discretion, we may require you to use our designated broker for real estate.

Otherwise, we have not designated our self or an affiliate as an approved vendor for any supplies or products. Officers of our company do not own any interest in any supplier to our franchisees, except certain officers of our company own an interest in our company and our affiliates.

To the extent that we or our affiliate develops private label items, you must offer and sell the private label items. You may be required to purchase these and other private label items from us, an affiliate, or a limited number of approved suppliers**.** We and our affiliate will derive income or revenue from franchisee purchases and leases to the extent franchisees purchase and lease goods directly from us or our affiliate.

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of the System franchisees, but we are under no obligation to do so. There are no purchasing or distribution cooperatives related to our franchises. You may benefit from price terms, product allocation reservations and other purchase arrangements. We may negotiate, but we do not

provide, material benefits to franchisees such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated suppliers.

We may negotiate rebate arrangements with some of our suppliers. In our last fiscal year, we received $185,330 from rebates, of goods or services to franchisees, which was approximately 2.0% of our overall revenues. In our last fiscal year, our affiliate Lightbridge Management Services received $307,579.60 from the sale of goods or services to franchisees, which was approximately 28.5% of our affiliate's revenues.

We estimate that 90% of your purchases and leases in establishing your Lightbridge Academy Center and approximately 80% of your total purchases and leases in operating the Lightbridge Academy Center will be from suppliers that we designate.

If you desire to purchase any item for which approval is required, from a supplier not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Our criterion for supplier approval is not available to franchisees. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we received your written request. You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. You must reimburse us for our reasonable cost of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the item or supplier.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise in writing. We have the right to modify specifications, standards, suppliers, and approval criteria by providing you written notice.

Computer Hardware and Software Restrictions

You must purchase or license computer hardware and computer software programs that meet our standards and specifications. See Item 11 of this Disclosure Document for more information about our computer and software requirements.

Approval of Center Location and Lease

As discussed more fully in Item 11, we must approve the location of your Lightbridge Academy Center and the lease for the premises. You must operate the Lightbridge Academy Center in accordance with the System standards set forth in the Franchise Agreement and Operations Manual.

We have the right, once every five years, to require you to refurbish and update your Lightbridge Academy Center to our then current brand image.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance we require in the Operations Manual or otherwise. The mandatory insurance currently includes: (i) comprehensive general liability insurance as follows: Each Occurrence Limit $1,000,000; Damage to Premises Rented to You Limit $100,000 any one premises; Medical Expense Limit $5,000 any one person; Personal & Advertising Injury Limit $1,000,000 any one person or organization; General Aggregate Limit $3,000,000; Products/Completed Operations Aggregate Limit $3,000,000; (ii) Property Insurance covering the full replacement cost value of all Business Personal Property including Improvements and Betterments owned or installed at your expense written on the "Special" Causes of Loss form and subject to a maximum deductible of $2,500; (iii) worker's compensation insurance as required by the laws of the state in which the Lightbridge Academy Center is operated and employer's liability insurance with a limit per claim of bodily injury by accident of $1,000,000 each accident, bodily injury by disease $1,000,000 policy limit, bodily injury by disease $1,000,000 each employee; (iv) business interruption insurance covering a period of not less than 12 months; (v) automobile liability insurance covering all owned, hired & non-owned vehicles, with a minimum limit of $1,000,000 per accident; (vi) Day Care Organization Professional Liability with minimum limits of $1,000,000 per professional incident; (vii) Sexual or Physical Abuse or Molestation Liability with minimum limits of $1,000,000 per each abusive conduct; (viii) Employment Practices Liability with minimum limits of $1,000,000 per claim and $1,000,000 aggregate limit; (ix) Excess/Umbrella Liability Insurance including General Liability, Automobile Liability, Professional Liability, and Sexual or Physical Abuse or Molestation Liability for a Limit of $5,000,000 any one occurrence/ $5,000,000 Aggregate; and (x) Student Accident Insurance with a minimum medical benefit limit of $25,000. Defense costs cannot erode policy limits.

For those buildings located in flood zones designated as "High Risk" areas by FEMA, flood insurance covering the actual cash value of all contents up to the maximum limit of $500,000 afforded by the National Flood Insurance Program is also required.

If the lease for the Lightbridge Academy Center premises requires you to purchase insurance with higher limits than those set forth in this paragraph, the lease insurance requirements will control.

All insurance policies must contain a separate endorsement naming us and our affiliates as additional insureds using ISO form CG2029 or an equivalent endorsement (no blanket additional insured language is acceptable) and must be written by an insurance carrier accepted by us in writing. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to us. Coverage afforded to us as an additional insured shall be Primary and Non-Contributory to any other insurance available to us. Insurance policies must contain a waiver of Subrogation in favor of us.

All insurance policies shall be underwritten by an insurer licensed to do business in the State where the Center is located and maintaining an AM Best minimum rating of A-.

Prior to opening, and thereafter upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with these requirements as well as a Declaration Page showing coverage. We may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to you, and you must comply with any modification. We may obtain insurance coverage for your Center if you fail to do so, at your cost together with our administrative fee.

If you will be engaging in any construction, renovation or build-out of the premises for the Center either you or your third-party contractor must have in force for the duration of said project Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by us.

Additional insurance requirements may be in place depending on the state where the Franchised Business is located.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	3., 4.1.2, 5.1, 6.1	Items 6 and 11
b.	Pre-opening purchases/leases	3.3, 5.2	Items 7 and 8
c.	Site development and other pre-opening requirements	3, 4.1, 4.3.2, 5.1, 5.2, 5.3,	Items 6, 7 and 11
d.	Initial and ongoing training	5.3	Items 6, 7 and 11
e.	Opening	6.1	Item 11
f.	Fees	2.2.8, 4, 5.3, 6.2, 6.3.7, 8.3.2.8, 10.1.8,	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	5.5, 6	Items 8 and 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
h. Trademarks and proprietary information	6.5, 6.6	Items 13 and 14
i. Restrictions on products/services offered	6.9	Items 8 and 16
j. Warranty and customer service requirements	5.5, 6.3	Item 11
k. Territorial development and sales quotas	Not Applicable	Not applicable
l. Ongoing product/service purchases	6.2, 6.9	Item 8
m. Maintenance, appearance and remodeling requirements	2.2.3, 3.2, 5.2, 6.2, 6.3, 6.4, 6.8	Items 6 and 11
n. Insurance	7.6	Items 6, 7 and 8
o. Advertising	4.3, 6.6.3	Items 6, 7 and 11
p. Indemnification	7.2	Item 6
q. Owner's participation/ management/staffing	6.3.5	Items 11 and 15
r. Records and reports	4.7, 4.9	Item 6
s. Inspections/audits	4.8, 6.7	Items 6 and 11
t. Transfer	8	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	7.4.2, 10	Item 17
w. Non-competition covenants	7.4, 10	Item 17
x. Dispute resolution	7.4.3, 12	Item 17
y. Other Guaranty of Franchisee obligations (Note 1)	14	Item 1

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM

Note 1: If you are a corporation, partnership or limited liability company, or if you become or assign your interests to a corporation, partnership or limited liability company as may be permitted under the Franchise Agreement, all shareholders, all partners, or all members and managers, respectively, are obligated to guaranty all of your monetary obligations under the Franchise Agreement. Spouses are also required to sign our Guaranty.

ITEM 10

FINANCING

Neither we, nor any agent or affiliate of ours offers any direct or indirect financing to you except as set forth below.

If you qualify, our affiliate, Lightbridge Assurance Group, LLC, may, at your option, provide your landlord with a limited lease guaranty of collection. Any lease guaranty will be subject to Lightbridge Assurance Group, LLC approving the terms and conditions required by the landlord. The term of the guaranty (beginning on the date that we grant you approval to open the Center for business) shall not exceed three years. In no event shall Lightbridge Assurance Group's liability under the lease guaranty exceed three hundred thousand dollars ($300,000.00). Lightbridge Assurance Group's liability under the lease guaranty shall decrease by a minimum of thirty-three and a third percent (33 1/3 %) per year, so that the lease guaranty is extinguished at the end of the third year. In addition, in no event shall Lightbridge Assurance Group's liability exceed, at any point, your personal liability to the landlord, pursuant to a personal guaranty delivered by you to the landlord.

If you qualify and elect to have Lightbridge Assurance Group, LLC provide a limited lease guaranty to your landlord, you will be required to pay Lightbridge Assurance Group, LLC an initial lump sum set up fee payment in the amount of twenty thousand dollars ($20,000) (the "Lease Guaranty Set-Up Fee") and an annual fee equal to one dollar ($1.00) per square foot of your Lightbridge Academy Center (the "Lease Guaranty Fee"). The Lease Guaranty Fee is an annual fee, but payable in twelve (12) equal monthly installments (beginning on the first day of the month immediately following the rent commencement date in your lease agreement).

You will also be required to execute the Lease Guaranty Agreement, attached as Exhibit F to this Disclosure Document. If you are a business entity, each of the following individuals must also sign the Guaranty of Performance (a copy of which is attached to the Lease Guaranty Agreement as Exhibit "1"): (i) each of your

shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of the Lease Guaranty Agreement will apply to you and to each individual who signs the Guaranty of Performance.

You will also be required to execute the Security Agreement, attached as Exhibit "2" to the Lease Guaranty Agreement. RAAG's security interest in the collateral will be subordinate to any financing you receive for your Lightbridge Academy Center from an approved SBA commercial lender.

You will also be required to execute the Collateral Assignment of Lease, attached as Exhibit "4" to the Lease Guaranty Agreement.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Franchise Agreement

Before you open your Lightbridge Academy Center, we are obligated under the Franchise Agreement to:

1. Review and approve or disapprove proposed sites for the location of your Lightbridge Academy Center, and review the proposed lease or purchase agreement for the premises. (Section 5.1.2 of the Franchise Agreement). When evaluating a potential site, we will consider factors such as, but not limited to the neighborhood, population, distance from neighboring Lightbridge Academy centers, proximity to major roads, residential areas and commercial businesses, general lease terms and demographic characteristics of the area. You must open your Lightbridge Academy Center for business within 38 months from the date you sign the Franchise Agreement. (Section 6.1 of the Franchise Agreement). If you do not open the Lightbridge Academy Center for business within the applicable time period, this period may be extended by us for an additional 180 days, provided that that you have made, in our sole opinion, diligent efforts to open the Lightbridge Academy Center for business during the initial 38 month period. If you do not open the Lightbridge Academy Center for business within the initial 38 month period (or within any extended period that we grant you), we may terminate the Franchise Agreement (Franchise Agreement, Section 9.2.2(m)). If you currently operate a Center, we will not permit you to develop and open an additional Center (outside of our Multi-Unit Operator Agreement program) if your current Center has been operating for more than 12 months and its Occupancy Level is below 65%. In that case, we may elect to show potential sites to another franchisee or develop potential sites ourselves or

through our affiliate, even if such site is in the area we designated for you in the Franchise Agreement. In certain circumstances we may present sites to you that are owned by us or our affiliate or for which we or our affiliate have already negotiated the terms of a lease, but you shall have no obligation to accept any such sites.

2. Provide you a copy of a floor plan design for a prototypical Lightbridge Academy Center. (Section 5.2 of the Franchise Agreement). We do not guarantee that the recommended design conforms with applicable laws and regulations.

3 Provide initial training for up to 4 people (2 if you are an existing franchisee in good standing or are opening your second through fifth Centers under a Multi-Unit Operator Agreement) (including you or your Operating Principal (if you are an entity), your Center Director and your Assistant Director) (Section 5.3.1 of the Franchise Agreement).

4. Provide you continuing consultation and advice as we deem advisable with respect to the franchised business before your Lightbridge Academy Center opens for business. (Section 5.4 of the Franchise Agreement). We reserve the right to assist you in establishing prices and we reserve the right to set maximum or minimum pricing for certain items.

5. Provide you with a list of approved vendors and consult with you about the initial equipment, supplies and products which you must acquire as part of your initial inventory and advise you with respect to the operational needs of your Lightbridge Academy Center. (Section 5.4 of the Franchise Agreement).

6. Loan you or otherwise provide you with access to one copy of a specifications, operations and procedures manual, education and marketing guides, and other books, binders, videos or other electronic media, intranet postings and other materials, referred to collectively as the "Operations Manual", containing mandatory and suggested standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operations Manual as we deem necessary and reasonable; however. We may provide the Operations Manual solely through our website(s) and/or intranets or other electronic means without any need to provide you with a paper copy or other physical format. (Section 5.5 of the Franchise Agreement). Attached as Exhibit H is a copy of the table of contents of our Operations Manual as of the date of this Disclosure Document. The number of pages and subjects in the Operations Manual are reflected in the table of contents.

7. Provide assistance and support with your development of a marketing plan for your Center. (Section 5.3.5 of the Franchise Agreement).

Multi-Unit Operator Agreement:

If you are a Multi-Unit Operator, in addition to assigning you a Development Area, we will do the following:

1. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Franchised Business (Multi-Unit Operator Agreement – Section 5.1.3).

2. We will provide you with standard specifications and layouts for building and furnishing the Franchised Business (Multi-Unit Operator Agreement – Section 5.1.4).

3. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 5.1.5).

4. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Franchised Business (Multi-Unit Operator Agreement – Section 5.1.2).

5. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators.

Continuing Assistance

After opening your Lightbridge Academy Center, we are obligated under the Franchise Agreement to:

1. Provide continuing advisory assistance and training as we deem appropriate and advisable.

2. We may, in our discretion, develop new or enhanced curriculum or programs for you and other franchisees .

3. We may, in our discretion, provide inspections and written evaluations of your Center's operations at the times we determine and advise you of any concerns we identify.

4. We will administer the contributions to the Brand Development Fund. (Section 5.3.4 of the Franchise Agreement).

Brand Development Fund

You are required to contribute to the Brand Development Fund at the rate specified in Item 6. Our affiliate-owned Centers will be required to contribute to the Brand Development Fund in the same manner as our franchisees. However, we reserve the right, in our sole discretion, to reduce or eliminate the requirement for our affiliate-owned Centers to contribute to the Brand Development Fund. We have the right to use Brand Development Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing social networking sites, such as Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok and on-line blogs and forums; developing, maintaining, hosting and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may or may not include call recording; implementation and use of Customer Relationship Management software and solutions; and providing promotional and other marketing materials and services to the Centers operating under the System. Our decisions in all aspects related to the Brand Development Fund will be final and binding. We are not required, under the Franchise Agreement, to spend any amount of Brand Development Fund contributions in your territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures (Franchise Agreement, Section 4.3.4.2). We may charge the Brand Development Fund for the costs and overhead, if any, we incur in activities reasonably related to the implementation of the Brand Development Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Brand Development Fund (Franchise Agreement, Section 4.3.4).

Except as may otherwise be approved in writing by us, you may not use any advertising or marketing materials that are not produced by us or another designated supplier of advertising and marketing materials (including, without limitation, any brand collateral materials which will be distributed by us or our designated vendor). (Franchise Agreement, Section 4.3.1).

We do not anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information.

In 2021, the Brand Fund collected $1,249,577.56. An additional $162,665.45 was carried over from 2020. The Fund spent $952,720.01 in 2021. Of that amount, 4% was spent on brand development, 16% was spent on advertising media production and

placement, 5% was spent on recruitment, 46% was spent on public relations, social media and advertising agency services, 24% was spent on administrative expenses, and 5% was on corporate programs/secret shopper.

Although we anticipate that all advertising contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Fund. The Fund may spend more or less than the total Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. While there is no requirement that the Brand Development Fund be audited, we will provide you with unaudited fiscal year end financial statements and accountings of Brand Development Fund expenditures upon your written request (Franchise Agreement, Section 4.3.4.2). We may incorporate the Fund or operate it through a separate entity if we deem appropriate.

We do not have an advertising council.

Pre-Launch Advertising Plan

You will need to implement our Pre-Launch Advertising Plan utilizing our approved vendors for the opening of your Center. The budget for our Pre-Launch Advertising Plan is $24,000, which we anticipate you will spend during the 90 day period before opening the Center, or an earlier period as determined by us. We will work with you to develop a pre-launch local advertising plan to be executed by you on the local area level.

Ongoing Advertising & Marketing

At our discretion we may require that you prepare an advertising and marketing plan to be submitted to your business coach for your Center and your Territory (the "Annual Advertising and Marketing Plan"). Along with an approved vendor, in our discretion, we will work with you to provide the guidance necessary for you to create this plan.

You must comply with all requirements regarding the Annual Advertising and Marketing Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations.

In addition to your Brand Development Fund contribution obligations, you must spend each quarter during the term of this Agreement, a minimum of $6,000 on local advertising in the form as Franchisor may specify from time to time which may include print, radio, television digital advertising and/or local sponsorships (in accordance with your Annual Advertising and Marketing Plan, if applicable). We have the right to waive or reduce this requirement if your Center's occupancy rate exceeds 90%.

You may not offer any special promotional programs without our prior written consent.

We may also establish special promotional programs, including programs requiring the payment of referral fees by you. You are required to participate in special promotional programs required by us and you must pay to us your share of the cost of developing and implementing the program, including common development, design and advertising costs. (Franchise Agreement Section 4.3.4.4).

Each quarter, you are required to participate in our open house program and promotion on the date we designate and must offer the open-house promotion we designate in the manner we require.

We may also require you to use our designated vendors in connection with the open house program or other special promotional programs. We reserve the right to designate the advertising media campaign and mandate how much you must spend on open houses and other special promotional programs. All amounts spent will be credited towards your quarterly $6,000 minimum local advertising expenditure requirement.

Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Center is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 2% of your monthly Gross Revenues. Amounts contributed to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned Centers will have no obligation to participate in any such advertising cooperatives.

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Your Center may not benefit directly or proportionately to its contribution to the Cooperative

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative.

Web Site

We have the right, but not the obligation, to establish and maintain websites (including

social networking sites), which may promote the Proprietary Marks and/or System and/or the Centers operating under the System (collectively "Website"). We may require you to pay to us a separate fee in connection with hosting the Website, in our sole discretion. We will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We will also have the right to discontinue operating the Website at any time. (Franchise Agreement, Section 4.3.4.5).

Except as we approve in advance in writing, you may not establish or maintain a separate Website, or otherwise maintain an online or social media presence or advertise on the Internet or any other public computer network in connection with your Lightbridge Academy Center. If we grant approval, you must establish and operate your Website (or any other online presence) in accordance with our standards and policies provided to you in the Operations Manual or otherwise in writing. (Franchise Agreement, Section 4.3.4.5). Upon the expiration, termination, non-renewal of the franchise agreement, or upon our request, you will assign the website domain name or social media accounts to us.

Computer Requirements

We may require you to purchase or lease and use certain computer systems, components, and software applications specified by us, including, without limitation, software and applications, workstations for staff, workstations and tablets for classrooms, and interactive displays (the "Computer System"). Our specific requirements for the computer system will be included in our Operations Manual. Any computer systems, components and software applications not conforming to our standards may not be used, unless explicitly approved in writing by us. We estimate the initial cost to purchase the Computer System will be approximately $39,000.

You are required to enter into software license and maintenance agreements, in the number, form and manner we prescribe, and pay all fees to service providers, or to us or our affiliates, that are required to sustain our IT standards for the Computer System, network and security. These required software subscription services currently total approximately $2,600 per month. In addition, you must enter into a Managed Services IT contract with a vendor that we approve. We estimate that the monthly cost will be approximately $650. You must maintain systems and network infrastructure and properly update and otherwise change computer hardware and software as we may require at your expense. All computer and network systems must be under warranty at all times. You must pay all amounts charged by any licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

You are responsible to maintain and repair your hardware and to update or upgrade your software. We may recommend or require additional hardware and software. We may require you to purchase specified equipment and software. You will be required to utilize and check daily our Intranet system for any email messages, bulletins or other

important communications that we require System franchisees to receive. We own all Lightbridge e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses. When conducting business with customers, vendors or suppliers of your Lightbridge Academy Center via e-mail, you must use your Lightbridge Academy e-mail address. We may have independent access to the information and data contained in your Computer System. There is no contractual limitation on our right to access this information and data. We have the right, without limitation, to disclose the information and data contained in your Computer System to a third party and/or the System franchisees. We also have the right to access the Parent View®/ Watch Me Grow Classroom Monitoring system for your Center.

We reserve the right to modify specifications to the computer and telephone systems (both hardware and software) and you must purchase, lease and/or license new or modified computer and telephone hardware and/or software and obtain service and support as we direct. There are no contractual limitations on the frequency and cost of these obligations. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

Site Selection and Opening

Franchisees typically open their Lightbridge Academy Center for business within 32 to 38 months after they sign the Franchise Agreement or pay any consideration for the franchise. You should take this time-period into account in determining when to terminate any existing employment. You must identify a site within 180 days. This period may be extended by us for an additional 180 days, provided that that you have made, in our sole opinion, diligent efforts to identify a location during the initial 180 day period. If we cannot agree on a site, we may terminate the Franchise Agreement (Franchise Agreement, Section 9.2.2(m)). We may also terminate the Franchise Agreement if your Center is not open within 38 months after signing the Franchise Agreement, subject to any extensions granted by us. The Franchise Agreement does not specify the time period for our approval of sites, but we expect to be able to do so within a reasonable time, approximately 30-60 days after you first propose the location, if you submit the information we request, or 14 days for requests under a Multi-Unit Operator Agreement. Any site selection assistance provided by us does not relieve you of primary responsibility to locate a site in the required time frames.

The actual length of time it will take you to open your Lightbridge Academy Center will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies. See Items 12 and 17.

You may not open the Center for business until: (i) you pay the initial franchise fee, the

Center Development Fee, the Initial Training Fee and other amounts due to us; (ii) we provide you with our Certificate of Opening confirming that the Center meets our standards and specifications; (iii) you and your Center Director have successfully completed initial training to our satisfaction; and (iv) you have provided us with certificates of insurance for all required insurance policies. If the Center is not opened for business within the applicable time period, we have the right to terminate the Franchise Agreement.

The right to open the second through the fifth locations under our Multi-Unit Operator Agreement is also contingent upon (i) you being in good standing under all agreements with us and our affiliates and (ii) all of your then-open and operating locations must meet our Center Performance Obligations, which are further outlined in Item 12.

If you currently operate a Center, we will not permit you to develop and open an additional Center (outside of our Multi-Unit Operator Agreement program), if your current Center has been operating for more than 12 months and its Occupancy Rate is below 65%. In that case, we will grant you an additional 180 day extension to open the new Center for business. If, at the expiration of the 180 day extension, you continue to operate a Center that is below our minimum Occupancy Rate, then we may elect to terminate the Franchise Agreement. During any period that you are restricted from developing an additional Center, we, our affiliate, or another franchisee may develop a Lightbridge Academy Center, even if such Center is located in the area we designated for you in the Franchise Agreement. In such case, when you are no longer restricted from developing an additional Center, we will modify your franchise agreement to provide you with a new, mutually agreed upon designated area for you to develop a Center.

Training Program

Initial Training Schedule

SUBJECT	*HOURS OF CLASSROOM TRAINING	*HOURS OF TRAINING ON-THE-JOB	FACILITY
Owner's Track Training	24		LFC Home Office, Iselin, New Jersey, Local Market and Virtual Classroom
Franchisee Training Week #1 – Content, including marketing, operations, finance and curriculum, concentrated on knowledge needed 4-6 months prior to opening	35		LFC Home Office, Iselin, New Jersey, Virtual Classroom, Distance and Independent Learning
Franchisee Training Week #2 – Content, including marketing, operations, finance and curriculum, concentrated on knowledge needed 2-4 months prior to opening	35		LFC Home Office, Iselin, New Jersey, Virtual Classroom, Distance and Independent Learning
Franchisee Training Week #3 – Content, including marketing, operations, finance and curriculum, concentrated on knowledge needed 0-2 months prior to opening	35		LFC Home Office, Iselin, New Jersey, Virtual Classroom, Distance and Independent Learning
Administrative Observation/ OJT		8+	LFC Home Office, Iselin, new Jersey or at a franchised Center
On-Site Opening Support		40+	Franchisee's Center, Conference Calls, Distance Learning and Virtual Classroom
Total Hours	**129**	**48+**	

*"On-the-job" or in person "classroom" training hours may be converted to virtual

training hours if we determine that in person training is not advisable due to health and safety reasons.

The initial training program is designed to provide training in the operation and management of a Lightbridge Academy Center. The initial training program will be held quarterly in Iselin, New Jersey, or such other place as we designate. We reserve the right to hold training virtually, in our discretion. Both you (or your Operating Principal if you are an entity) and each of your initial, additional and/or replacement Directors, Regional Directors and Assistant Directors must attend, and complete the standard initial training program to our satisfaction. You may not open your Center until the training has been completed to our satisfaction. We evaluate you based on observations made during interactive activities and your completion of online training sessions, "homework" assignments or quizzes. If this is your initial franchise (including the first unit under a Multi-Unit Operator Agreement), in addition to standard training you (or your Operating Principal if you are an entity) must attend Owners Track training.

You must pay a non-refundable initial training fee of $40,000 for your initial training and for services related to the Lightbridge Academy Center opening. We will reduce the initial training to: (i) $20,000 if you are an existing franchisee, in good standing, opening a subsequent Center or, (ii) $20,000, per franchise agreement, if you are operating under a Multi-Unit Operating Agreement. If this is your initial franchise, (including the first Center under a Multi-Unit Operator Agreement) the fee consists of an initial payment of $20,000 that is payable within 60 days of execution of the Franchise Agreement when you begin our Owners Track 1 program which is a three-day training program focused on providing an overview on finding and funding your site, construction, licensure, lease negotiating and other relevant topic areas. The remaining payment of $20,000 (this payment is not applicable for those operating under Multi-Unit Operator Agreements) is payable during construction when you begin our Owners Track 2 program which is a two-day training program focused on providing an overview on launching your business, onboarding, vendors and enrollment, among other things. Following Owners Track training you must attend our standard franchise training which is a three-week training (broken up by week over the course of 3-4 months) covering topics such as operations, marketing and education. For existing franchisees in good standing, and those opening their second through fifth Centers under Multi-Unit Operator Agreements, the required $20,000 training payment is due prior to beginning standard franchise training. The fee covers standard franchise training for up to 4 people, including you (or your Operating Principal if you are an entity), your Director and your Assistant Director if this is your initial franchise, and 2 people if you are an existing franchisee in good standing or if you are opening your second through fifth Centers under a Multi-Unit Operating Agreement. The fee also covers Owners Track training for you (or your Operating Principal if you are an entity). Failure to complete training to our satisfaction may result in a delay in the opening of your Center and/or your inability to open your Center.

If additonal initial training is otherwise required for you or any of your employees, you must pay us our then-current tuition for each person to attend the additional initial

training program beyond the tuition free allowances for four individuals (or 2 individuals, as applicable). The current tuition for attending our additional initial training for these persons is $2,000. See Items 6 and 7.

You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your employees will receive a salary during training, you are solely responsible for paying their salary.

Training will be provided under the supervision of Marcelle Schillizzi. Ms. Schillizzi is the Training Coordinator for our Education and Training Department. Ms. Schillizzi's association with Lightbridge began in 2013 and she has worked as an Administrative Assistant, Assistant Director, and Director of a company-owned center. In 2017 she moved onto the franchise side of the company, working on the Real Estate and Development team as the Real Estate Coordinator. In 2020, Ms. Schillizzi became part of the Education and Training Team and is responsible for planning and facilitating all Franchise Training Weeks, while also presenting various topics.

The training includes instruction as outlined in the chart above.

We have the right to offer refresher courses from time to time to you and your employees. If we, in our sole discretion, determine that such refresher courses are necessary, you and/or your employees would be required to attend the additional training at your cost and at our then-current tuition. Our current tuition for refresher courses is $500 per person per day. You are solely responsible for your expenses and your employees' expenses which are incurred during training.

We require all your employees to obtain professional development hours each year in an amount we determine (currently 15 hours). These hours can be acquired through monthly staff training, professional and applicable in-house practical trainings, seminars, webinars, etc.

If you have executed our Multi-Unit Operator Agreement we require you (or the Operating Principal for each Franchised Business) and your Regional Manager to participate in monthly Operation Reviews with each Franchised Business' Franchise Business Coach. You (or the Operating Principal for each Franchised Business) shall also be required to participate in monthly and quarterly trainings / calls.

We reserve the right to hold a franchisee conference, which will not be held more frequently than annually. Attendance at the conference by you and/or certain of your personnel is mandatory. We do not expect that the annual conference will last longer than four days in any calendar year. We may conduct annual franchisee conferences to discuss new procedures or protocols, marketing strategies, new services, and/or to provide training. We may designate the location of the conference (including a block of hotel rooms set aside for our franchisees). We will not designate an unreasonably expensive location. We reserve the right to charge our then current fee for the annual franchisee conference, and you must pay all expenses incurred by you, your Manager

and/or any other attendees, including travel, lodging, meals, applicable wages and meeting materials.

ITEM 12

TERRITORY

Franchise Agreement:

The Franchise Agreement grants you the right to operate one Center at the specific location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us.

If: (i) the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or (ii) you cannot continue for any other reason to occupy the premises of the Center, you must relocate your Lightbridge Academy Center to a site, within your Territory, mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the applicable relocation fee, must procure a site acceptable to us within 60 days after closing the prior Lightbridge Academy Center, and must open the new Lightbridge Academy Center for business within 180 days of closing the previous Lightbridge Academy Center. We may or may not agree to such relocation based upon: area demographics, estimated market demand and proximity to other Centers. If you fail to comply with relocation requirements, we may terminate the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will provide you with a protected Territory subject to the following terms and conditions. Although no other Centers will be physically located within your Territory, your Territory may overlap with those of other franchisees or affiliate-owned Centers.

If you are in compliance with the Franchise Agreement, we will not establish and operate or license another to establish and operate another Lightbridge Academy Center within your Territory during the term of the Franchise Agreement but we and/or our affiliates retain all other rights which include but are not limited to: (i) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses that operate a child care center operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Lightbridge Academy Center and regardless of location and the right to convert those Centers to Lightbridge Academy Centers; (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of Centers; (iii) the right to own, operate, franchise or license on-site Corporate child care Centers (defined below) within the Territory; (iv) the right to

advertise for and distribute products and services (which may include but are not limited to software, clothing, books, videos, and music) in alternative channels of distribution (which may include locations and venues other than a Lightbridge Academy Center, retail establishments, mail order, catalogs, telemarketing, the Internet, and any similar outlets or distribution methods as we and/or our affiliates determine, in our or their sole discretion); (v) the right to use and to license others to use, the System for the operation and licensing of other Lightbridge Academy Centers at any locations outside of the Territory and (vi) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by your Lightbridge Academy Center, inside or outside the Territory. You have no right to distribute products or services through any alternate channels of distribution. A "Corporate" child-care center is a Lightbridge Academy Center that operates on-site at a corporation's premises, and the student enrollment is limited to on-site employees, not the general public. You will not receive compensation for the above referenced activities that may occur inside your Territory.

The continuation of your right to operate your Center in the Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency. However, if you elect to execute more than one franchise agreement to develop an additional Center(s), we will not permit you to develop a new Center, if any existing Center that you have operated for a minimum of twelve (12) months is or falls below a 65% Occupancy Rate. Additionally, failure by franchisees operating pursuant to a Multi-Unit Operator Agreement to meet Center Performance Obligations will result in default under existing agreements with us or our affiliates. Further, any default by any franchisee under any agreement with us or our affiliates will result in default under all franchise agreement.

Under our current program, your Territory will consist of approximately 10,000 households (as determined by our demographic-analysis system, Forum Analytics). The Territory will be identified on a map which is attached to Exhibit 1 of the Franchise Agreement, based on maps selected by us that exist on the date your Lightbridge Academy Center location is approved. However, if you are located in a densely populated urban market, as determined by us (such as New York City, Philadelphia, Hoboken, NJ, etc.) you will not receive any territory protection and your Territory will only consist of the Approved Location for your Lightbridge Academy Center. As part of the process of renewing your Franchise Agreement, we reserve the right to re-evaluate your then-existing Territory according to certain demographics and our then-current standards. A re-evaluation of your Territory may result in your renewal Territory being smaller or larger than your original Territory.

You are unrestricted as to the geographic area from which you may obtain business as a Lightbridge Academy franchisee. You may make sales and provide services only from the premises of your Lightbridge Academy Center. You may not conduct any mail order, catalog or Internet business. You may not conduct any direct mail or other marketing outside your Territory without our prior written consent.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories.

As of the effective date of this disclosure document, we have not established or franchised, and have no plans to establish or franchise, other businesses selling or leasing similar products or services under different trademarks within the United States, but we reserve the right to do so in the future.

Multi-Unit Operator Agreement:

If you enter into a Multi-Unit Operator Agreement, we will define a Development Area within which you will have the right to locate and secure the approved locations for each Center you must open under your Development Schedule (the "Development Area"). The size of the Development Area will likely vary among new prospects and developers, with the size of your Development Area typically depending on the demographics of the area in and around the region you wish to develop. Once you have secured an approved location for a given Center to be developed per your Multi-Unit Operator Agreement, we will grant you a Territory around that approved location as described above.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Upon completion of your Development Area in the Multi-Unit Operator Agreement, your rights to develop Centers within the Development Area will end and you will have no further rights in the Development Area, except for the individual Territories granted under the Franchise Agreements you have signed with us.

We and/or our affiliates retain all other rights in the Development Area which include but are not limited to: (i) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses that operate a child care center operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by Lightbridge Academy Centers and regardless of location, and the right to convert those centers to Lightbridge Academy Centers; (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of Centers; (iii) the right to own, operate, franchise or license on-site Corporate child care Centers (defined below) within the Development Area; (iv) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by your Lightbridge Academy Center, inside or outside the Development Area. A "Corporate" child-care center is a Lightbridge Academy Center

that operates on-site at a corporation's premises, and the student enrollment is limited to on-site employees, not the general public. You will not receive compensation for the above referenced activities that may occur inside your Development Area.

You acknowledge and agree that certain of our or our parent, predecessor or affiliates' products and services, whether now existing or developed in the future, may be distributed in the Development Area by us, our parent, predecessor or affiliates, or our licensees or designees, in such manner and through such channels of distribution other than through Lightbridge Academy centers as we, in our sole discretion, shall determine, including, but not limited to, the right to distribute products and services (which may include, but are not limited to: children products, books, food, and videos), in other channels of distribution (which other channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods), whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our parent, predecessor or affiliate owns or licenses, through any distribution method we or our parent, predecessor or affiliate may establish, and may franchise or license others to do so, both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with a Lightbridge Academy center. We reserve the right, among others, to implement any distribution arrangements relating thereto. You have no rights (1) to distribute such products through such channels of distribution as described in this Section, or (2) to share in any of the proceeds received by any such party therefrom.

Unless otherwise approved by us, in our sole discretion, you shall not be permitted to execute the additional franchise agreements under the Multi-Unit Operator Agreement or execute additional leases during any period that any of the Franchised Businesses developed pursuant to the Multi-Unit Operator Agreement fail to meet the below performance requirements (the "Center Performance Requirements"):

1. NPS (Net Promoter Score): Each Franchised Business must maintain a minimum score of 65 (enrolled – 3 months and 12 months rolling).

2. Reputation Management: Each Franchised Business must maintain a minimum rolling 3.8 on Yelp and Google Reviews.

3. Secret Shop: Each Franchised Business must maintain a minimum score of 90%. If a Secret Shop is less than 90%, you (or your affiliate) will have 30 days to correct deficiencies and bring the score up to at least 90% as determined by us.

4. Quality Assurance Audits: Each Franchised Business must maintain a minimum score of 90%. If a Quality Assurance Audit is less than 90%, you will have 30 days to correct deficiencies and bring the score up to at least 90%

During any period that you are not permitted to execute a franchise agreement or lease agreement as a result of failure to meet the Center Performance Obligations, your obligations pursuant to the Development Schedule shall not be tolled or extended or entitle you to any refund of the Development Rights Fee paid.

We do not offer any option, right of first refusal or any similar right to acquire additional franchises within the Development Area or contiguous territories.

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ITEM 13

TRADEMARKS

You will have the right to use the Proprietary Marks we designate for use by you in connection with the operation of your Lightbridge Academy Center. The Multi-Unit Operator Agreement does not grant you the right to use the Proprietary Marks or the System. The following trade names, trademarks, service marks, logotypes and other commercial symbols have been filed on the Principal register with the United States Patent and Trademark Office and are licensed to you. You may not sublicense them without our permission. This list may not be an exhaustive list of all Marks owned by us or our affiliate:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
Lightbridge Academy Design Plus Words	4860530	November 24, 2015
Lightbridge Academy	4856415	November 17, 2015
Lightbridge Academy Circle of Care	4875848	December 22, 2015
PARENTVIEW	3487977	January 8, 2008
Lightbridge Foundation	4847335	November 3, 2015
The Solution for Working Parents	4856579	November 17, 2015
Innovators in Educational Child Care	4856578	November 17, 2015
BottleBridge	5245812	July 18, 2017
Musical Beginnings	3713883	November 24, 2009
Lightbridge Leadership	5536767	August 7, 2018
Lightbridge Journey	6267921	February 9, 2021

All required affidavits and renewals pertaining to the above Proprietary Marks have been filed.

We also own and claim common law trademark rights in the trade dress used in our Centers. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

Our affiliate, Rainbow Academy Child Care Centers, LLC, owns all rights to the Proprietary Marks and has licensed to us the indefinite right to use them and to sublicense them to System franchisees pursuant to a trademark license agreement, dated October 1, 2014. Our affiliate may terminate the License Agreement (which runs for 20 years and is renewable for an additional term of 20 years) if we fail to correct any of the following within 30 days after written notice: (1) any default under the License Agreement; (2) improper use of the Proprietary Marks that could adversely affect their validity or protectability; or (3) our bankruptcy, insolvency, or appointment of a receiver.

There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. Other than the rights of our affiliate, described above, we are not aware of any superior rights that could affect your use of the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions that may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement or that we may otherwise approve. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols, unless authorized by us. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the

Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute, add or change the Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution, addition or change of the Proprietary Marks will be beneficial to the System. If we substitute, add or change any of the Proprietary Marks, you must bear the cost and expense at your Center (for example, changing signage, business cards, etc.).

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents or patent applications are material to the franchise.

We claim common law protection and copyrights for many aspects of our business including, without limitation, the Confidential Operations Manual and other manuals, curriculum, advertising and promotional materials, applications, training materials and programs, videos, proprietary computer software, architectural plans and designs, web sites and web pages, and other written material we develop to assist you in development or operations. We have not registered these copyrights with the United States Copyright Office but need not do so at this time to protect them.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

Confidential Operations Manual

You must operate your Center according to the strict standards, methods, policies and procedures specified in the Confidential Operations Manual. We may revise the contents of the Confidential Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Confidential Operations Manual is kept current at all times. If there is any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

The Confidential Operations Manual will remain our sole property and must be kept in a secure place at your Center.

Confidential Information

All confidential information will be solely owned by us. You must treat the confidential information as confidential and use all reasonable efforts to maintain this information as secret and confidential.

You may never during the term, including any renewal, of the Franchise Agreement, or after the Franchise Agreement expires or terminates, reveal any of our confidential information to another person or entity, or use our confidential information for the benefit of any other person or entity. You may not copy any of our confidential information except as we may authorize. You may only use the Confidential Operations Manual and our confidential information as described in the Franchise Agreement. You may only divulge confidential information to those of your staff and personnel who must have access to it to operate your Center.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) the curriculum and lesson plans; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (5) knowledge of the operating results and financial performance of other Lightbridge Academy Centers; (6) the Confidential Operations Manual; (7) training materials and programs; (8) proprietary software; (9) student lists and customer data; (10) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees) and (11) specifics regarding the inner workings of computer software, applications or other technology used by our System.

You must maintain a list of the names, addresses and contact information of all students of your Lightbridge Academy Center. The list will be our sole and exclusive property and will part of the confidential information. You must maintain the confidentiality of the list and may not disclose the student list or its contents to any person or entity other than us, except as may be required by law or court order.

All data that you collect from customers of the Center or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect the data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any customers. You have the right to use the customer data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with us, you may transfer the customer data to the new owner as part of the going concern value of the business.

The Franchise Agreement provides that you acknowledge that your entire knowledge of the operation of the Lightbridge Academy Center, including the specifications, standards and operating procedures of the Lightbridge Academy Center, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You and, if you are a corporation, partnership or limited liability company, your officers, directors, shareholders, partners, members, managers, employees and members of those persons' immediate families and their heirs, successors and assigns are prohibited from using and/or disclosing any confidential information in any manner other than as we permit in writing. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. They must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third-party beneficiary. The Confidentiality Agreement attached as Exhibit 5 to the Franchise Agreement is currently considered a satisfactory form. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information. You must forward all executed Confidentiality Agreements to us so we can ensure compliance.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee that relate to the child care business will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Center. The Operating Principal must be an equity owner in the franchise and have the authority to bind you in all operational decisions regarding the franchise. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single purpose entity and you cannot operate any other business using your entity name.

You must hire a Center Director to be responsible for the direct on-premises supervision of the Center at all times during the hours of operation. Your Center Director must furnish full-time attention and best efforts to the management of your Center. However, you are still responsible for the operations of the Center and your obligations under the Franchise Agreement. In most cases, the Center Director will be required by state law to have a degree in education and a teaching certificate in early childhood education. You must also hire a full time Assistant Director. You are not required to obtain our approval of your Director or Assistant Director but both the Director and Assistant Director must meet all state requirements, must have all required licenses and/or certification and you must submit proof of compliance to us. If you own three (3) or more Centers you will be required to hire a Regional Manager. You must notify us of any changes in the Director, Assistant Director and Regional Manager positions.

You, (in the case of an individual), your Operating Principal (in the case of an entity), the Center Director, the Assistant Director and the Regional Manager (if applicable) must satisfactorily attend and complete our initial training program. Your initial Center Director must attend initial training prior to the opening of your Center. If your Center Director subsequently changes, your new Director must complete initial training within 90 days of assuming the position and you must pay our then-current initial training fee. Anyone assuming the Assistant Director or Regional Manager positions must complete initial training within 60 days of assuming their positions. Our then-current initial training fee will apply for all trainees beyond the initial 4 people (2 people if you are an existing franchisee in good standing or have executed a Multi-Unit Operator Agreement).

At all times, you will keep us advised of the identity of your Center Director, assistant Director and Regional Manager. Your Center Director, Assistant Director and Regional Manager need not have any equity interest in the franchise. You will disclose to your Center Director, Assistant Director and Regional Manager only the information needed to operate the Center and they will be advised that any confidential information is our trade secret.

In addition, your Center Director, Assistant Director, Regional Manager and all persons affiliated with you, including your officers, directors, partners, shareholders, members, managers and employees are required to execute a Confidentiality Agreement in the form attached as Exhibit 5 to the Franchise Agreement.

If you are a business entity, each of your shareholders if you are a corporation; each of your partners if you are a general partnership; and each of your members and managers if you are a limited liability company must sign our Guaranty. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Guaranty, a form of which is attached as Exhibit 3 to the Franchise Agreement.

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Center, we may operate your business for as long as we deem necessary and practical. In our sole judgment, we may deem you incapable of operating the Center if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your Center for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern. We shall keep in a separate account all monies generated by the operation of your Center, less our management fee, and our operating expenses, including reasonable compensation and expenses for our representatives. Your Center will still have to pay all costs under the Franchise Agreement, including royalties and Fund payments. You must hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred.

You must hire all employees of the Center and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. Your employees are under your day-to-day control at the Center. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and we, as the franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may use your Lightbridge Academy Center only to provide learning, recreational and child care services and activities in accordance with the System, and to sell merchandise which is approved by us in advance. You may not conduct any other business or activity at the Center without our written permission. You are not permitted to rent out your Center or host any events at your Center which are not affiliated with Lightbridge Academy and approved by us and must be open on the days and at the times required by us. We may modify the System to include new curriculum, programs or systems for educational, recreational and child care related services and activities. You must implement any new curriculums, programs, or systems that we develop and must make any reasonable expenditures that are necessary for you to implement the new curriculum, programs or systems. You must immediately cease all use of any curriculums, programs or systems that we advise you are no longer offered as part of the System.

You have the right to suggest new services or products to us for use in your Lightbridge Academy Center and other Lightbridge Academy Centers. However, you have no right to offer any new services or merchandise to your Lightbridge Academy Center's customers until we have had the opportunity to test the new services or merchandise and provide you our written approval for their use and standards and specifications with respect to their use. All new services and other developments, whether they be of our original design or variations of existing services or techniques, will be deemed works made for hire and we will own all rights in them. If they do not qualify as works made for hire, you agree to assign ownership to us under the Franchise Agreement. You will not receive any payment or adjustment in connection with any new services or developments.

If at any time during the term of the Franchise Agreement, we or our affiliate develops private label items for use by System franchisees, you must maintain sufficient inventory of the private label items to meet, in our sole judgment, consumer demand for the items.

You must comply with all rules prescribed by any state, municipal or regulatory agency, which may oversee any of the services you are offering to the public.

You are not restricted in the customers to whom you may sell products or services from your Lightbridge Academy Center, except that you may only target age-appropriate children for each program that your Lightbridge Academy Center offers.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the franchise System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors.

We may regulate procedures for online/electronic transactions. You may not create unapproved rewards or loyalty programs.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to the Disclosure Document. The agreements describe these provisions more fully than does the summary in the table.

FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	15 years
b.	Renewal or extension	2.2	You have the right to renew the franchise for 2 additional 5-year terms, if you meet certain requirements.
c.	Requirements for you to renew or extend	2.2.	You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 5 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our affiliates and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our affiliates; (vi) have executed our then-current form of Franchise Agreement; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed a general release of any and all claims against us and our affiliates, and their shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.

	Provision	Section in Franchise Agreement	Summary
d.	Termination by franchisee	9.1	You must give us 90 days' written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e.	Termination by franchisor without cause	No provision	Not applicable
f.	Termination by franchisor with cause	9.2.1	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.
g.	"Cause" defined - curable defaults	9.2.1	We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks; (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our affiliates; or (iii) after a 30 day cure period upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined - non curable defaults	9.2.2	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you or your owners commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Center, goodwill of the Proprietary Marks, or indicates unsuitability for child care; (ii) you or your owners are convicted or plea of guilty or nolo contendre of a felony; (iii) you or your owners commit fraud in the operation of your Lightbridge Academy Center; (iv) you or your owners misrepresent yourselves in any way (including through omission of information) in connection with your franchise application; (v) you or your owners fail to pass our background check; (vi) you or your owners file for bankruptcy or are adjudicated a bankrupt; (vii) insolvency proceedings are commenced against you; (viii) you are the subject of a lien; (ix) you become insolvent; (x) you or your principals materially breach any other agreements with us or our affiliates; (xi) we send you 3 or more written notices to cure within one 12-month period; (xii) you or your owners intentionally underreport or misstate any information required to be reported to us; (xiii) you voluntarily or otherwise abandon the Lightbridge Academy Center; (xiv) you fail to open the Lightbridge Academy Center or locate a site within the required time periods; (xv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement; (xvi) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvii) any violation of health or safety laws occur at the Center; (xviii) you or your owners or their spouses fail to comply with any in-term covenants; (xix) you or your owners or their spouses use the Confidential Information in an un-authorized manner; (xx) you fail to maintain insurance; (xxi) you or your owners engage in any unauthorized transfer or (xxii) you open prior to receiving written authorization from us.

	Provision	Section in Franchise Agreement	Summary
i.	Your obligations on termination/non-renewal	10.1	You must sign a general release, cease operation of the Lightbridge Academy Center, pay all unpaid fees, discontinue using the Proprietary Marks and the proprietary computer software, return the Operations Manual and all other confidential information to us, transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, seating, tables, desks, signs or fixtures which we elect to purchase, and, at our option, assign to us, any interest you have in the lease or sublease for the Lightbridge Academy Center premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Lightbridge Academy Center premises as may be necessary to distinguish it from a Lightbridge Academy franchise under the System. You must also comply with any post-term covenants under the Franchise Agreement, permit final inspection, and cancel assumed names containing the Proprietary Marks
j.	Assignment of contract by franchisor	8.6	We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Franchise Agreement.
k.	"Transfer" by franchisee – defined	8.3	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase of your voting stock; or any increase in the number of outstanding voting shares which result in a change of ownership; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest.
l.	Franchisor's approval of transfer by franchisee	8.1	You may not sell, transfer, assign or encumber your interest in the franchised business without our prior written consent.

	Provision	Section in Franchise Agreement	Summary
m.	Condition for franchisor's approval of transfer	8.3.2	Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers; (ii) the timely cure of all existing defaults under the Franchise Agreement or any other agreements with us or our affiliates; (iii) execution of a transfer agreement and general release; (iv) you or the proposed transferee agrees to complete repairs and remodeling as required and upgrade to the then-current Computer Requirement; and (v) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must satisfy any licensing, have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and has the aptitude and adequate financial resources to operate a Lightbridge Academy Center. The transferee must have executed our then-current Franchise Agreement, we must be paid our transfer fee, we must enter into a transfer agreement and the transferee and its Director must have completed our initial training program.
n.	Franchisor's right of first refusal to acquire franchisee's business	8.3.1	If you propose to transfer or assign 20% or more of your interest in the franchised business to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party.
o.	Franchisor's option to purchase franchisee's business	10.1.7	If the Franchise Agreement is terminated, or expires (without renewal), we have the right to purchase the assets of the Franchised Business. We also have the option to purchase or lease your premises. Our option may be exercised at fair market value, determined by appraisal, if the parties are unable to agree.
p.	Franchisee's death or disability	8.2	If you die or become disabled or incapacitated, your executor, heir, or legal representative must obtain approval to continue as the franchisee within 180 days from the date of your death, disability, or incapacity.
q.	Non-competition covenants during the term of the franchise	7.4.1	Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which offers child daycare or preschool learning.

	Provision	Section in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	7.4.2	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement: (i) to own, engage in, be employed or have any interest in any business which offers child daycare or preschool learning within 10 miles of your Lightbridge Academy Center or any then-existing or proposed Lightbridge Academy franchise. (ii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of the agreement	12.1	The Franchise Agreement may only be modified by written amendment signed by both parties. The Confidential Operations Manual and System standards are subject to change.
t.	Integration/ merger clauses	12.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	12.10	Pre-suit mediation of disputes will take place in a mutually agreed upon location or the then-current County and State where our corporate headquarters is located.
v.	Choice of forum	12.2	Dispute resolution must be in state or federal court which has general jurisdiction in the then-current State and County where our corporate headquarters is located (currently Middlesex County, New Jersey) (subject to state law).
w.	Choice of law	12.2	New Jersey law applies; provided, however, that the New Jersey Franchise Practices Act will only apply if your Lightbridge Academy Center is to be established in New Jersey and all other statutory requirements are met (subject to state law).

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
Length of the franchise term	4.1	Until the date we accept and execute a franchise agreement for the last of the Franchised Businesses you are to establish under your Development Schedule or by the end of a set term to complete the Development Schedule.
Renewal or extension	No provision	There is no renewal right.
Requirements for you to renew or extend	No provision	Not applicable
Termination by franchisee	No provision	Not applicable
Termination by franchisor without cause	No provision	Not applicable
Termination by franchisor with cause	6.1	We have the right to terminate the Multi-Unit Operator Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.
"Cause" defined - curable defaults	6.4	Curable defaults have a 30 day cure period.
"Cause" defined - non curable defaults	6.1; 6.2	We have the right to terminate the Multi-Unit Operator Agreement without providing you an opportunity to cure if: (i) you or your owners commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the goodwill of the Proprietary Marks; (ii) you or your owners are convicted or plea of guilty or nolo contendre of a felony; (iii) you or your owners misrepresent yourselves in any way (including through omission of information) in connection with your development application; (iv) you or your owners file for bankruptcy or are adjudicated bankrupt; (v) insolvency proceedings are commenced against you; (vii) you are the subject of a lien or foreclosure proceedings; (vi) you become insolvent; (vii) you or your principals materially breach any other agreements with us or our parent, affiliate or predecessor; (viii) you or your owners or their spouses use the Confidential Information in an un-authorized manner; (ix) you fail to adhere to the Development Schedule; (x) if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed or a receiver is appointed by any court of competent jurisdiction; (xi) if execution is levied against your business or assets; and/or (xii) you or your owners commit an unauthorized transfer.

Provision	Section in Franchise Agreement	Summary
Your obligations on termination/non-renewal	6.3	You must stop selecting sites for Franchised Businesses, and you may not open any more Franchised Businesses.
Assignment of contract by franchisor	7.1	We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Multi-Unit Operator Agreement.
"Transfer" by franchisee – defined	7.2	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase of your voting stock; or any increase in the number of outstanding voting shares which result in a change of ownership; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest.
Franchisor's approval of transfer by franchisee	7.2	You may not sell, transfer, assign or encumber your interest in the Multi-Unit Operator Agreement without our prior written consent.
Condition for franchisor's approval of transfer	7.2	Approval to sell or transfer the Multi-Unit Operator Agreement may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our parent, affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under and agreement between us; (iii) execution of a general release; (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer and (v) payment to us of the transfer fee. The proposed transferee must sign an assignment and a guarantee and must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and has the aptitude and adequate financial resources to fulfill the obligations under the Multi-Unit Operator Agreement. At our option, the transferee may be required to sign our then current form of Multi-Unit Operator Agreement.
Franchisor's right of first refusal to acquire franchisee's business	7.2; 7.3	We have the right to match any offer to purchase your interests under the Multi-Unit Operator Agreement.
Franchisor's option to purchase franchisee's business	No provision	Not applicable

Provision	Section in Franchise Agreement	Summary
Franchisee's death or disability	7.4	Upon your death or disability, your representative must transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer.
Non-competition covenants during the term of the franchise	8.2	Neither you nor your partners, shareholders, members or managers, nor immediate family members may own, maintain, engage in, be employed by, or have any interest in any other business which offers child day care or preschool learning (a "Competing Business") and may not divert or attempt to divert any business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's Proprietary Marks and the System
Non-competition covenants after the franchise is terminated or expires	8.3	The Multi-Unit Operator Agreement limits your right and the rights of your partners, shareholders, members, and managers for 2 years following the date of the expiration and non-renewal, transfer or termination of the Multi-Unit Operator Agreement. During this time you may not to own, engage in, be employed or have any interest in any Competing Business within the Development Area or within ten miles (or the maximum area allowed by law) of any franchised business then-operating under the System and/or utilizing the Proprietary Marks.
Modification of the agreement	13	The Multi-Unit Operator Agreement may only be modified by written amendment signed by both parties.
Integration/ merger clauses	13	The Multi-Unit Operator Agreement is the entire agreement between the parties. Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Operator Agreement may not be enforceable. However, nothing in the Multi-Unit Operator Agreement is intended to disclaim the representations made in the Disclosure Document.
Dispute resolution by arbitration or mediation	No provision	Not applicable
Choice of forum	14.2	Dispute resolution must be in state or federal court which has general jurisdiction in the then-current State and County where our corporate headquarters is located (currently Middlesex County, New Jersey) (subject to state law).
Choice of law	14.2	New Jersey law applies; provided, however, that the New Jersey Franchise Practices Act will only apply if your Lightbridge Academy Center is to be established in New Jersey and all other statutory requirements are met (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not currently use any public figure to promote our franchise.

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 Centers, 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 Center 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.

In Table 1(a), we present financial results achieved by forty-two (42) Centers that were operational a minimum of twenty-four (24) months as of December 31, 2021 ("Mature Centers"), which includes twenty-nine (29) franchised Centers and thirteen (13) Centers operated by our affiliates, in the 2021 calendar year.

In Table 1(b), we present financial results achieved by ten (10) Centers that were operational between twelve (12) and twenty-four (24) months as of December 31, 2021 ("Developing Centers"), which includes eight (8) franchised Centers and two (2) Centers operated by our affiliates, in the 2021 calendar year.

Some Centers did experience temporary closures, as a result of renovations and repairs, government-required closures or reduction in capacity in response to the COVID-19 pandemic. Centers experiencing temporary closures are included in Tables 1(a) and 1(b). There have been no permanent closures.

Table 1(a)

MATURE CENTERS (OPEN AT LEAST 24 MONTHS)	TOTAL		FRANCHISED		AFFILIATED	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	42		29		13	
Avg. Months Open	90		59		158	
Avg. Enrollment	64.3%		64.6%		63.7%	
Gross Revenue	$ 1,756,871	100.0%	$ 1,738,508	100.0%	$ 1,797,836	100.0%
Payroll Expense	$ 798,134	45.4%	$ 760,705	43.8%	$ 883,844	49.2%
Non-Payroll Expenses	$ 426,164	24.3%	$ 413,242	23.8%	$ 452,776	25.2%
EBITDAR	**$ 532,573**	**30.3%**	**$ 564,561**	**32.5%**	**$ 461,216**	**25.7%**
Rent, RE Taxes, & CAM	$ 329,857	18.8%	$ 321,600	18.5%	$ 348,642	19.4%
EBITDA	**$ 202,716**	**11.5%**	**$ 242,961**	**14.0%**	**$ 112,574**	**6.3%**
Memo: COVID Credits[1]	$ 23,003	1.3%	$ 12,190	0.7%	$ 47,123	2.6%
Adj. EBITDAR[2]	**$ 555,576**	**31.6%**	**$ 576,751**	**33.2%**	**$ 508,339**	**28.3%**
Adj. EBITDA[2]	**$ 225,719**	**12.8%**	**$ 255,151**	**14.7%**	**$ 159,697**	**8.9%**
Memo: PPP Funding[3]	$ 98,898		$ 66,874		$ 170,335	
Memo: COVID Relief Grants[3]	$ 127,853		$ 85,215		$ 222,968	
Total Relief Funding	**$ 226,751**		**$ 152,089**		**$ 393,303**	
Centers Above Average[4]	20		13		8	
Centers Below Average[4]	22		16		5	

1. "COVID Credits" refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. "Adj. EBITDA" is EBITDA plus COVID Credits, as such COVID credits given were discretionary and Centers did not reduce expenses commensurately with these credits.
3. These sums reflect the average funds from the SBA under the Paycheck Protection Program ("PPP") and grant funding received by Centers, and are classified according the period when PPP was forgiven. 9 of 29 Mature franchised Centers received PPP and all Mature affiliated Centers received PPP; 15 of 29 Mature franchised Centers received grant income and 8 of 13 Mature affiliated Centers received grant income.
4. The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR.

*The median gross revenue of all Mature Centers was $1,762,404 and the highest/lowest gross revenue was $2,686,488/$1,031,898. The median gross revenue of the franchised Mature Centers was $1,727,700 and the highest/lowest gross revenue was $2,686,488/$1,031,898. The median gross revenue of the affiliated Mature Centers was $1,775,950 and the highest/lowest gross revenue was $2,495,631/$1,167,780.

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Table 1(b)

DEVELOPING CENTERS (OPEN 12-24 MONTHS)						
	TOTAL		FRANCHISED		AFFILIATED	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	10		8		2	
Avg. Months Open	18		17		19	
Avg. Enrollment	50.8%		49.1%		57.3%	
Gross Revenue	$ 1,372,932	100.0%	$ 1,332,649	100.0%	$ 1,534,065	100.0%
Payroll Expense	$ 637,439	46.4%	$ 592,013	44.4%	$ 835,298	54.5%
Non-Payroll Expenses	$ 330,520	24.1%	$ 326,970	24.5%	$ 328,564	21.4%
EBITDAR	**$ 404,974**	**29.5%**	**$ 413,667**	**31.0%**	**$ 370,203**	**24.1%**
Rent, RE Taxes, & CAM	$ 301,908	22.0%	$ 291,850	21.9%	$ 342,864	22.4%
EBITDA	**$ 103,066**	**7.5%**	**$ 121,816**	**9.1%**	**$ 27,339**	**1.8%**
Memo: COVID Credits[1]	$ 7,580	0.6%	$ 8,717	0.7%	$ 3,032	0.2%
Adj. EBITDAR[2]	**$ 412,554**	**30.0%**	**$ 422,384**	**31.7%**	**$ 373,234**	**24.3%**
Adj. EBITDA[2]	**$ 110,646**	**8.1%**	**$ 130,534**	**9.8%**	**$ 30,370**	**2.0%**
Memo: PPP Funding[3]	$ 34,067		$ -		$ 170,335	
Memo: COVID Relief Grants[3]	$ 358,161		$ 336,021		$ 446,719	
Total Relief Funding	**$ 392,227**		**$ 336,021**		**$ 617,054**	
Centers Above Average[4]	4		3		1	
Centers Below Average[4]	6		5		1	

1. "COVID Credits" refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. "Adj. EBITDA" is EBITDA plus COVID Credits, as such COVID credits given were discretionary and Centers did not reduce expenses commensurately with these credits.
3. These sums reflect the average funds from the SBA under the Paycheck Protection Program ("PPP") and grant funding received by Centers, and are classified according the period when PPP was forgiven. No Developing franchised Centers received PPP and all Developing affiliated Centers received PPP; 7 of 8 Developing franchised Centers received grant income and all Developing affiliated Centers received grant income.
4. The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR.

*The median gross revenue of all Developing Centers was $1,299,688 and the highest/lowest gross revenue was $2,146,482/$758,485. The median gross revenue of the franchised Developing Centers was $1,258,677 and the highest/lowest gross revenue was $2,146,482/$758,485. The median gross revenue of the affiliated Developing Centers was $1,534,065 and the highest/lowest gross revenue was $1,822,105/$1,246,025.

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In Table 2(a), we present financial results achieved by the franchisee-owned Mature ~~Centers in the 2021 calendar year, separated by geographic region. In Table 2(b), we present financial results achieved by the franchisee-owned Developing~~ Centers in the 2021 calendar year, separated by geographic region. The Centers in the New York/New Jersey subset experienced substantially similar temporary closures due to local government-required regulations in 2021. The Centers in the all other states experienced substantially fewer temporary closures due to local government-required regulation in 2021.

Table 2(a)

MATURE FRANCHISED CENTERS (OPEN AT LEAST 24 MONTHS)						
	TOTAL		NEW YORK & NEW JERSEY		ALL OTHER STATES	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	29		23		6	
Avg. Months Open	59		61		50	
Avg. Enrollment	64.6%		60.0%		81.9%	
Gross Revenue	$ 1,738,508	100.0%	$ 1,653,690	100.0%	$ 2,063,640	100.0%
Payroll Expense	$ 760,705	43.8%	$ 726,135	43.9%	$ 890,805	43.2%
Non-Payroll Expenses	$ 413,242	23.8%	$ 390,078	23.6%	$ 504,456	24.4%
EBITDAR	**$ 564,561**	**32.5%**	**$ 537,477**	**32.5%**	**$ 668,379**	**32.4%**
Rent, RE Taxes, & CAM	$ 321,600	18.5%	$ 321,290	19.4%	$ 308,170	14.9%
EBITDA	**$ 242,961**	**14.0%**	**$ 216,187**	**13.1%**	**$ 360,209**	**17.5%**
Memo: COVID Credits[1]	$ 12,190	0.7%	$ 10,701	0.6%	$ 17,899	0.9%
Adj. EBITDAR[2]	**$ 576,751**	**33.2%**	**$ 548,178**	**33.1%**	**$ 686,278**	**33.3%**
Adj. EBITDA[2]	**$ 255,151**	**14.7%**	**$ 226,887**	**13.7%**	**$ 378,108**	**18.3%**
Memo: PPP Funding[3]	$ 66,874		$ 54,662		$ 113,687	
Memo: COVID Relief Grants[3]	$ 85,215		$ 43,266		$ 246,017	
Total Relief Funding	**$ 152,089**		**$ 97,929**		**$ 359,704**	
Centers Above Average[4]	13		10		3	
Centers Below Average[4]	16		13		3	

1. "COVID Credits" refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. "Adj. EBITDA" is EBITDA is EBITDA plus COVID Credits, as such COVID Credits given were discretionary and Centers did not reduce expenses commesurately with these credits.
3. These sums reflect the average funds from the SBA under the Paycheck Protection Program ("PPP") and grant funding received by Centers, and are classified according the period when PPP was forgiven. 9 of 29 Mature franchised Centers received PPP and 15 of 29 Mature franchised Centers received grant income.
4. The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR.

*The median gross revenue of all franchised Mature Centers was $1,727,700 and the highest/lowest gross revenue was $2,686,488/$1,031,898. The median gross revenue of the franchised Mature Centers in New York & New Jersey was $1,694,359 and the highest/lowest gross revenue was $2,686,488/$1,031,898. The median gross revenue of the franchise Mature Centers outside of New York & New Jersey was $2,052,100 and the highest/lowest gross revenue was $2,302,752/$1,727,700.

In Table 2(b), we present financial results achieved by the franchisee-owned Developing Centers in the 2021 calendar year, separated by geographic region.

Table 2(b)

DEVELOPING FRANCHISED CENTERS (OPEN 12-24 MONTHS)						
	TOTAL		NEW YORK & NEW JERSEY		ALL OTHER STATES	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	8		5		3	
Avg. Months Open	17		18		16	
Avg. Enrollment	49.1%		46.3%		53.8%	
Gross Revenue	$ 1,332,649	100.0%	$ 1,271,253	100.0%	$ 1,434,976	100.0%
Payroll Expense	$ 592,013	44.4%	$ 536,723	42.2%	$ 690,175	48.1%
Non-Payroll Expenses	$ 326,970	24.5%	$ 301,881	23.7%	$ 362,771	25.3%
EBITDAR	**$ 413,667**	**31.0%**	**$ 432,649**	**34.0%**	**$ 382,029**	**26.6%**
Rent, RE Taxes, & CAM	$ 291,850	21.9%	$ 279,422	22.0%	$ 312,346	21.8%
EBITDA	**$ 121,816**	**9.1%**	**$ 153,228**	**12.1%**	**$ 69,683**	**4.9%**
Memo: COVID Credits[1]	$ 8,717	0.7%	$ 158	0.0%	$ 22,983	1.6%
Adj. EBITDAR[2]	**$ 422,384**	**31.7%**	**$ 432,807**	**34.0%**	**$ 405,012**	**28.2%**
Adj. EBITDA[2]	**$ 130,534**	**9.8%**	**$ 153,386**	**12.1%**	**$ 92,665**	**6.5%**
Memo: PPP Funding[3]	$ -		$ -		$ -	
Memo: COVID Relief Grants[3]	$ 336,021		$ 301,509		$ 393,540	
Total Relief Funding	**$ 336,021**		**$ 301,509**		**$ 393,540**	
Centers Above Average[4]	3		2		2	
Centers Below Average[4]	5		3		1	

1. "COVID Credits" refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. "Adj. EBITDA" is EBITDA is EBITDA plus COVID Credits, as such COVID Credits given were discretionary and Centers did not reduce expenses commesurately with these credits.
3. These sums reflect the average funds from the SBA under the Paycheck Protection Program ("PPP") and grant funding received by Centers, and are classified according the period when PPP was forgiven. No Developing franchised Centers received PPP and 7 of 8 Developing franchised Centers received grant income.
4. The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR.

*The median gross revenue of all Developing Centers was $1,258,677 and the highest/lowest gross revenue was $2,146,482/$758,485. The median gross revenue of the

franchised Developing Centers in New York & New Jersey was $1,353,350 and the highest/lowest gross revenue was $1,672,612/$758,485. The median gross revenue of the franchised Developing Centers outside of New York & New Jersey was $1,157,279 and the highest/lowest gross revenue was $2,146,482/$1,001,166.

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In Table 2(c)(i) we present financial results achieved by Franchised Centers that were operational a minimum of twenty-four (24) months as of September 30, 2022 ("2022 Mature Franchised Centers"), for the period of January 1, 2022 through September 30, 2022, separated by geographic region. In Table 2(c)(ii) we present financial results achieved by these same 2022 Mature Franchised Centers for the period of January 1, 2021 through September 30, 2021, separated by geographic region.

(Added)

Table 2(c)(i) | Mature Franchised Centers (Open at least 24 months as of September 30, 2022)
Current Year Results, Three Quarters from January 1 - September 30, 2022

	Total		New York & New Jersey		All Other States	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	37		27		10	
Avg. Months Open	60		65		46	
Avg. Enrollment	78%		75%		83%	
Gross Revenue	$1,623,690	100%	$1,607,747	100%	$1,666,734	100%
Payroll Expense	$717,033	44.2%	$699,471	43.5%	$764,451	45.9%
Non-Payroll Expenses	$388,759	23.9%	$381,697	23.7%	$407,826	24.5%
EBITDAR	$523,377	32.2%	$534,500	33.2%	$494,458	29.7%
Rent, RE Taxes, & CAM	$241,762	14.9%	$243,307	15.1%	$237,592	14.3%
EBITDA	$276,149	17.0%	$283,291	17.6%	$256,866	15.4%
Memo: Covid Credits [1]	$12,202	0.8%	$9,013	0.6%	$20,812	1.2%
Adj. EBITDAR	$535,579	33.0%	$543,513	33.8%	$515,270	30.9%
Adj. EBITDA [2]	$288,351	17.8%	$292,304	18.2%	$277,678	16.7%
Memo: Grant Income [3]	$117,160		$79,653		$218,428	
Centers Above Avg [4]	19		14		5	
Centers Below Avg [4]	17		12		5	

*The median gross revenue of all 2022 Mature Franchised Centers was $1,662,322 and the highest/lowest gross revenue was $2,435,128/$666,679. The median gross revenue of the 2022 Mature Franchised Centers in New York & New Jersey was $1,623,370 and the highest/lowest gross revenue was $2,435,128/$666,679. The median gross revenue of the 2022 Mature Franchised Centers outside of New York & New Jersey was $1,716,134 and the highest/lowest gross revenue was $2,046,281/$1,383,336.

(Added)

Table 2(c)(ii) | Mature Franchised Centers (Open at least 24 months as of September 30, 2022)
Prior Year Results, Three Quarters from January 1 - September 30, 2021

	Total		New York & New Jersey		All Other States	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	37		27		10	
Avg. Months Open	48		53		34	
Avg. Enrollment	58%		54%		66%	
Gross Revenue	$1,181,642	100%	$1,127,910	100%	$1,326,719	100%
Payroll Expense	$516,138	43.7%	$491,217	43.6%	$583,425	44.0%
Non-Payroll Expenses	$273,989	23.2%	$259,198	23.0%	$313,924	23.7%
EBITDAR	$391,515	33.1%	$377,495	33.5%	$429,370	32.4%
Rent, RE Taxes, & CAM	$227,035	19.2%	$232,488	20.6%	$212,311	16.0%
EBITDA	$164,480	13.9%	$145,007	12.9%	$217,059	16.4%
Memo: Covid Credits [1]	$7,033	0.6%	$5,981	0.5%	$9,874	0.7%
Adj. EBITDAR	$398,549	33.7%	$383,476	34.0%	$439,244	33.1%
Adj. EBITDA [2]	$171,514	14.5%	$150,988	13.4%	$226,933	17.1%
Memo: Grant Income [3]	$9,351		$1,425		$30,750	
Centers Above Avg [4]	18		11		6	
Centers Below Avg [4]	19		16		4	

*The median gross revenue of all 2022 Mature Franchised Centers was $1,195,259 and the highest/lowest gross revenue was 1,975,529/$544,335. The median gross revenue of the 2022 Mature

Franchised Centers in New York & New Jersey was $1,155,082 and the highest/lowest gross revenue was 1,975,529/$544,335. The median gross revenue of the 2022 Mature Franchised Centers outside of New York & New Jersey was $1,476,814 and the highest/lowest gross revenue was $1,719,584/$628,864.

1. “COVID Credits” refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. “Adj. EBITDA” is EBITDA plus COVID Credits, as such COVID credits given were discretionary and Centers did not reduce expenses commensurately with these credits.
3.These sums reflect the average grant funding received by Centers. 20 of 37 Mature franchised centers received grant income from January 1, 2022 through September 30, 2022. Five of the same 37 centers had received grant income from January 1, 2021 through September 30, 2021.

4.The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR. One center is excluded from the EBITDAR calculation due to atypically low rent expense. This causes the sum of the average EBITDA and Rent to be different from the average EBITDAR.

In Table 2(d)(i) we present financial results achieved by Franchised Centers that were operational a minimum of twelve (12) months but less than twenty-four (24) months as of September 30, 2022 ("2022 Ramping Franchised Centers"), for the period of January 1, 2022 through September 30, 2022, separated by geographic region. In Table 2(d)(ii) we present financial results achieved by these same 2022 Ramping Franchised Centers for the period of January 1, 2021 through September 30, 2021, separated by geographic region.

(Added)

e 2(d)(i) | Ramping Franchised Centers (Open at least 12 but less than 24 months as of September 30, 2022)
Current Year Results, Three Quarters from January 1 - September 30, 2022

	Total		New York & New Jersey		All Other States	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	7		6		1	
Avg. Months Open	17		17		17	
Avg. Enrollment	46%		38%		89%	
Gross Revenue	$1,216,459	100%	$1,119,138	100%	$1,800,380	100%
Payroll Expense	$544,877	44.8%	$491,236	43.9%	866,727	48.1%
Non-Payroll Expenses	$338,542	27.8%	$307,304	27.5%	$525,971	29.2%
EBITDAR	$333,039	27.4%	$320,599	28.6%	$407,682	22.6%
Rent, RE Taxes, & CAM	$281,571	23.1%	$286,237	25.6%	$253,572	14.1%
EBITDA	$51,469	4.2%	$34,362	3.1%	$154,110	8.6%
Memo: Covid Credits [1]	$3,163	0.3%	$2,063	0.2%	$9,768	0.5%
Adj. EBITDAR	$336,203	27.6%	$322,662	28.8%	$417,450	23.2%
Adj. EBITDA [2]	$54,632	4.5%	$36,424	3.3%	$163,878	9.1%
Memo: Grant Income [3]	$66,343		$25,814		$309,516	
Centers Above Avg [4]	3		2		0	
Centers Below Avg [4]	4		4		0	

*The median gross revenue of all 2022 Ramping Franchised Centers was $1,093,171 and the highest/lowest gross revenue was $1,947,147/$208,110. The median gross revenue of the 2022 Ramping Franchised Centers in New York & New Jersey was $1,051,041 and the highest/lowest gross revenue was $1,947,147/$208,110. The median gross revenue of the 2022 Ramping Franchised Centers outside of New York & New Jersey was $1,800,380 and the highest/lowest gross revenue was $1,800,380/$1,800,380.

(Added)

2(d)(ii) | Ramping Franchised Centers (Open at least 12 but less than 24 months as of September 30, 2022)
Prior Year Results, Three Quarters from January 1 - September 30, 2021

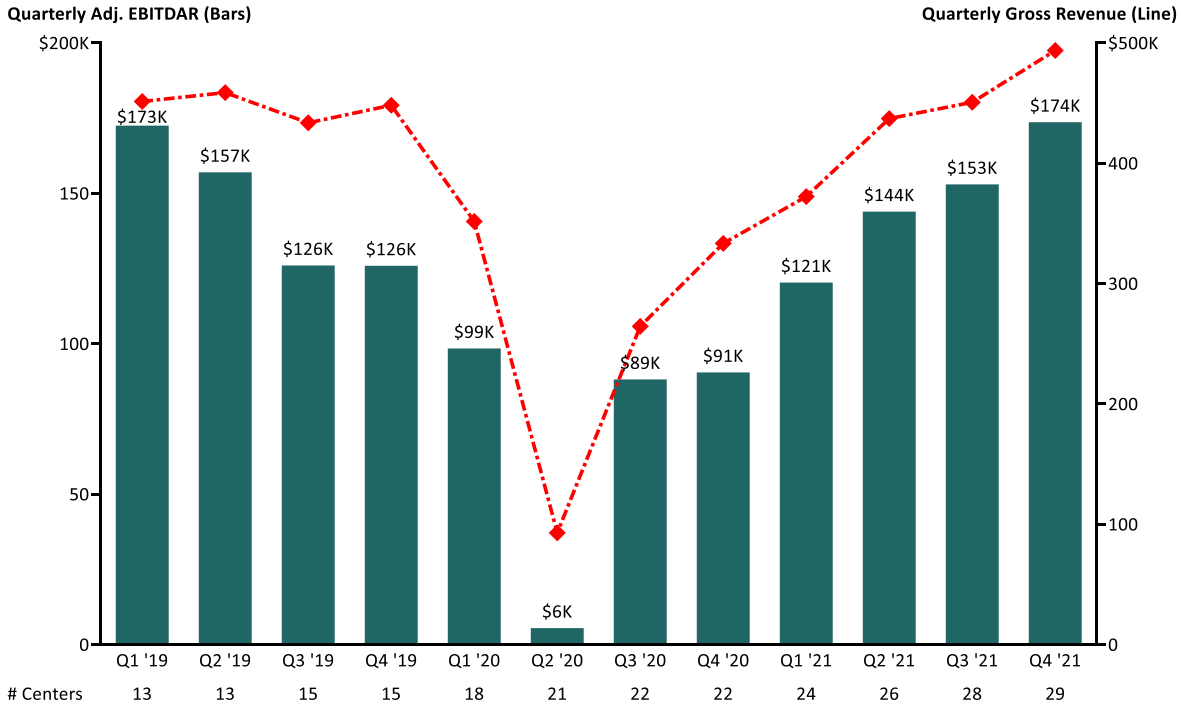
	Total		New York & New Jersey		All Other States	
	Average	% of Gross Revenue	Average	% of Gross Revenue	Average	% of Gross Revenue
Number of Centers	7		6		1	
Avg. Months Open	5		5		5	
Avg. Enrollment	14%		11%		29%	
Gross Revenue	$493,598	100%	$448,160	100%	$766,223	100%
Payroll Expense	$226,576	45.9%	$207,011	46.2%	$343,965	44.9%
Non-Payroll Expenses	$183,435	37.2%	$181,735	40.6%	$193,637	25.3%
EBITDAR	$83,586	16.9%	$59,414	13.3%	$228,621	29.8%
Rent, RE Taxes, & CAM	$149,571	30.3%	$164,682	36.7%	$58,905	7.7%
EBITDA	($65,985)	-13.4%	($105,268)	-23.5%	$169,716	22.1%
Memo: Covid Credits [1]	$2,189	0.4%	$82	0.0%	$14,832	1.9%
Adj. EBITDAR	$85,775	17.4%	$59,495	13.3%	$243,453	31.8%
Adj. EBITDA [2]	($63,796)	-12.9%	($105,187)	-23.5%	$184,548	24.1%
Memo: Grant Income [3]	$0		$0		$0	
Centers Above Avg [4]	4		3		0	
Centers Below Avg [4]	3		3		0	

*The median gross revenue of all 2022 Ramping Franchised Centers was $433,735 and the highest/lowest gross revenue was $897,612/$242,150. The median gross revenue of the 2022 Ramping Franchised Centers in New York & New Jersey was $393,941 and the highest/lowest gross revenue was $897,612/$242,150. The median gross revenue of the 2022 Ramping Franchised Centers outside of New York & New Jersey was $766,223 and the highest/lowest gross revenue was $766,223/$766,223.

1. "COVID Credits" refers to revenue credited to customers by Centers due to a temporary closure or classroom closure.
2. "Adj. EBITDA" is EBITDA plus COVID Credits, as such COVID credits given were discretionary and Centers did not reduce expenses commensurately with these credits.
3. Three of the 7 franchised centers open 12-24 months received grant income during the period from January 1, 2022 through September 30, 2022 None of the 7 centers received grant Income during the period from January 1, 2021 through September 30, 2021.
4. The number of Centers that achieved or exceeded the Average EBITDAR, and those below the Average EBITDAR.

In Chart 3, we present average quarterly Gross Revenue and Adjusted EBITDAR achieved by the franchised Mature Centers open in the 2019 through 2021 calendar years. Adjusted EBITDAR is EBITDAR plus COVID Credits, as such COVID Credits given were discretionary and Centers did not reduce expenses commensurately with these credits.

Chart 3



As government restrictions and capacity limits on child care centers returned to normal in 2021, the average franchise owned Center enrollment increased from 53.5% in January 2021 to 74.1% in December 2021.

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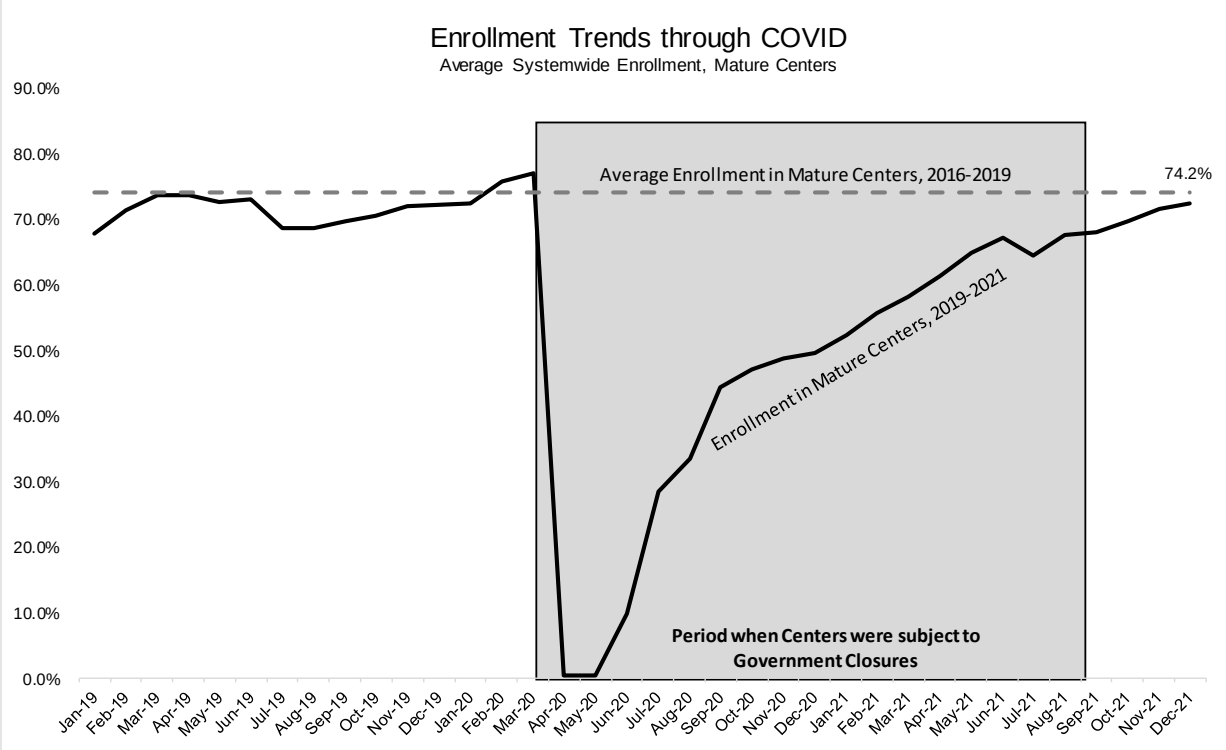
In Chart 4, we present the average enrollment in Mature Centers from January 2019 through December 2021. We provide this data to show the effect of COVID-related and governmental restrictions on the business, and the subsequent recovery as restrictions were lifted. We also provide the 3-year average enrollment of Mature Centers from January 2016 through December 2019 to provide a baseline for system enrollment prior to the advent of COVID-19.

Chart 4



General Notes to Item 19:

1. Definitions:
    a. “Rent, RE Taxes, & CAM” includes Rent, Real Estate Taxes, and Common Area Maintenance.
    b. "Gross Revenue" includes revenue derived from all business conducted at the Center’s premises, including any monies received during presales, less all customer discounts, PPP funding, and COVID relief grants.

2. The information presented in this Item 19 is collected from franchisees. We have not audited the data.

3. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some Centers have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, Lightbridge Franchise Company, LLC 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 Center, however, we may provide you with the actual records of that Center. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Gigi Schweikert, Franchise Department at 116 Grand Street, 2nd Floor, Iselin, NJ 08830, (732) 980-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 to 2021

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2019	23	30	+7
	2020	30	38	+8
	2021	38	45	+7
Company Owned	2019	13	13	0
	2020	13	15	+2
	2021	15	16	+1
Total Outlets	**2019**	**36**	**43**	**+7**
	2020	**43**	**53**	**+10**
	2021	**53**	**61**	**+8**

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR TO AFFILIATE) FOR YEARS 2019 TO 2021

STATE	YEAR	NUMBER OF TRANSFERS
NEW JERSEY	2019	0
	2020	0
	2021	1
TOTAL	**2019**	**0**
	2020	**0**
	2021	**1**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON RENEWAL	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF YEAR
NJ	2019	17	5	0	0	0	0	22
	2020	22	3	0	0	0	0	25
	2021	25	3	0	0	0	0	28
NY	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
NC	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
PA	2019	4	1	0	0	0	0	5
	2020	5	3	0	0	0	0	8
	2021	8	0	0	0	0	0	8
TN	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
VA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total	**2019**	**23**	**7**	**0**	**0**	**0**	**0**	**30**
	2020	**30**	**8**	**0**	**0**	**0**	**0**	**38**
	2021	**38**	**7**	**0**	**0**	**0**	**0**	**45**

*If multiple events occurred affecting an outlet, this table reflects the event that occurred last in time. States not listed had no franchise activity to report.

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2019 TO 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF YEAR
NJ	2019	13	0	0	0	0	13
	2020	13	1	0	0	0	14
	2021	14	0	0	0	0	14
PA	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	1	0	0	0	2
TOTAL	**2019**	**13**	**0**	**0**	**0**	**0**	**13**
	2020	**13**	**2**	**0**	**0**	**0**	**15**
	2021	**15**	**1**	**0**	**0**	**0**	**16**

*Company-owned includes Centers owned by our affiliate.

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT FACILITIES NOT OPENED	PROJECTED FRANCHISED NEW FACILITIES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY-OWNED FACILITIES OPENINGS IN NEXT FISCAL YEAR
FLORIDA	**2**	**0**	**0**
MARYLAND	**2**	**2**	**0**
NEW JERSEY	**22**	**2**	**0**
NEW YORK	**4**	**3**	**0**
NORTH CAROLINA	**1**	**2**	**0**
PENNSYLVANIA	**4**	**0**	**0**
SOUTH CAROLINA	**2**	**0**	**0**
TENNESSEE	**2**	**1**	**0**
VIRGINIA	**4**	**2**	**0**
TOTAL	**43**	**12**	**0**

Attached as Exhibit G to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document.

Attached as Exhibit G to this Disclosure Document is the name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Two prospects signed our Multi-Unit Operator Agreement during our last fiscal year.

During the last three fiscal years, we entered into one agreement with a confidentiality clause with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

We created the Lightbridge Franchise Advisory Committee in August 2016. Vishal Awali, vajwani@lightbridgeacademy.com is the Chairman and Joanne Sofia, jsofia@lightbridgeacademy.com, is the Secretary.

There are no trademark-specific franchisee organizations associated with the Lightbridge System.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are our audited financial statements as of December 31, 2019, December 31, 2020 and December 31, 2021 and our unaudited financials as of March 31, 2022 and October 31, 2022.

Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

Included in this Disclosure Document are the following contracts or agreements:

Exhibit C: Franchise Agreement

Exhibit 1:	Territory Addendum
Exhibit 2:	Statement of Ownership
Exhibit 3:	Personal Guaranty
Exhibit 4:	Collateral Assignment of Lease and Consent and Agreement of Lessor
Exhibit 5:	Form of Confidentiality Agreement
Exhibit 6:	Form of General Release
Exhibit 7:	Franchisee Disclosure Questionnaire
Exhibit 8:	Consent to Transfer

Exhibit 9: Assignment and Assumption Agreement
Exhibit 10: Telephone, Internet Websites and Listing Agreement
Exhibit 11: Electronic Transfer Authorization

Exhibit D: Multi-Unit Operator Agreement

Exhibit 1 – Development Area
Exhibit 2 – Statement of Ownership
Exhibit 3 – Development Schedule/Development Rights Fee
Exhibit 4 – Personal Guarantee
Exhibit 5 – Confidentiality Agreement
Exhibit 6 – Assignment and Assumption Agreement

Exhibit E: State Addenda

Exhibit F: Lease Guaranty Agreement

Exhibit 1 : Lease Guaranty
Exhibit 2 : Security Agreement
Exhibit 3 : Lease Declaration
Exhibit 4 : Collateral Assignment of Lease and Consent and Agreement of Lessor

ITEM 23

RECEIPT

Attached as the last page of this disclosure document is a receipt. Please sign the receipt and return it to us. A duplicate of the receipt is also attached for your records.

Exhibit A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Lightbridge Franchise Company, LLC

STATE ADMINISTRATORS/
DESIGNATION OF AGENT FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	OREGON Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	RHODE ISLAND Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation

MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
MICHIGAN Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	WASHINGTON Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce	WISCONSIN Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities
NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 - Phone Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

Exhibit B

FINANCIAL STATEMENTS

Lightbridge Franchise Company, LLC

	Oct 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1110 · Columbia Checking	1,073,017
1111 · Columbia Bank MM- 1960	262
1112 · Columbia Bank- Brand Fund	300,185
Total Checking/Savings	1,373,464
Accounts Receivable	
1200 · Accounts Receivable	987,591
1201 · Interco Receivable	230,635
Total Accounts Receivable	1,218,226
Other Current Assets	
1113 · Investment in LB Assurance Gr	898,826
1207 · Due from Brand Fund	2,346
1225 · Intercompany Receivables	2,022
1231 · Due from Lightbridge Mgmt Svcs	47,163
1450 · Prepaid Expenses	76,724
1465 · ERC Receivable	397,837
1600 · Rent Deposit	19,627
2140 · Due from RAA	5,622
2141 · Due from Elfco LLC	4,909
Total Other Current Assets	1,455,076
Total Current Assets	4,046,766
Fixed Assets	
Fixed Assets	633,602
Accumulated Depreciation	-574,182
Total Fixed Assets	59,420
Other Assets	
1700 · Contract Assets	1,820,401
1701 · Contract Assets-Current Portion	192,981
1702 · Contract Assets-Contra Current	-192,981
Total Other Assets	1,820,401
TOTAL ASSETS	**5,926,587**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	542,313
2002 · Interco Payables	3,639
Total Accounts Payable	545,952
Other Current Liabilities	

2003 · Brand Fund Payable	160,763
2015 · Employee Reimbursements Payable	5,944
2020 · Due to Seller (ERC)	155,000
2010 · Pre-Sale A/P	0
2001 · Accounts Payable- Brand Fund	-216,000
2270 · Accrued Expenses	239,332
Total Other Current Liabilities	345,039
Total Current Liabilities	890,991
Long Term Liabilities	
2400 · Deferred Rent	200,970
2411 · Contract Liabilities	3,157,600
2412 · Contract Liab-Current Portion	327,667
2413 · Contract Liab-Contra Current	-327,667
2950 · LB Assurance Group Loan	0
Total Long Term Liabilities	3,358,570
Total Liabilities	4,249,561
Equity	
3956 · Adjustments per PM	25,890
32000 · Retained Earnings	-912,824
Opening Bal Equity	-44,573
3550 · Unrealized Gain	32,336
3950 · Lightbridge Holdings Capital	1,734,030
Net Income	842,165
Total Equity	1,677,024
TOTAL LIABILITIES & EQUITY	**5,926,585**

	Jan - Oct 22
OPERATING ACTIVITIES	
Net Income	842,165
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	-193,648
1201 · Interco Receivable	-230,635
1207 · Due from Brand Fund	-2,346
1225 · Intercompany Receivables	-2,022
1231 · Due from Lightbridge Mgmt Svcs	-47,163
1233 · Due from Yardley	5,330
1450 · Prepaid Expenses	-76,724
1600 · Rent Deposit	-3,667
2140 · Due from RAA	-3,422
2141 · Due from Elfco LLC	-2,500
2000 · Accounts Payable	366,260
2002 · Interco Payables	3,639
2003 · Brand Fund Payable	160,763
2015 · Employee Reimbursements Payable	5,944
2270 · Accrued Expenses	239,332
Net cash provided by Operating Activities	1,061,306
INVESTING ACTIVITIES	
Fixed Assets:1500 · Furniture & Equipment	-21,733
Fixed Assets:1502 · Computer Equipment	-5,259
Fixed Assets:1506 · Technology Infrastructure	-25,063
Accumulated Depreciation:1501 · Accum Dep-F&E	2,854
Accumulated Depreciation:1503 · Accum Dep-Comp Equip	561
Accumulated Depreciation:1507 · Accum Dep-Tech Infrastructure	2,382
Accumulated Depreciation:1591 · Accum Dep-L/I	827
1598 · Escrow Deposit	3,667
Net cash provided by Investing Activities	-41,764
FINANCING ACTIVITIES	-848,331
Net cash increase for period	171,211
Cash at beginning of period	1,202,252
	1,373,463

	Jan - Oct 22
Ordinary Income/Expense	
Income	
4000 · Income from Royalty Fees	7,131,277
4400 · Franchise Fee Sales	568,500
4410 · Ctr Develop Fee-Initial	115,000
4411 · Center Develop Fee @ Opening	65,000
4420 · Training Fee-Pre Opening	60,000
4421 · Training Fee at Opening	52,500
4440 · Vendor Rebate Revenue	90,163
4450 · I.T. Computers	185,890
4455 · Fran Connect Services	75,420
4505 · Services to Franchisees	246,724
4540 · JMG Shared Services Income	678,900
4600 · Interest Income	0
4999 · From Brand Fund-Mktg Personel	280,500
Total Income	9,549,874
Gross Profit	9,549,874
Expense	
5100 · Payroll	4,683,728
5050 · Franchise referral Fees	10,000
5290 · Trademark Fees RACC-Co Ctrs	293,372
5291 · Trademark Fees RACC-Franchisees	793,003
6000 · Marketing & Sales	453,773
6437 · Brand Development	4,870
6442 · Government Affairs	50,600
6444 · Curriculum Enhancements	20,400
6500 · Int Exp. LB Assurance Group	21,250
7000 · General Admin. Expense	2,117,670
7321 · Annual Conference	240,897
7497 · Franchisee gifts	9,854
Total Expense	8,699,417
Net Ordinary Income	850,457
Other Income/Expense	
Other Expense	
7411 · Def Rent Calculation	1,669
9010 · Depreciation expense	6,623
Total Other Expense	8,292
Net Other Income	-8,292
Net Income	**842,165**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Lightbridge Franchise Company LLC
Balance Sheet
As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1110 · Columbia Checking	245,402
1111 · Columbia Bank MM- 1960	262
1112 · Columbia Bank- Brand Fund	300,185
Total Checking/Savings	545,849
Accounts Receivable	
1200 · Accounts Receivable	647,334
1201 · Interco Receivable	194,964
Total Accounts Receivable	842,298
Other Current Assets	
1113 · Investment in LB Assurance Gr	1,129,540
1465 · ERC Receivable	202,809
1600 · Rent Deposit	19,627
2140 · Due from RAA	2,200
2141 · Due from Elfco LLC	2,409
Total Other Current Assets	1,356,585
Total Current Assets	2,744,732
Fixed Assets	
Fixed Assets	35,409
Accumulated Depreciation	-10,211
Total Fixed Assets	25,198
Other Assets	
1700 · Contract Assets	1,927,704
1701 · Contract Assets-Current Portion	192,981
1702 · Contract Assets-Contra Current	-192,981
Total Other Assets	1,927,704
TOTAL ASSETS	**4,697,634**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	273,695
Total Accounts Payable	273,695
Other Current Liabilities	
2271 · Accrued Transaction Costs	61,020
2010 · Pre-Sale A/P	38,603
Total Other Current Liabilities	99,623
Total Current Liabilities	373,318
Long Term Liabilities	
2400 · Deferred Rent	199,802
2411 · Contract Liabilities	3,190,767
2412 · Contract Liab-Current Portion	327,667
2413 · Contract Liab-Contra Current	-327,667

Lightbridge Franchise Company LLC
Balance Sheet
As of March 31, 2022

	Mar 31, 22
2950 · LB Assurance Group Loan	0
Total Long Term Liabilities	3,390,569
Total Liabilities	3,763,887
Equity	
32000 · Retained Earnings	-1,170,498
Opening Bal Equity	-44,573
3550 · Unrealized Gain	-1
3950 · Lightbridge Holdings Capital	1,734,030
3960 · Equity- LB Assurance Group	262,000
Net Income	152,787
Total Equity	933,745
TOTAL LIABILITIES & EQUITY	**4,697,632**

Lightbridge Franchise Company LLC
Statement of Cash Flows
January through March 2022

	Jan - Mar 22
OPERATING ACTIVITIES	
Net Income	152,787
Adjustments to reconcile Net Income	
to net cash provided by operations:	
1200 · Accounts Receivable	146,609
1201 · Interco Receivable	-194,964
1233 · Due from Yardley	5,330
1600 · Rent Deposit	-3,667
2000 · Accounts Payable	97,643
Net cash provided by Operating Activities	203,738
INVESTING ACTIVITIES	
Fixed Assets:1506 · Technology Infrastructure	-16,000
Accumulated Depreciation:1501 · Accum Dep-F&E	592
Accumulated Depreciation:1503 · Accum Dep-Comp Equip	385
Accumulated Depreciation:1591 · Accum Dep-L/I	713
1598 · Escrow Deposit	3,667
Net cash provided by Investing Activities	-10,643
FINANCING ACTIVITIES	
2400 · Deferred Rent	501
2950 · LB Assurance Group Loan:2951 · Jeffrey Margolies	-50,000
2950 · LB Assurance Group Loan:2952 · Give Sum LLC	-50,000
2950 · LB Assurance Group Loan:2953 · Darlene Torsiello	-50,000
2950 · LB Assurance Group Loan:2955 · Dina Duffy	-50,000
2950 · LB Assurance Group Loan:2956 · Richard Stolz	-50,000
2950 · LB Assurance Group Loan:2957 · Barney Mattia	-50,000
2950 · LB Assurance Group Loan:2958 · Gerald McBride	-150,000
2950 · LB Assurance Group Loan:2959 · Elizabeth Zarro	-50,000
2950 · LB Assurance Group Loan:2960 · Marc & Andrea Maffey	-50,000
2950 · LB Assurance Group Loan:2962 · Guy Fecci	-50,000
2950 · LB Assurance Group Loan:2963 · Joseph Fede	-50,000
2950 · LB Assurance Group Loan:2964 · James Galgano	-100,000
2950 · LB Assurance Group Loan:2965 · Lowell Millar	-100,000
Net cash provided by Financing Activities	-849,499
Net cash increase for period	-656,404
Cash at beginning of period	1,202,252
Cash at end of period	**545,848**

Lightbridge Franchise Company LLC
Profit & Loss
January through March 2022

	Jan - Mar 22
Ordinary Income/Expense	
Income	
4000 · Income from Royalty Fees	1,983,938
4400 · Franchise Fee Sales	118,500
4410 · Ctr Develop Fee-Initial	20,000
4411 · Center Develop Fee @ Opening	20,000
4440 · Vendor Rebate Revenue	38,149
4450 · I.T. Computers	59,130
4455 · Fran Connect Services	22,860
4505 · Services to Franchisees	65,971
4540 · JMG Shared Services Income	203,670
4600 · Interest Income	0
4999 · From Brand Fund-Mktg Personel	84,150
Total Income	2,616,368
Gross Profit	2,616,368
Expense	
5100 · Payroll	1,345,087
5290 · Trademark Fees RACC-Co Ctrs	82,736
5291 · Trademark Fees RACC-Franchisees	222,042
6000 · Marketing & Sales	158,639
6500 · Int Exp. LB Assurance Group	21,250
7000 · General Admin. Expense	629,717
7497 · Franchisee gifts	1,918
Total Expense	2,461,389
Net Ordinary Income	154,979
Other Income/Expense	
Other Expense	
7411 · Def Rent Calculation	501
9010 · Depreciation expense	1,691
Total Other Expense	2,192
Net Other Income	-2,192
Net Income	**152,787**

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EISNERAMPER

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Member and Management of
Lightbridge Franchise Company, LLC and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lightbridge Franchise Company, LLC and Subsidiary (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations, changes in member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lightbridge Franchise Company, LLC and Subsidiary as of December 31, 2021, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
Fort Lauderdale, Florida
April 29, 2022

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

Consolidated Balance Sheet
December 31, 2021

ASSETS	
Current assets:	
Cash	**$ 2,366,398**
Accounts receivables	**1,180,206**
Contract assets, franchise costs, current portion	**202,724**
Total current assets	**3,749,328**
Property and equipment, net	**13,989**
Contract assets, franchise costs, net of current portion	**1,617,677**
Rent security deposit	**19,627**
Total assets	**$ 5,400,621**
LIABILITIES AND MEMBER'S EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	**$ 207,783**
Contract liabilities, franchise fees, current portion	**346,444**
Total current liabilities	**554,227**
Long-term debt	**850,000**
Contract liabilities, franchise fees, net of current portion	**2,811,156**
Deferred rent	**199,301**
Total liabilities	**4,414,684**
Commitments and contingencies (Note H)	
Member's equity	**985,937**
Total liabilities and member's equity	**$ 5,400,621**

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

Consolidated Statement of Operations
Year Ended December 31, 2021

Revenues:	
Franchise fees	**$ 339,639**
Royalty income	**6,038,002**
Brand development fees	**1,246,975**
Services to franchisees	**579,606**
Training fees	**122,500**
Real estate development fees	**140,000**
Management fees	**617,500**
Other income	**185,330**
Total revenues	**9,269,552**
Operating expenses	**8,920,047**
Income from operations	**349,505**
Other income (expense):	
Paycheck Protection Program loan forgiveness	**1,061,540**
Employee retention credit	**481,939**
Interest expense	**(109,373)**
Total other income	**1,434,106**
Net income	**$ 1,783,611**

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

Consolidated Statement of Changes in Member's Equity (Deficit)
Year Ended December 31, 2021

Members' deficit, January 1, 2021	**$ (718,226)**
Contributions	**6,006,305**
Distributions	**(6,085,753)**
Net income	**1,783,611**
Member's equity, December 31, 2021	**$ 985,937**

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Net income	**$ 1,783,611**
Adjustments to reconcile net income	
to net cash provided by operating activities	
Paycheck Protection Program loan forgiveness	**(1,061,540)**
Depreciation and amortization	**18,414**
Deferred rent	**17,784**
Amortization of debt issuance cost	**33,200**
(Increase) decrease in:	
Accounts receivable	**(538,475)**
Prepaid expenses	**10,187**
Contract assets, franchise costs	**71,582**
Increase (decrease) in:	
Accounts payable and accrued expenses	**94,470**
Contract liabilities, franchise fees	**(29,639)**
Net cash provided by operating activities	**399,594**
Cash flows from financing activities:	
Repayments of long-term debt	**(1,437,014)**
Proceeds from long-term debt	**525,970**
Member contributions	**6,006,305**
Member distributions	**(6,085,753)**
Net cash used in financing activities	**(990,492)**
Net decrease in cash	**(590,898)**
Cash at beginning of year	**2,957,296**
Cash at end of year	**$ 2,366,398**
Supplemental disclosure of cash flow information:	
Interest paid	**$ 109,373**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Nature of operations:

Lightbridge Franchise Company, LLC (the "Company"), formerly Rainbow Academy Franchise Company, LLC was formed on November 16, 2010 to offer and sell franchises for the operation of academies under the "Lightbridge Academy" (formerly Rainbow Academy System). Operations began on January 3, 2011. In October 2014, the Company changed its operating name to Lightbridge Franchise Company, LLC in order to improve the competitive positioning of its Academies. On June 15, 2021, Lightbridge Holdings Group, LLC ("Holdings") purchased the ownership interest pursuant to a Membership Interest Purchase and Contribution Agreement and became the sole member of the Company (Note F).

Lightbridge Academies offer early learning programs for infants (6 weeks and up), toddlers, pre-school, and kindergarten age children, with summer camps for school age children. The Lightbridge Academy System includes a proprietary method of interior design, layout, décor, color scheme, fixtures and furnishings, material and supplies, teaching and other methods, uniform standards, specifications and procedures for operations, procedures for management, training and assistance, merchandising, advertising and promotional programs.

Lightbridge Academy Assurance Group, LLC ("Subsidiary" or "LAG") was formed in April of 2011 to facilitate funding of franchisees for property acquisition. This entity provides, in certain instances, financial assurances to landlords of the franchisees, including assistance and guidance with leasing arrangements.

The Company does not operate any Lightbridge Academy locations. As of December 31, 2021, there are 61 open and operating locations, and 55 locations with signed agreements in varying stages of development.

[2] Basis of presentation:

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

[3] Principles of consolidation:

The accompanying consolidated financial statements include the accounts of Lightbridge Franchise Company, LLC (limited liability company) and Lightbridge Academy Assurance Group, LLC (limited liability company) wholly owned subsidiary. The Company reports their operations on a consolidated basis. All intercompany balances and transactions are eliminated in the Company's consolidated financial statements.

[4] Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Revenue recognition:

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty, training, real estate development, and brand fund fees. From time to time the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note B, "Revenue from Contracts with Customers" for further information regarding implementation and disclosures.

[6] Concentration of credit risk – cash:

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). Accounts at each institution are insured by the FDIC up to $250,000.

[7] Accounts receivable:

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the period in which those differences are determined, with an offsetting entry to allowance for doubtful accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts. Management has deemed all accounts collectible, therefore there was no allowance for doubtful accounts recorded as of January 1, 2021 and December 31, 2021.

[8] Property and equipment and depreciation:

Property and equipment are stated at cost less accumulated depreciation and amortization. Maintenance and repairs will be expensed as incurred. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed over the shorter of the estimated lives of the improvements or the term of the lease, using the straight-line method.

	Years
Furniture and fixtures	5 - 7 years
Computer equipment	3 - 5 years
Office equipment	3 - 5 years

[9] Impairment of long-lived assets:

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property and equipment. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the year ended December 31, 2021, the Company did not recognize any impairment of long-lived assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Brand development fund:

The Company collects funds from franchisees to manage the brand level advertising, marketing, and development programs. The fee is based on a percentage of the gross sales, payable monthly.

[11] Income taxes:

The Companies are limited liability companies being treated as partnerships for tax purposes and are not subject to income taxes. The members report the income or loss on their income tax return.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Companies have taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Companies and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

The Companies recognize accrued interest and penalties associated with uncertain tax positions, if any, as part of operating expenses. There were no income tax related interest and penalties recorded for the year ended December 31, 2021.

[12] Limited liability company:

Since the Company is a limited liability company ("LLC"), no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual. As a limited liability company, the member's liability is limited to amounts reflected in its member equity account.

[13] Advertising costs:

Advertising costs are charged to operations in the year incurred. Advertising expense for the year ended December 31, 2021 was $943,125.

[14] Employee retention credit ("ERC"):

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provides an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employees. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through December 31, 2021. Under the additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. During the fiscal year 2021, the Company applied for ERC funds and received those funds from the Internal Revenue Service ("IRS"). The Company has elected to account for the ERC funds as a conditional contribution in accordance with FASB ASC 958-605, as further described in Note J. ERC funds will be recognized as ERC income as the conditions which they depend on are substantially met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[15] Recent accounting pronouncements:

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, *Leases* ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements* ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for the fiscal year beginning January 1, 2022. The Company adopted the new standard as of January 1, 2022, and while they are still evaluating the full impact of the standard on the consolidated financial statements and disclosures, they anticipate there will be a material asset and liability recorded on the consolidated balance sheet.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments (Topic 326), Credit Losses: Measurement of Credit Losses on Financial Instruments,* which provides guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The ASU is effective for the Partnership for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

The Company has evaluated and believes the impact of other issued standards and updates, which are not yet effective, will not have a material impact on the Company's financial position, results of operations or cash flows upon adoption.

NOTE B - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company follows FASB Accounting Standard Codification ("ASC") Topic 606*, Revenue from Contracts with Customers*. The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations:

	Franchise Fees	Royalty Fees	Brand Development Fees	Services to Franchisees	Training	Real Estate Development Fees	Management Fees	Other	Total
Performance obligations satisfied at a point in time	$ -	$ 6,038,002	$ 1,246,975	$ 579,606	$ 122,500	$ 140,000	$ 617,500	$ 185,330	$ 8,929,913
Performance obligations satisfied over time	339,639	-	-	-	-	-	-	-	339,639
Total	$ 339,639	$ 6,038,002	$ 1,246,975	$ 579,606	$ 122,500	$ 140,000	$ 617,500	$ 185,330	$ 9,269,552

NOTE B - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

[1] Franchise fees:

The Company recognizes franchise fees as one (1) individual performance obligation. The amount allocated to the franchise license is earned over time (the length of the franchise agreement) as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

[2] Royalty and brand development fees:

Franchise agreements contain variable considerations in the form of royalty and brand development fees. These fees are based on a percentage of franchisee monthly sales and are recorded as revenue and recognized as these services are performed because the variable payment relates specifically to the performance obligation of using the license.

[3] Training and real estate development fees:

The Company also charges training and real estate development fees. Training fees relate to the required preopening training that is provided by the Company to each franchisee. Real estate development fees relate to assistance provided by the Company with site identification, lease negotiation, acquisition, design and construction consultation. These fees are charged separately and recorded as revenue and recognized as the services are performed as the fees relate specifically to the performance obligation of providing the service.

[4] Management fees:

The Company charges management fees to affiliated franchisees for providing monthly accounting, finance and other business consultation services. These fees are recorded as revenue and recognized as the services are performed as the fees relate specifically to the performance obligation of providing the service.

[5] Services to franchisees:

The Company and Subsidiary charge franchisees for other services including additional training, marketing assistance and computer software access. These fees are charged separately and recorded as revenue and recognized at a point in time as the services are provided.

[6] Other income:

Included in other income are vendor rebates and other one-time transfer fees. Vendor rebates are received from certain vendors for utilizing them as preferred sources of materials and supplies used in the Company and for the franchisees. The revenue is recorded and recognized as the services are performed as the revenue relates specifically to the performance obligation of providing the service.

[7] Contract Assets and Liabilities

Contract assets consist of commissions and marketing costs paid to facilitate the franchise sale and are amortized over the life of the franchise agreement which is fifteen (15) years. Expenses recognized during the year ended December 31, 2021 that were included in the contract asset balance at the beginning of the year was $193,981. As of December 31, 2021 and January 1, 2021, the combined current and long-term portion of contract assets was $1,820,401 and $1,891,983, respectively.

NOTE B - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. Revenue recognized during the year ended December 31, 2021 that was included in the contract liability balance at the beginning of the year was $346,444. As of December 31, 2021 and January 1, 2021, the combined current and long-term portion of contract liabilities was $3,157,600 and $3,187,239, respectively.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2021 consists of the following:

Royalties	**$ 695,773**
Brand development fees	**133,487**
Training fees	**44,500**
Real estate development fees	**59,000**
Affiliates	**4,609**
Employee Retention Credit	**242,837**
	$ 1,180,206

Accounts receivable was $641,731 as of January 1, 2021.

NOTE D - PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2021 consisted of the following:

Furniture and fixtures	$ 172,193
Computer equipment	192,896
Office equipment	93,290
Leasehold improvements	73,169
	531,548
Less: accumulated depreciation and amortization	(517,559)
	$ 13,989

Depreciation and amortization expense for the year ended December 31, 2021 was $18,414.

NOTE E - LONG-TERM DEBT

The Company has $850,000 of unsecured notes payable due in 2024. Interest is payable by the Company at 10%. Commencing June 1, 2019, the Company began making twenty (20) consecutive quarterly payments of $21,250, representing interest on the outstanding principal amount, with principal amount due in 2024.

During December 2020, the Company entered into a promissory note under the Main Street New Loan Facility (MSNLF) program totaling $1,435,000. The entire principal is due December 2025. Interest and principal payments were deferred for the first twelve (12) months. The entire principal plus interest of $23,249 was paid in full on June 15, 2021. The remaining unamortized loan issuance costs of $33,200 were amortized and included in interest expense in the accompanying consolidated statement of operations for the year ended December 31, 2021.

Interest expense on long-term debt was $109,373 for the year ended December 31, 2021.

NOTE F - MEMBERSHIP INTERESTS

On June 9, 2021, a Membership Interest Purchase and Contribution Agreement ("MIPCA") was signed between Lightbridge Topco LLC ("Topco"), Lightbridge Holdings Group, LLC ("Holdings" or "Buyer") and Lightbridge Franchise Company (the "Company"), which transferred and assigned to the Buyer all issued and outstanding membership interests in the Company. All existing member interests were terminated and distributed. Effective June 15, 2021, the Company entered into the Fourth Amended and Restated Operating Agreement between the Company and Holdings, as the sole member of the Company. Holdings acquired all of the outstanding ownership interests in the Company. Simultaneously, each eligible member entered into a Contribution Agreement with Topco to contribute a certain portion of the interests owned, directly or indirectly as Contributed Equity in exchange for membership interests in Topco. Topco is the sole member and holds all interests in Holdings.

During the year ended December 31, 2021, Holdings contributed $6,006,305 to the Company and in connection with the MIPCA, the Company distributed $6,085,753 to the former members.

NOTE G - RELATED PARTIES

Jule Holdings LLC ("JH") is an affiliate with common ownership. JH pays a management fee to the Company for shared services. Management fees earned by the Company amounted to $617,500, and are recorded as management fees in the accompanying consolidated statement of operations for the year ended December 31, 2021.

Rainbow Academy Child Care Centers, LLC ("RACCC") is the owner of several trademarks including "Lightbridge Academy". The Company has a Trademark Licensing Agreement with RACCC whereby RACCC will authorize the Company the use of the service mark "Lightbridge Academy" and all logo and marketing designs as may be developed by the Company and approved by RACCC. The Company shall pay RACCC a monthly trademark fee equal to 1% of the gross revenues of the franchisees as paid to the Company under the franchising agreements. Total trademark fees for the year ended December 31, 2021 were $894,763 with $96,496 included in accounts payable and accrued expenses as of December 31, 2021.

ELFCO, LLC has common members with Holdings. As of December 31, 2021, ELFCO, LLC owed $2,409 to the Company, which is recorded in accounts receivable in the accompanying consolidated balance sheet.

Lightbridge Foundation, Inc. was founded in September of 2001 as a nonprofit corporation dedicated to supporting parents and children along life's journey. Franchisees are required to conduct an annual fundraiser for Lightbridge Foundation, Inc.

NOTE G - RELATED PARTIES (CONTINUED)

Raritan Realty Group, LLC was formed during January of 2011 to provide real estate services for the Lightbridge Academy System. Raritan Realty Group, LLC has common members with Holdings. Raritan Realty Group, LLC owed the Company $2,200 as of December 31, 2021, which is recorded in accounts receivable in the accompanying consolidated balance sheet.

Lightbridge Properties, LLC was formed during July 2014 to provide real estate services for the Lightbridge Academy System. Lightbridge Properties, LLC has common ownership with the Company.

NOTE H - COMMITMENTS AND CONTINGENCIES

[1] Leases:

The Company has a fifteen (15) year lease for office facilities which commenced during December 2015 and has two (2) five (5) year renewal options. Rent expense for the year ended December 31, 2021 was $293,594.

The Company also leases office equipment under multiple non-cancelable operating leases, expiring through 2021. Equipment leases were extended on a month-to-month basis through 2022. Total payments for the year ended December 31, 2021 were $35,143.

Future minimum payments are as follows:

Years Ending December 31,	
2022	$ 216,687
2023	222,104
2024	227,657
2025	233,349
2026	239,182
Thereafter	1,018,038
	$ 2,157,017

In accordance with U.S. GAAP, rental payments are recognized on a straight-line basis over the term of the lease. The difference between actual rent paid and the expense charged is an increase or decrease to deferred rent in the accompanying consolidated balance sheet.

[2] Other:

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period of time, the Company's results of operations may be materially adversely affected.

NOTE I - RETIREMENT PLANS

The Company has established an employer-sponsored deferred compensation defined contribution plan (the "Plan"). This retirement plan provides for mandatory employer match contributions, discretionary profit-sharing contributions and elective salary deferrals pursuant to section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees who meet certain age and length of service requirements. Eligible employees of the Company may elect to reduce their salary and the Company contributes that amount to the Plan on the employee's behalf. Employer contributions to the Plan are determined based on a safe harbor match of an amount equal to employees' elective deferrals that do not exceed 3% of their annual compensation plus 50% of their elective deferrals that exceeds the 3% of compensation but does not exceed 5% of compensation for the plan year. Retirement plan contributions by the Company for the year ended were $99,725 and are recorded in operating expenses in the accompanying consolidated statement of operations.

NOTE J - EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit ("CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes. The Company qualifies for the tax credit under the CARES Act under the additional relief provisions for 2021 qualified wages through September 30, 2021. During the year ended December 31, 2021, the Company applied for $481,939 related to the CARES Employee Retention Credit which is reported in "Other income – Employee Retention Credit" in the accompanying consolidated statement of operations. The Company received $239,102 of the credit, with the balance of $242,837 reported in accounts receivable on the accompanying consolidated balance sheet at December 31, 2021.

NOTE K - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Company received a Paycheck Protection Program ("PPP") Loan from the U.S. Small Business Administration ("SBA") in the amount of $535,570. In February 2021, the Company received full forgiveness of the loan by the SBA. In January 2021, the Company received a second PPP loan from the SBA in the amount of $525,970. Full forgiveness of the loan from the SBA was received in November 2021. In accordance with U.S. GAAP, the total amount of $1,061,540 is recognized as other income for the year ended December 31, 2021 in the accompanying consolidated statement of operations.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain the PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

NOTE L - SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2021 (the consolidated financial statement date) through April 29, 2022, the date that the consolidated financial statements were available to be issued. During this period, except as noted below, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the consolidated financial statements.

On March 1, 2022, the $850,000 of unsecured notes payable were repaid in full with interest of $21,250.

EISNERAMPER

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members and Management of
Lightbridge Franchise Company, LLC and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lightbridge Franchise Company, LLC and Subsidiary (the "Company") which comprise the consolidated balance sheet as of December 31, 2020 and the related consolidated statements of operations, changes in members' equity (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lightbridge Franchise Company, LLC and Subsidiary as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As the prior period financial statements have not been presented herein, the January 1, 2020 opening balance sheet has been adjusted to correct a misstatement as discussed in Note 2 to the consolidated financial statements. Our opinion is not modified with respect to this matter.

EisnerAmper LLP

EISNERAMPER LLP
Merchantville, New Jersey
April 27, 2021

EISNERAMPER LLP

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2020

ASSETS	
CURRENT ASSETS	
Cash	$ 2,957,296
Receivables, net (Note 4)	641,731
Prepaid expenses	10,187
Contract assets, franchise costs, current portion (Note 3)	192,981
TOTAL CURRENT ASSETS	3,802,195
PROPERTY AND EQUIPMENT, net	32,403
CONTRACT ASSETS, FRANCHISE COSTS, net of current portion	1,699,002
OTHER ASSETS	
Rent security deposit	19,627
TOTAL OTHER ASSETS	19,627
	$ 5,553,227
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 113,313
Long-term debt, current portion (Note 6)	537,584
Contract liabilities, franchise fees, current portion (Note 3)	327,667
TOTAL CURRENT LIABILITIES	978,564
LONG-TERM LIABILITIES	
Long-term debt (net of unamortized acquisition costs of $33,200)	2,251,800
Contract liabilities, franchise fees, net of current portion	2,859,572
Deferred rent	181,517
TOTAL LONG-TERM LIABILITIES	5,292,889
MEMBERS' DEFICIT	
Members' deficit	(718,226)
TOTAL MEMBERS' DEFICIT	(718,226)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ 5,553,227

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020

REVENUES	
Franchise fees	$ 327,668
Royalty income	2,758,206
Brand fund fees	547,225
Services to franchisees	438,963
Training fees	192,500
Real estate development fees	167,500
Management fees	486,386
Other income	143,223
TOTAL REVENUES	5,061,671
OPERATING EXPENSES	5,686,837
LOSS FROM OPERATIONS	(625,166)
OTHER INCOME (EXPENSE)	
Grant income	25,000
Loss on disposal of property and equipment	(127)
Interest expense	(85,854)
TOTAL OTHER INCOME (EXPENSE)	(60,981)
TOTAL NET LOSS	$ (686,147)

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEAR ENDED DECEMBER 31, 2020

MEMBERS' EQUITY (DEFICIT)	
Members' equity, January 1, 2020, (as adjusted) (Note 2)	$ 42,921
Capital distributed	(25,000)
Distributions on preferred equity	(50,000)
Net loss	(686,147)
TOTAL MEMBERS' DEFICIT	$ (718,226)

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (686,147)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	74,236
Loss on disposal of property and equipment	127
Bad debt	59,909
Deferred rent	12,444
(Increase) decrease in	
Accounts receivable	140,086
Prepaid expenses	150,798
Contract assets, franchise costs	192,981
Increase (decrease) in	
Accounts payable and accrued expenses	(43,438)
Contract liabilities, franchise fees	(327,667)
NET CASH USED IN OPERATING ACTIVITIES	(426,671)
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(16,674)
NET CASH USED IN INVESTING ACTIVITIES	(16,674)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments of long-term debt	(19,423)
Proceeds of long-term debt	1,970,570
Loan acquisition costs	(33,200)
Capital distributions	(25,000)
Distributions on preferred equity	(50,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,842,947
NET INCREASE IN CASH	1,399,602
CASH, BEGINNING (as adjusted) (Note 2)	1,557,694
CASH, ENDING	$ 2,957,296
SUPPLEMENTARY INFORMATION	
Interest paid	$ 85,854

See accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Lightbridge Franchise Company, LLC (the "Company"), formerly Rainbow Academy Franchise Company, LLC was formed on November 16, 2010 to offer and sell franchises for the operation of academies under the "Lightbridge Academy" (formerly Rainbow Academy) System. Operations began on January 3, 2011. In October 2014, the Company changed its operating name to Lightbridge Franchise Company, LLC in order to improve the competitive positioning of its Academies. Lightbridge Academies offer early learning programs for infants (6 weeks and up), toddlers, pre-school, and kindergarten age children, with summer camps for school age children. The Lightbridge Academy System includes a proprietary method of interior design, layout, décor, color scheme, fixtures and furnishings, material and supplies, teaching and other methods, uniform standards, specifications and procedures for operations, procedures for management, training and assistance, and merchandising, advertising and promotional programs.

Lightbridge Academy Assurance Group, LLC ("Subsidiary" or "LAG") was formed in April of 2011 to facilitate funding of franchisees for property acquisition. This entity provides, in certain instances, financial assurances to landlords of the franchisees, including guaranteeing the payment of rent. In 2014 the various owners assigned their ownership interests to the Company.

The Company does not operate any Lightbridge Academy locations. As of December 31, 2020, there are 53 open and operating locations, and 57 locations with signed agreements in varying stages of development.

Basis of Presentation

The Company and Subsidiary's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Lightbridge Franchise Company, LLC (Limited Liability Company) and Lightbridge Academy Assurance Group, LLC (Limited Liability Company) wholly owned subsidiary. The Company and Subsidiary report their operations on a consolidated basis. All intercompany balances and transactions are eliminated in the Company's consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty, training, real estate development, and brand fund fees. From time to time the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note 3, "Revenue from Contracts with Customers" for further information regarding implementation and disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk – Cash

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). Accounts at each institution are insured by the FDIC up to $250,000.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the period in which those differences are determined, with an offsetting entry to allowance for doubtful accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts. The allowance for doubtful accounts amounted to $59,909 recorded as of December 31, 2020.

Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and amortization. Maintenance and repairs will be expensed as incurred. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed over the shorter of the estimated lives of the improvements or the term of the lease, using the straight-line method.

	Years
Furniture and fixtures	5 - 7 years
Computer equipment	3 - 5 years
Office equipment	3 - 5 years

Income Taxes

The Companies are limited liability companies being treated as partnerships for tax purposes and are not subject to income taxes. The members report the income or loss on their income tax return.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Companies have taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Companies and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Companies recognize accrued interest and penalties associated with uncertain tax positions, if any, as part of operating expenses. There were no income tax related interest and penalties recorded for the year ended December 31, 2020.

Brand Development Fund

The Company collects funds from franchisees to manage the brand level advertising, marketing, and development programs. The fee is based on a percentage of the gross sales, payable monthly.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

As a limited liability company, each member's liability is limited to amounts reflected in their respective member equity accounts.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment and intangible assets. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the year ended December 31, 2020, the Company did not recognize any impairment of long-lived assets.

Loan Acquisition Costs

Loan acquisition costs are recorded at cost and are stated net of amortization, which is provided by the straight-line method over the life of the respective loan. Unamortized loan acquisition costs are presented as a reduction of long-term debt. Amortized loan acquisition costs are included with interest expense. Amortization of loan acquisition costs is expected to be recorded in fiscal years 2021-2025 totaling $6,640 each year.

Advertising Costs

Advertising costs related to the brand fund expenditures are charged to operations in the year incurred. Advertising expense for the year ended December 31, 2020 was $524,381.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, "Leases: Targeted Improvements" ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for the fiscal year beginning January 1, 2022. Management plans to adopt the new standard using a modified retrospective approach and is currently evaluating the impact that the adoption of ASU 2016-02, as amended by ASU 2018-11, will have on the consolidated financial statements and disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments (Topic 326), Credit Losses: Measurement of Credit Losses on Financial Instruments,* which provides guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The ASU is effective for the Partnership for fiscal years beginning after December 15, 2022, with early adoption permitted. The Partnership is currently evaluating the impact of this ASU on its consolidated financial statements.

NOTE 2 RESTATEMENT OF OPENING BALANCE SHEET

During the preparation of its annual financial statements for the year ended December 31, 2020, management of Lightbridge Franchise Company, LLC determined that it had improperly accounted for its investment in its wholly-owned subsidiary LAG. Specifically, the financial activity of LAG for periods prior to fiscal 2020, was accounted for by adjusting the carrying value of its "Affiliate Investment" with the corresponding effect recorded in "Accumulated Comprehensive Income" when the results of LAG should have been consolidated in the Company's financial statements.

The cumulative effect of the accounting error and adjustments necessary to correct the Company's consolidated balance sheet as of the beginning of the fiscal year ended December 31, 2020, are summarized as follows:

	As of January 1, 2020		
Consolidated Balance Sheet	Opening Balance	Adjustment	As Adjusted
Current Assets			
Cash	$ 523,387	$ 1,034,307	$ 1,557,694
Receivables, net	821,726	20,000	841,726
Other current assets	353,966	-	353,966
Total Current Assets	1,699,079	1,054,307	2,753,386
Affiliate investment	1,054,307	(1,054,307)	-
Other non-current assets	2,001,702	-	2,001,702
Total Assets	$ 4,755,088	$ -	$ 4,755,088
Current Liabilities	$ 505,855	$ -	$ 505,855
Long-Term Liabilities			
Long-term debt	-	850,000	850,000
Affiliate payable	850,000	(850,000)	-
Other long-term liabilities	3,356,312	-	3,356,312
Total Long-Term Liabilities	4,206,312	-	4,206,312
Total Liabilities	4,712,167	-	4,712,167
Members' equity (deficit)	(161,386)	204,307	42,921
Accumulated comprehensive income	204,307	(204,307)	-
Total Equity	42,921	-	42,921
Total Liabilities and Equity	$ 4,755,088	$ -	$ 4,755,088

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company follows FASB Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers.

Franchise Fees

The Company recognizes franchise fees as one (1) individual performance obligation. The amount allocated to the franchise license is earned over time (the length of the franchise agreement) as performance obligations are satisfied due to the continuous transfer of control to the franchisee. For the year ended December 31, 2020, revenue earned over time and at a point in time was $327,668 and $-0-, respectively.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty and brand fund fees. These fees are based on a percentage of franchisee monthly sales and are recorded as revenue and recognized as these services are performed because the variable payment relates specifically to the performance obligation of using the license.

The Company also charges training, real estate development, and management fees. These fees are recorded as revenue and recognized as the services are performed as the fees relate specifically to the performance obligation of providing the service.

The Subsidiary charges service fees to participating franchisees of the Company. These fees are recorded as revenue and recognized as the services are performed as the fees relate specifically to the performance obligation of providing the service.

Contract Assets and Liabilities

Contract assets consist of costs paid to facilitate the franchise sale and are amortized over the life of the franchise agreement. Expenses recognized during the year ended December 31, 2020 that were included in the contract asset balance at the beginning of the year was $192,981.

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. Revenue recognized during the year ended December 31, 2020 that was included in the contract liability balance at the beginning of the year was $327,668.

NOTE 4 RECEIVABLES, NET

Receivables, net as of December 31, 2020 consisted of the following:

Royalties	$ 366,395
Brand fund fees	65,254
Affiliates	161,991
Training fees	40,000
Real estate development fees	68,000
	701,640
Less: allowance for doubtful accounts	59,909
	$ 641,731

Receivables from affiliates represent amounts that the Company used to cover the expenses of related entities. All non-reserved receivables are expected to be collected in 2021.

NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2020 consisted of the following:

Furniture and fixtures	$ 172,193
Computer equipment	192,896
Office equipment	93,290
Leasehold improvements	73,169
	531,548
Less accumulated depreciation and amortization	(499,145)
	$ 32,403

Depreciation and amortization expense for the year ended December 31, 2020 was $74,236.

NOTE 6 LONG-TERM DEBT

The Company has a $100,000 unsecured note payable with a member. Monthly payments are $2,028 and include interest at 8%. The remaining balance is expected to be repaid in 2021 and is included in current liabilities.	$ 2,014
The Company has $850,000 of unsecured notes payable with investors due in 2024. Interest is payable by the Company at 10%. Commencing June 1, 2019, the Company started making twenty (20) consecutive quarterly payments of $21,250, representing interest on the outstanding principal amount.	850,000
The Company received a Paycheck Protection Program ("PPP") Loan in the amount of $535,570 under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The Company has elected to account for these funds under FASB ASC 740 which applies to all instruments of debt. Subsequent to year end, the Company applied for forgiveness and in February 2021, the bank and the SBA formally approved forgiveness of the entire balance of the PPP loan of $535,570.	535,570
During December 2020, the Company entered into a promissory note under the Main Street New Loan Facility (MSNLF) program totaling $1,435,000 and due December 2025. The Company is required to maintain certain financial covenants. The note maintains an adjustable interest rate based on LIBOR. Interest and principal payments are deferred for the first twelve (12) months. Repayment begins in year two (2), with monthly payments of interest only; in years three (3) and four (4), monthly payments of interest are due as well as a payment of principal representing 15% of the principal balance; in year five (5), monthly payments of interest with a final balloon payment of the remaining 70% of the principal is due.	1,435,000
	2,822,584
Less unamortized loan acquisition costs	33,200
	2,789,384
Less current portion	537,584
Long-term debt, less unamortized loan acquisition costs, net of current portion	$ 2,251,800

Future minimum principal payments are as follows:

Years Ending December 31,	
2021	$ 537,584
2022	-
2023	215,250
2024	1,065,250
2025	1,004,500
	$ 2,822,584

Interest expense on long-term debt was $85,854 for the year ended December 31, 2020.

As of December 31, 2020, the Company was not in compliance with certain requirements as outlined in the loan agreement under the MSNLF program and received a waiver of the covenant from the bank as of and for the year ended December 31, 2020.

NOTE 7 MEMBERSHIP INTERESTS

The Company entered into a second Amended and Restated Operating Agreement on May 1, 2015 to admit additional members and to admit members of Fore, LLC and RA More, LLC as direct members of the Company. In addition, the agreement set up three (3) classes of members.

Distributions of net proceeds will be distributed at the Company's option to the members, pro rata in accordance with their ownership percentages, as stated in the second Amended and Restated Operating Agreement. Provision is made for Class A members to receive net cash flow equal to 50% of their original investment, prior to any distribution made to the Class B and Class C members. No distributions were made to Class B and C members during the year ended December 31, 2020. The First Amendment to the Second Amended and Restated Operating Agreement was executed on December 31, 2017, establishing a Preferred Equity Membership Class and converting certain notes payable into preferred equity. The Company may at any time after December 31, 2018, distribute cash to the Holders to return their Preferred Equity par value, pro rata to their proportionate par value. In addition, the Company shall distribute cash to each Holder on a quarterly basis in an amount equal to ten (10%) percent of the par value of such preferred equity. In the event the Company does not distribute the Preferred Return, any amount not distributed shall accumulate and be distributed prior to the other distributions to the Holders of the Members of the Company.

The Company entered into a third Amended and Restated Operating Agreement on August 1, 2018 to reclassify the Preferred Equity Membership Class as Class D members with the same rights previously held and to formally define and express all the terms and conditions of the Company and their respective rights and obligations following the purchase of some of the Class A and Class C member interests by Rainbow Academy Child Care Centers, LLC and the revision of the management structure for the Company.

On January 1, 2019 the First Amendment to the Third Amended and Restated Operating Agreement was entered into which replaced certain members of Class B, Class C, and Class D with a newly formed entity (See Note 8).

NOTE 8 RELATED PARTIES

Jule Holdings LLC (JH), an affiliate with common ownership (formerly Jule Management Group, LLC), was formed in December of 2013 with the purpose of combining the revenues and net earnings of franchise locations to consolidate debt, obtain new debt and aid in the expansion of more franchise locations. As of December 31, 2020, JH owns 15 of the 47 franchise locations that are open. Of these franchise locations, three (3) owed amounts to the Company as of December 31, 2020 totaling $51,442, which is recorded in accounts receivable. Additionally, JH pays a management fee to the Company for shared services. Management fees earned by the Company amounted to $486,386, and are recorded as management fees in the accompanying consolidated statement of operations for the year ended December 31, 2020.

Rainbow Academy Associates, LLC (RAA), holds a 61% ownership interest in the Company. The Company owed $9,814 to RAA as of December 31, 2020 and is recorded in accounts payable and accrued expenses.

Rainbow Academy Child Care Centers, LLC (RACCC) is the owner of several trademarks including "Lightbridge Academy". The Company has a Trademark Licensing Agreement with RACCC whereby RACCC will authorize the Company the use of the service mark "Lightbridge Academy" and all logo and marketing designs as may be developed by the Company and approved by RACCC. The Company shall pay RACCC a monthly trademark fee equal to 1% of the gross revenues of the franchises as paid to the Company under the franchising agreement. Total trademark fees payable to RACCC from the Company for the year ended December 31, 2020 were $442,618 with $50,770 included in accounts payable and accrued expenses as of December 31, 2020.

NOTE 8 RELATED PARTIES (continued)

ELFCO, LLC was formed on January 1, 2019 to hold an investment in the Company. As of December 31, 2019 ELFCO, LLC holds 31.9% ownership interest in the Company. As of December 31, 2020, ELFCO, LLC owed $230 to the Company, which is recorded in accounts receivable.

Lightbridge Foundation, Inc. was founded in September of 2001 as a nonprofit corporation dedicated to supporting parents and children along life's journey. Franchisees are required to conduct an annual fundraiser for Lightbridge Foundation, Inc.

Century Development Group, LLC was formed in May of 2011 and has common members with the management team of the Company. This entity is an investor in some properties leased to franchisees.

Raritan Realty Group, LLC was formed during January of 2011 to provide real estate services for the Lightbridge Academy System. Raritan Realty Group, LLC has common members with the management team of the Company. Raritan Realty Group, LLC owed the Company $59,909 as of December 31, 2020, which is recorded in accounts receivable. Additionally, as described in Note 4, an allowance for this entire balance has been recorded as of December 31, 2020.

Lightbridge Properties, LLC was formed during July of 2014 to provide real estate services for the Lightbridge Academy System. Lightbridge Properties, LLC has common ownership with the Company and Jule Holdings LLC.

RA 11 Investments, LLC was formed in November of 2011 and has common members with the management team of the Company. As of December 31, 2020, RA 11 Investments, LLC owed $50,410 to the Company, which is recorded in accounts receivable.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Company has a fifteen (15) year lease for office facilities which began during December 2015 and has two (2) five (5) year renewal options. Rent expense for the year ended December 31, 2020 was $267,035.

The Company also leases office equipment under multiple non-cancelable operating leases, expiring through 2021. Total payments for the year ended December 31, 2020 were $27,683.

Future minimum payments are as follows:

Years Ending December 31,	Office	Equipment	Total
2021	$ 211,402	$ 12,185	$ 223,587
2022	216,687	-	216,687
2023	222,104	-	222,104
2024	227,657	-	227,657
2025	233,349	-	233,349
Thereafter	1,257,220	-	1,257,220
	$ 2,368,419	$ 12,185	$ 2,380,604

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840, *Accounting for Leases,* rental payments are recognized on a straight-line basis over the term of the lease.

The difference between actual rent paid and the expense charged is an increase or decrease to deferred rent in the accompanying balance sheets.

NOTE 9 COMMITMENTS AND CONTINGENCIES (continued)

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, and the impact of COVIC-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period of time, the Company's results of operations may be materially adversely affected.

NOTE 10 RETIREMENT PLANS

The Company has established an employer-sponsored deferred compensation defined contribution plan (the Plan). This retirement plan provides for mandatory employer match contributions, discretionary profit sharing contributions and elective salary deferrals pursuant to section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees who meet certain age and length of service requirements. Eligible employees of the Company may elect to reduce their salary and the Company contributes that amount to the Plan on the employee's behalf. Employer contributions to the Plan are determined based on a safe harbor match of an amount equal to employees elective deferrals that do not exceed 3% of their annual compensation plus 50% of their elective deferrals that exceeds the 3% of compensation but does not exceed 5% of compensation for the plan year. Retirement plan contributions by the Company for the year ended were $56,750 and are recorded in payroll and related expenses in the accompanying consolidated statement of operations.

NOTE 11 SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2020 (the financial statement date) through April 27, 2021, the date that the consolidated financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the consolidated financial statements.

SUPPLEMENTARY INFORMATION (UNAUDITED)

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members and Management
Lightbridge Franchise Company, LLC and Subsidiary

We have audited the consolidated financial statements of Lightbridge Franchise Company, LLC and Subsidiary as of December 31, 2020, and for the year then ended, and our report thereon dated April 27, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidated Schedule of Operating Expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

EisnerAmper LLP

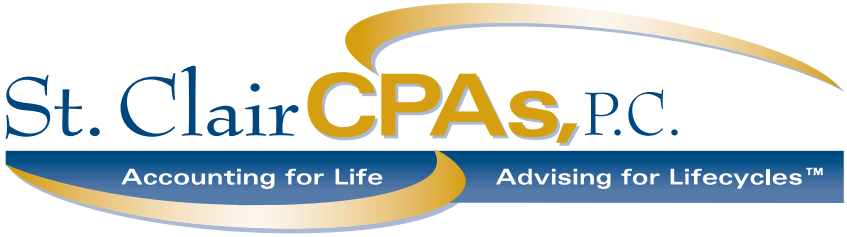
EISNERAMPER LLP
Merchantville, New Jersey
April 27, 2021

LIGHTBRIDGE FRANCHISE COMPANY, LLC AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2020

	(Unaudited)
OPERATING EXPENSES	
Payroll and related expenses	$ 3,360,456
Advertising	524,381
Bad debt	59,909
Charitable contributions	10,613
Commissions	28,500
Depreciation and amortization	74,236
Dues and subscriptions	61,314
Equipment leases	27,683
Franchise support services	20,988
Insurance	44,273
Meals and entertainment	50,716
Office and supplies	53,000
Postage and delivery	3,133
Professional fees	540,138
Rent	267,035
Repairs and maintenance	29,190
Telephone	47,512
Trademark fees	442,618
Trade shows	11,562
Taxes	5,643
Utilities	23,937
	$ 5,686,837

LIGHTBRIDGE FRANCHISE COMPANY, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018, AND 2017



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St. Clair CPAs, P.C.
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INDEPENDENT AUDITORS' REPORT

To the Members and Management
Lightbridge Franchise Company, LLC
Iselin, New Jersey

We have audited the accompanying financial statements of Lightbridge Franchise Company, LLC (a New Jersey Corporation) which comprise the balance sheets as of December 31, 2019, 2018, and 2017, and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lightbridge Franchise Company, LLC as of December 31, 2019, 2018, and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company changed its method of accounting for recognizing revenue from contracts with customers as required by the provisions of FASB Accounting Standards Update 2014-09. This change was applied retrospectively to January 1, 2017. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Balance Sheets – Restated and as Originally Reported (December 31, 2019, 2018 and 2017) and the Statements of Operations – Restated and as Originally Reported (Years Ended December 31, 2019, 2018 and 2017) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants

Merchantville, New Jersey
March 30, 2020

LIGHTBRIDGE FRANCHISE COMPANY, LLC
BALANCE SHEETS
DECEMBER 31, 2019, 2018, AND 2017

	2019	2018	2017
ASSETS			
CURRENT ASSETS			
Cash	$ 523,387	$ 587,275	$ 350,409
Receivables (Note 3)	821,726	589,794	486,381
Members' interest receivable (Note 4)	-	-	80
Prepaid expenses	160,985	10,406	5,482
Contract assets, franchise costs, current portion (Note 2)	192,981	166,315	134,735
TOTAL CURRENT ASSETS	1,699,079	1,353,790	977,087
AFFILIATE INVESTMENT (Note 7)	1,054,307	1,138,360	1,160,963
PROPERTY AND EQUIPMENT, net	90,092	163,328	245,727
CONTRACT ASSETS, FRANCHISE COSTS, net of current portion	1,891,983	1,711,631	1,435,814
OTHER ASSETS			
Rent security deposit	19,627	19,627	19,627
Amortized software, net	-	-	3,000
TOTAL OTHER ASSETS	19,627	19,627	22,627
	$ 4,755,088	$ 4,386,736	$ 3,842,218
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable, current portion (Note 8)	$ 21,437	$ 21,666	$ 170,006
Accounts payable and accrued expenses	156,751	118,081	115,191
Contract liabilities, franchise fees, current portion (Note 2)	327,667	301,000	256,866
Capital lease obligation, current portion	-	-	8,939
TOTAL CURRENT LIABILITIES	505,855	440,747	551,002
LONG-TERM LIABILITIES			
Notes payable, long-term portion	-	21,437	43,103
Affiliate payable	850,000	950,000	1,000,000
Contract liabilities, franchise fees, net of current portion	3,187,239	3,128,017	2,792,584
Deferred rent	169,073	151,599	129,216
TOTAL LONG-TERM LIABILITIES	4,206,312	4,251,053	3,964,903
EQUITY			
Members' equity (deficit)	(161,386)	(493,424)	(834,650)
Accumulated comprehensive income	204,307	188,360	160,963
TOTAL EQUITY (DEFICIT)	42,921	(305,064)	(673,687)
TOTAL LIABILITIES AND EQUITY	$ 4,755,088	$ 4,386,736	$ 3,842,218

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

	2019	2018	2017
REVENUES			
Franchise fees	$ 314,111	$ 286,433	$ 239,400
Royalty income	4,462,877	3,269,969	2,522,613
Brand fund fees	818,145	565,628	413,545
Services to franchisees	326,985	325,090	263,166
Training fees	405,000	176,250	112,500
Real estate development fees	385,000	310,000	217,500
Other income	678,885	664,407	542,586
TOTAL REVENUES	7,391,003	5,597,777	4,311,310
OPERATING EXPENSES			
Payroll and related expenses	2,715,598	2,589,674	2,404,336
Advertising	926,762	628,619	449,980
Charitable contributions	89,840	3,242	1,250
Commissions	62,500	88,870	76,267
Depreciation and amortization	80,437	85,399	95,128
Dues and subscriptions	88,696	55,743	56,254
Equipment leases	47,162	48,348	26,080
Franchise support services	42,621	44,365	22,570
Insurance	36,403	30,092	24,770
Meals and entertainment	184,153	128,210	111,377
Office and supplies	125,311	74,603	60,613
Postage and delivery	3,375	2,210	1,321
Professional fees	738,490	423,438	305,191
Rent	269,664	272,226	283,577
Repairs and maintenance	26,647	32,423	32,449
Telephone	47,911	46,932	48,048
Trademark fees	707,408	529,571	413,556
Taxes	9,171	3,541	3,617
Utilities	23,201	22,032	24,413
TOTAL OPERATING EXPENSES	6,225,350	5,109,538	4,440,797
INCOME (LOSS) FROM OPERATIONS	1,165,653	488,239	(129,487)
OTHER EXPENSES			
Interest expense	85,415	97,013	149,287
TOTAL OTHER EXPENSES	85,415	97,013	149,287
NET INCOME (LOSS)	1,080,238	391,226	(278,774)
OTHER COMPREHENSIVE INCOME			
Unrealized gain on investment	72,301	132,006	56,354
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 1,152,539	$ 523,232	$ (222,420)

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

	2019	2018	2017
MEMBERS' EQUITY (DEFICIT)			
Members' equity (deficit) beginning (Note 2)	$ (493,424)	$ (834,650)	$ (1,055,876)
Capital contributed	-	-	500,000
Capital distributed	(698,200)	-	-
Distributions on preferred equity	(50,000)	(50,000)	-
Net income (loss)	1,080,238	391,226	(278,774)
TOTAL MEMBERS' EQUITY (DEFICIT)	$ (161,386)	$ (493,424)	$ (834,650)

See accompanying notes.

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 1,080,238	$ 391,226	$ (278,774)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	80,437	85,399	95,128
(Increase) decrease in			
Accounts receivable	(231,932)	(103,413)	(86,451)
Members' interest receivable	-	80	20,000
Prepaid expenses	(150,579)	(4,924)	(5,482)
Contract assets, franchise costs	(207,019)	(307,397)	(296,910)
Increase (decrease) in			
Accounts payable and accrued expenses	38,670	2,890	44,912
Contract liabilities, franchise fees	85,889	379,567	384,600
Deferred rent	17,474	22,383	27,170
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	713,178	465,811	(95,807)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(7,200)	-	(36,880)
NET CASH USED BY INVESTING ACTIVITIES	(7,200)	-	(36,880)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable	(21,666)	(170,006)	(18,473)
Repayments of capital lease obligation	-	(8,939)	(13,029)
Capital distributions	(698,200)	-	-
Distributions on preferred equity	(50,000)	(50,000)	-
NET CASH USED BY FINANCING ACTIVITIES	(769,866)	(228,945)	(31,502)
NET INCREASE (DECREASE) IN CASH	(63,888)	236,866	(164,189)
CASH, BEGINNING	587,275	350,409	514,598
CASH, ENDING	$ 523,387	$ 587,275	$ 350,409
SUPPLEMENTARY INFORMATION			
Noncash financing activities			
Conversion of notes payable to members' equity	$ -	$ -	$ 500,000
Affiliate investment, net	$ 84,053	$ 22,603	$ (56,354)
Interest paid	$ 85,415	$ 97,013	$ 149,287

See accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Lightbridge Franchise Company, LLC (the Company), formerly Rainbow Academy Franchise Company, LLC was formed on November 16, 2010 to offer and sell franchises for the operation of academies under the "Lightbridge Academy" (formerly Rainbow Academy) System. Operations began on January 3, 2011. In October 2014, the Company changed its operating name to Lightbridge Franchise Company, LLC in order to improve the competitive positioning of its Academies. Lightbridge Academies offer early learning programs for infants (6 weeks and up), toddlers, pre-school, and kindergarten age children, with summer camps for school age children. The Lightbridge Academy System includes a proprietary method of interior design, layout, décor, color scheme, fixtures and furnishings, material and supplies, teaching and other methods, uniform standards, specifications and procedures for operations, procedures for management, training and assistance, and merchandising, advertising and promotional programs.

The Company does not operate any Lightbridge Academy locations. As of December 31, 2019, there are 47 open and operating locations, and 69 locations with signed agreements in varying stages of development.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. This initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty, training, real estate development, and brand fund fees. From time to time the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, "Revenue From Contracts With Customers" for further information regarding implementation and disclosures.

Concentration of Credit Risk – Cash

The Company maintains cash balances at several financial institutions, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Company believes it is not exposed to any significant credit risk on its cash.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the period in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts. There is no valuation allowance recorded for the years ended December 31, 2019, 2018, and 2017, as management deems all balances collectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for purposes of computing depreciation are between five to seven years. Intangible assets are stated at cost and are amortized using the straight-line method over the assigned life of the asset.

Income Taxes

No provision has been made for federal income taxes since the Company maintains a tax status of "LLC," with distributable partnership interests, whereby the income is taxed directly to the members. The same tax status is maintained for state income tax purposes. The tax periods open for tax examinations are 2016 through 2019.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

As a limited liability company, each member's liability is limited to amounts reflected in their respective member equity accounts.

Brand Development Fund

The Company collects funds from franchisees to manage the brand level advertising, marketing and development programs. The fee is based on a percentage of the gross sales, payable monthly.

Advertising Costs

Advertising costs related to the brand fund expenditures are charged to operations in the year incurred. Advertising costs related to the selling of franchises are capitalized and amortized over the life of the franchise agreement. Advertising expense for the years ended December 31, 2019, 2018, and 2017 was $926,762 and $628,619, and $449,980, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standard

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09") or Accounting Standards Codification 606 ("ASC 606"). This ASU supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and most industry specific topics. The new guidance identifies how and when entities should recognize revenue. The new rules establish a core principle requiring the recognition of revenue to depict the transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for such goods or services. In connection with this new standard, the FASB has issued several amendments to ASU 2014-09 to provide additional clarification and implementation instructions relating to (i) principal versus agent considerations, (ii) identifying performance obligations and licensing, (iii) narrow scope improvements and practical expedients and (iv) technical corrections and improvements. However, none of the amendments change the core principle of the guidance in ASU 2014-09. The Company has adopted the standard effective January 1, 2017 using the full retrospective approach. See Note 2, "Revenue From Contracts With Customers" for further information regarding implementation and disclosures.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, "Leases: Targeted Improvements" ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for the fiscal year beginning January 1, 2021. Management plans to adopt the new standard using a modified retrospective approach and is currently evaluating the impact that the adoption of ASU 2016-02, as amended by ASU 2018-11, will have on the financial statements and disclosures.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company adopted ASC Topic 606 Revenue from Contracts with Customers on January 1, 2019 using the full retrospective approach. Financial results for reporting periods beginning January 1, 2017 are presented under the new accounting standards, while financial results from prior periods will continue to be reported in accordance with historical accounting policy.

As a result of the change, members' equity decreased by $1,398,739, resulting in a deficit, as of January 1, 2017. Refer to supplementary information for full comparative financial information.

Franchise Fees

The Company recognizes franchise fees as one (1) individual performance obligation. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. For the years ended December 31, 2019, 2018 and 2017 revenue earned over time was $314,111, $282,433 and $239,400, respectively.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty and brand fund fees. These fees are based on franchisee monthly sales and are recorded as revenue and recognized as these services are performed because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets consist of costs paid to facilitate the franchise sale and are amortized over the life of the franchise agreement. Expenses recognized during the years ended December 31, 2019, 2018 and 2017 that were included in the contract asset balance at the beginning of the year were $148,286, $124,734 and $74,379, respectively.

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. Revenue recognized during the years ended December 31, 2019, 2018 and 2017 that was included in the contract liability balance at the beginning of the period was $301,000, $239,400 and $172,667, respectively.

Remaining Performance Obligations

The remaining performance obligations consist of initial franchise fees for all executed franchise agreements and is reported as contract liabilities – franchise fees, on the balance sheet. Estimated revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied at December 31, 2019 is as follows:

Years Ending December 31,	
2020	$ 327,667
2021	327,667
2022	327,667
2023	327,667
2024	327,667
Thereafter	1,876,571
	$ 3,514,906

The estimated revenue above does not contemplate future franchise renewals or new franchise agreements which do not exist as of December 31, 2019.

Practical Expedients and Exemptions

Upon the adoption of ASC 606, we utilized certain practical expedients and exemption as follows:

- Initial franchise fees consist of performance obligations including the right to use the trademarked license. Revenue is recognized in the amount to which we have a right to, for services performed.

NOTE 3 RECEIVABLES

Receivables as of December 31, 2019, 2018, and 2017 consisted of the following:

	2019	2018	2017
Royalties	$ 442,336	$ 328,503	$ 235,938
Brand fund fees	77,926	54,155	39,729
Affiliates, net	93,964	104,136	123,964
Training fees	117,500	25,000	18,750
Development fees	90,000	77,500	67,500
Other	-	500	500
	$ 821,726	$ 589,794	$ 486,381

Receivables from affiliates represent available amounts that the Company used from contributed capital to cover the expenses of related entities that began operations in 2011. All receivables are expected to be collected in 2020.

NOTE 4 MEMBERS' INTEREST RECEIVABLE

In accordance with the Second Amended and Restated Operating Agreement, additional members were admitted and others increased their investment (see Note 9). As of December 31, 2017, the members' interest receivable balance was $80. The remaining balance was paid during 2018.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2019, 2018, and 2017 consisted of the following:

	2019	2018	2017
Furniture and fixtures	$ 160,336	$ 160,336	$ 160,336
Computer equipment	192,896	192,896	192,896
Office equipment	93,290	93,290	93,290
Leasehold improvements	68,478	61,278	61,278
	515,000	507,800	507,800
Less accumulated depreciation	(424,908)	(344,472)	(262,073)
	$ 90,092	$ 163,328	$ 245,727

Depreciation expense for the years ended December 31, 2019, 2018, and 2017 was $80,437, $82,399, and $85,128, respectively.

NOTE 6 OTHER ASSETS

Included in other assets is the following as of December 31, 2019, 2018, and 2017:

	2019	2018	2017
Internal use software	$ 50,000	$ 50,000	$ 50,000
Less accumulated amortization	(50,000)	(50,000)	(47,000)
	$ -	$ -	$ 3,000

Amortization expense for the years ended December 31, 2019, 2018, and 2017 was $0-, $3,000, and $10,000, respectively.

NOTE 7 AFFILIATE INVESTMENT

Lightbridge Assurance Group, LLC (LAG) was formed in April 2011 to facilitate funding of franchisees for property acquisition. In 2014, the various owners of LAG assigned their respective ownership interests over to the Company. On February 28, 2014 an unsecured Term Note was signed between the Company and LAG for $1,000,000. In April of 2018, an owner of LAG sold their interest back to the Company for $50,000; during 2019 another investor's $100,000 interest was bought back; the balance on the Term Note as of December 31, 2019, 2018, and 2017 was $850,000, $950,000, and $1,000,000, respectively. Interest is payable by the Company at 10%, payable in quarterly amounts, which began in March 1, 2014. Interest paid for the years ended December 31, 2019, 2018, and 2017 was $82,750, $77,358, and $80,000, respectively. Additionally, incentive payments of 3% are due, if funds are available.

On February 28, 2019 the note was amended updating repayment terms. The Company will make twenty (20) consecutive quarterly payments of interest on the outstanding principal amount commencing June 1, 2019. The principal amount outstanding will not be amortized and the interest payments due are $21,250, quarterly.

Net investment activity for the years ended December 31, 2019, 2018, and 2017 of $72,301, $132,006, and $56,354, respectively, was included in accumulated comprehensive income as part of members' equity on the balance sheet.

NOTE 8 NOTES PAYABLE

The Company has a $100,000 unsecured note payable with an investor due November, 2020. Monthly payments are $2,028 and include interest at 8%. The outstanding balance as of December 31, 2019, 2018, and 2017 was $21,437, $43,103, and $63,109, respectively.

The Company had $500,000 in unsecured notes payable with eight investors with interest only payable quarterly at 10% per annum beginning May 31, 2016. As of December 31, 2017 per the First Amendment to the Second Amended and Restated Operating Agreement, these notes were converted and contributed to the Company in exchange for preferred equity of comparable value.

The Company had a $150,000 unsecured note payable with an investor with interest only payable quarterly at 8% per annum beginning January 1, 2016 that was paid off in full during 2018.

Future minimum principal payments on notes payable for the year ending December 31, 2020 are $21,437.

Interest expense on notes payable was $2,665, $19,655 and $67,859 for the years ended December 31, 2019, 2018, and 2017, respectively.

NOTE 9 MEMBERSHIP INTERESTS

The Company entered into a second Amended and Restated Operating Agreement on May 1, 2015 to admit additional members and to admit members of Fore, LLC and RA More, LLC as direct members of the Company. In addition, the agreement set up three (3) classes of members.

Distributions of net proceeds will be distributed at the Company's option to the members, pro rata in accordance with their ownership percentages, as stated in the second Amended and Restated Operating Agreement. Provision is made for Class A members to receive net cash flow equal to 50% of their original investment, prior to any distribution made to the Class B and Class C members. No distributions were made to the members during the years ended December 31, 2019, 2018, and 2017. The First Amendment to the Second Amended and Restated Operating Agreement was executed on December 31, 2017, establishing a Preferred Equity Membership Class and converting certain notes payable into preferred equity. The Company may at any time after December 31, 2018, distribute cash to the Holders to return their Preferred Equity par value, pro rata to their proportionate par value. In addition, the Company shall distribute cash to each Holder on a quarterly basis in an amount equal to ten (10%) percent of the par value of such preferred equity. In the event the Company does not distribute the Preferred Return, any amount not distributed shall accumulate and be distributed prior to the other distributions to the Holders of the Members of the Company.

The Company entered into a third Amended and Restated Operating Agreement on August 1, 2018 to reclassify the Preferred Equity Membership Class as Class D members with the same rights previously held and to formally define and express all the terms and conditions of the Company and their respective rights and obligations following the purchase of some of the Class A and Class C member interests by Rainbow Academy Child Care Centers, LLC and the revision of the management structure for the Company.

On January 1, 2019 the First Amendment to the Third Amended and Restated Operating Agreement was entered into which replaced certain members of Class B, Class C, and Class D with a newly formed entity (See Note 10).

NOTE 10 RELATED PARTIES

Jule Holdings LLC (JH), an affiliate with common ownership (formerly Jule Management Group, LLC), was formed in December of 2013 with the purpose of combining the revenues and net earnings of franchise locations to consolidate debt, obtain new debt and aid in the expansion of more franchise locations. As of December 31, 2019, JH owns 13 of the 47 franchise locations that are open.

Lightbridge Academy Assurance Group, LLC was formed in April of 2011 to facilitate funding of franchisees for property acquisition. This entity provides, in certain instances, financial assurances to landlords of the franchisees, including guaranteeing the payment of rent. In 2014 the various owners assigned their ownership interests to the Company. As of December 31, 2019, 2018, and 2017 there was $850,000, $950,000, and $1,000,000, respectively, payable to this entity from the Company representing the original interests. In addition, interest is paid quarterly at 10%. In February of 2019, the Company amended and restated the Term Note related to the Lightbridge Academy Assurance Group, LLC. See Note 7 for further discussion.

Rainbow Academy Associates, LLC (RAA), holds a 61% ownership interest in the Company. The Company owed $16,455, $22,401 and $27,449 to RAA as of December 31, 2019, 2018 and 2017, respectively.

NOTE 10 RELATED PARTIES (continued)

Rainbow Academy Child Care Centers, LLC (RACCC) is the owner of several trademarks including "Lightbridge Academy". The Company has a Trademark Licensing Agreement with RACCC whereby RACCC will authorize the Company the use of the service mark "Lightbridge Academy" and all logo and marketing designs as may be developed by the Company and approved by RACCC. The Company shall pay RACCC a monthly trademark fee equal to 1% of the gross revenues of the franchises as paid to the Company under the franchising agreement. Total trademark fees paid to RACCC from the Company for the years ended December 31, 2019, 2018, and 2017 were $707,408, $529,571 and $413,556, respectively.

ELFCO, LLC was formed on January 1, 2019 to hold an investment in the Company. As of December 31, 2019 ELFCO, LLC holds 31.9% ownership interest in the Company.

Lightbridge Foundation, Inc. was founded in September of 2001 as a nonprofit corporation dedicated to supporting parents and children along life's journey. Franchisees are required to conduct an annual fundraiser for Lightbridge Foundation, Inc.

Century Development Group, LLC was formed in May of 2011 and has common members with the management team of the Company. This entity is an investor in some properties leased to franchisees.

Raritan Realty Group, LLC was formed during January of 2011 to provide real estate services for the Lightbridge Academy System. Raritan Realty Group, LLC has common members with the management team of the Company. Raritan Realty Group, LLC owed the Company $59,909, $75,509, and $100,484 as of December 31, 2019, 2018, and 2017, respectively.

Lightbridge Properties, LLC was formed during July of 2014 to provide real estate services for the Lightbridge Academy System. Lightbridge Properties, LLC has common ownership with the Company and Jule Holdings LLC.

NOTE 11 COMMITMENTS

The Company has a fifteen (15) year lease for office facilities which began during December 2015, and has two (2) five (5) year renewal options. Rent expense for the years ended December 31, 2019, 2018, and 2017 was $269,664, $272,226, and $283,577, respectively.

The Company also leases office equipment under multiple non-cancelable operating leases, expiring through 2024. Total payments for the years ended December 31, 2019, 2018, and 2017 were $47,162, $48,348, and $26,080, respectively.

Future minimum payments are as follows:

Years ending December 31,	Office	Equipment	Total
2020	$ 206,246	$ 28,427	$ 234,673
2021	211,402	12,185	223,587
2022	216,687	-	216,687
2023	222,104	-	222,104
2024	227,657	-	227,657
Thereafter	1,490,569	-	1,490,569
	$ 2,574,665	$ 40,612	$ 2,615,277

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840, *Accounting for Leases,* rental payments are recognized on a straight-line basis over the term of the lease. The difference between actual rent paid and the expense charged is an increase or decrease to deferred rent in the accompanying balance sheets.

NOTE 12 RETIREMENT PLANS

The Company has established an employer-sponsored deferred compensation defined contribution plan (the Plan). This retirement plan provides for mandatory employer match contributions, discretionary profit sharing contributions and elective salary deferrals pursuant to section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees who meet certain age and length of service requirements. Eligible employees of the Company may elect to reduce their salary and the Company contributes that amount to the Plan on the employee's behalf. Employer contributions to the Plan are determined based on a safe harbor match of 4% to all eligible employees of their annual gross compensation. Retirement plan contributions by the Company for the years ended December 31, 2019, 2018, and 2017 were $60,027, $49,988, and $41,224, respectively and are recorded in payroll expenses on the statements of operations.

NOTE 13 SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2019 (the financial statement date) through March 30, 2020, the date that the financial statements were available to be issued. Except as noted below, during this period, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

However, due to the current global pandemic, the Company and businesses in general are being affected throughout the country. The financial impact to the Company cannot be estimated at this time. Management of the Company as well as our Federal, State, and local governments are addressing how to best manage the situation.

SUPPLEMENTARY INFORMATION

LIGHTBRIDGE FRANCHISE COMPANY, LLC
BALANCE SHEET
DECEMBER 31, 2019

	Restated	As Originally Reported
ASSETS		
CURRENT ASSETS		
Cash	$ 523,387	$ 434,547
Receivables (Note 3)	821,726	743,800
Prepaid expenses	160,985	160,985
Contract assets, franchise costs, current portion (Note 2)	192,981	-
TOTAL CURRENT ASSETS	1,699,079	1,339,332
AFFILIATE INVESTMENT (Note 7)	1,054,307	1,054,307
PROPERTY AND EQUIPMENT, net	90,092	90,092
CONTRACT ASSETS, FRANCHISE COSTS, net of current portion	1,891,983	-
OTHER ASSETS		
Rent security deposit	19,627	19,627
Amortized software, net	-	-
TOTAL OTHER ASSETS	19,627	19,627
	$ 4,755,088	$ 2,503,358
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion (Note 8)	$ 21,437	$ 21,437
Accounts payable and accrued expenses	156,751	116,312
Contract liabilities, franchise fees, current portion (Note 2)	327,667	-
Capital lease obligation, current portion (Note 8)	-	-
TOTAL CURRENT LIABILITIES	505,855	137,749
LONG-TERM LIABILITIES		
Affiliate payable	850,000	850,000
Contract liabilities, franchise fees, net of current portion	3,187,239	-
Deferred rent	169,073	169,073
TOTAL LONG-TERM LIABILITIES	4,206,312	1,019,073
EQUITY		
Members' equity (deficit)	(161,386)	1,142,229
Accumulated comprehensive income	204,307	204,307
TOTAL EQUITY (DEFICIT)	42,921	1,346,536
TOTAL LIABILITIES AND EQUITY	$ 4,755,088	$ 2,503,358

LIGHTBRIDGE FRANCHISE COMPANY, LLC
BALANCE SHEET
DECEMBER 31, 2018

	Restated	As Originally Reported
ASSETS		
CURRENT ASSETS		
Cash	$ 587,275	$ 502,340
Receivables (Note 3)	589,794	535,639
Prepaid expenses	10,406	10,406
Contract assets, franchise costs, current portion (Note 2)	166,315	-
TOTAL CURRENT ASSETS	1,353,790	1,048,385
AFFILIATE INVESTMENT (Note 7)	1,138,360	1,138,360
PROPERTY AND EQUIPMENT, net	163,328	163,328
CONTRACT ASSETS, FRANCHISE COSTS, net of current portion	1,711,631	-
OTHER ASSETS		
Rent security deposit	19,627	19,627
TOTAL OTHER ASSETS	19,627	19,627
	$ 4,386,736	$ 2,369,700
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion (Note 8)	$ 21,666	$ 21,666
Accounts payable and accrued expenses	118,081	89,140
Contract liabilities, franchise fees, current portion (Note 2)	301,000	-
TOTAL CURRENT LIABILITIES	440,747	110,806
LONG-TERM LIABILITIES		
Notes payable, long-term portion	21,437	21,437
Affiliate payable	950,000	950,000
Contract liabilities, franchise fees, net of current portion	3,128,017	-
Deferred rent	151,599	151,599
TOTAL LONG-TERM LIABILITIES	4,251,053	1,123,036
EQUITY		
Members' equity (deficit)	(493,424)	947,498
Accumulated comprehensive income	188,360	188,360
TOTAL EQUITY (DEFICIT)	(305,064)	1,135,858
TOTAL LIABILITIES AND EQUITY	$ 4,386,736	$ 2,369,700

LIGHTBRIDGE FRANCHISE COMPANY, LLC
BALANCE SHEET
DECEMBER 31, 2017

	Restated	As Originally Reported
ASSETS		
CURRENT ASSETS		
Cash	$ 350,409	$ 285,651
Receivables (Note 3)	486,381	446,652
Members' interest receivable (Note 4)	80	80
Prepaid expenses	5,482	5,482
Contract assets, franchise costs, current portion (Note 2)	134,735	-
TOTAL CURRENT ASSETS	977,087	737,865
AFFILIATE INVESTMENT (Note 7)	1,160,963	1,160,963
PROPERTY AND EQUIPMENT, net	245,727	245,727
CONTRACT ASSETS, FRANCHISE COSTS, net of current portion	1,435,814	-
OTHER ASSETS		
Rent security deposit	19,627	19,627
Amortized software, net	3,000	3,000
TOTAL OTHER ASSETS	22,627	22,627
	$ 3,842,218	$ 2,167,182
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion (Note 8)	$ 170,006	$ 170,006
Accounts payable and accrued expenses	115,191	90,866
Contract liabilities, franchise fees, current portion (Note 2)	256,866	-
Capital lease obligation, current portion	8,939	8,939
TOTAL CURRENT LIABILITIES	551,002	269,811
LONG-TERM LIABILITIES		
Notes payable, long-term portion	43,103	43,103
Affiliate payable	1,000,000	1,000,000
Contract liabilities, franchise fees, net of current portion	2,792,584	-
Deferred rent	129,216	129,216
TOTAL LONG-TERM LIABILITIES	3,964,903	1,172,319
EQUITY		
Members' equity (deficit)	(834,650)	564,089
Accumulated comprehensive income	160,963	160,963
TOTAL EQUITY (DEFICIT)	(673,687)	725,052
TOTAL LIABILITIES AND EQUITY	$ 3,842,218	$ 2,167,182

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019

	Restated	As Originally Reported
REVENUES		
Franchise fees	$ 314,111	$ 400,000
Royalty income	4,462,877	4,462,877
Brand fund fees	818,145	-
Services to franchisees	326,985	326,985
Training fees	405,000	405,000
Real estate development fees	385,000	385,000
Other income	678,885	678,885
TOTAL REVENUES	7,391,003	6,658,747
OPERATING EXPENSES		
Payroll and related expenses	2,715,598	2,888,917
Advertising	926,762	140,605
Charitable contributions	89,840	89,840
Commissions	62,500	50,400
Depreciation and amortization	80,437	80,437
Dues and subscriptions	88,696	88,696
Equipment leases	47,162	47,162
Franchise support services	42,621	42,621
Insurance	36,403	36,403
Meals and entertainment	184,153	184,153
Office and supplies	125,311	125,314
Postage and delivery	3,375	3,375
Professional fees	738,490	738,490
Rent	269,664	269,664
Repairs and maintenance	26,647	26,647
Telephone	47,911	47,911
Trademark fees	707,408	707,408
Trade shows	-	29,986
Taxes	9,171	9,171
Utilities	23,201	23,201
TOTAL OPERATING EXPENSES	6,225,350	5,630,401
INCOME FROM OPERATIONS	1,165,653	1,028,346
OTHER EXPENSES		
Interest expense	85,415	85,415
TOTAL OTHER EXPENSES	85,415	85,415
NET INCOME	1,080,238	942,931
OTHER COMPREHENSIVE INCOME		
Unrealized gain on investment	72,301	72,301
TOTAL COMPREHENSIVE INCOME	$ 1,152,539	$ 1,015,232

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	Restated	As Originally Reported
REVENUES		
Franchise fees	$ 286,433	$ 666,000
Royalty income	3,269,969	3,269,969
Brand fund fees	565,628	-
Services to franchisees	325,090	325,090
Training fees	176,250	176,250
Real estate development fees	310,000	310,000
Other income	664,407	664,407
TOTAL REVENUES	5,597,777	5,411,716
OPERATING EXPENSES		
Payroll and related expenses	2,589,674	2,773,936
Advertising	628,619	174,361
Charitable contributions	3,242	3,242
Commissions	88,870	96,770
Depreciation and amortization	85,399	85,399
Dues and subscriptions	55,743	55,743
Equipment leases	48,348	48,348
Franchise support services	44,365	44,365
Insurance	30,092	30,092
Meals and entertainment	128,210	128,210
Office and supplies	74,603	74,599
Postage and delivery	2,210	2,210
Professional fees	423,438	423,438
Rent	272,226	272,226
Repairs and maintenance	32,423	32,423
Telephone	46,932	46,932
Trademark fees	529,571	529,571
Trade shows	-	33,856
Taxes	3,541	3,541
Utilities	22,032	22,032
TOTAL OPERATING EXPENSES	5,109,538	4,881,294
INCOME FROM OPERATIONS	488,239	530,422
OTHER EXPENSES		
Interest expense	97,013	97,013
TOTAL OTHER EXPENSES	97,013	97,013
NET INCOME	391,226	433,409
OTHER COMPREHENSIVE INCOME		
Unrealized gain on investment	132,006	132,006
TOTAL COMPREHENSIVE INCOME	$ 523,232	$ 565,415

LIGHTBRIDGE FRANCHISE COMPANY, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

	Restated	As Originally Reported
REVENUES		
Franchise fees	$ 239,400	$ 624,000
Royalty income	2,522,613	2,522,613
Brand fund fees	413,545	-
Services to franchisees	263,166	263,166
Training fees	112,500	112,500
Real estate development fees	217,500	217,500
Other income	542,586	542,586
TOTAL REVENUES	4,311,310	4,282,365
OPERATING EXPENSES		
Payroll and related expenses	2,404,336	2,544,092
Advertising	449,980	192,913
Charitable contributions	1,250	1,250
Commissions	76,267	85,500
Depreciation and amortization	95,128	95,128
Dues and subscriptions	56,254	56,254
Equipment leases	26,080	26,080
Franchise support services	22,570	22,570
Insurance	24,770	24,770
Meals and entertainment	111,377	111,377
Office and supplies	60,613	60,613
Postage and delivery	1,321	1,321
Professional fees	305,191	305,191
Rent	283,577	283,577
Repairs and maintenance	32,449	32,449
Telephone	48,048	48,048
Trademark fees	413,556	413,556
Trade shows	-	31,308
Taxes	3,617	3,617
Utilities	24,413	24,413
TOTAL OPERATING EXPENSES	4,440,797	4,364,027
LOSS FROM OPERATIONS	(129,487)	(81,662)
OTHER EXPENSES		
Interest expense	149,287	149,287
TOTAL OTHER EXPENSES	149,287	149,287
NET LOSS	(278,774)	(230,949)
OTHER COMPREHENSIVE INCOME		
Unrealized gain on investment	56,354	56,354
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (222,420)	$ (174,595)

Exhibit C

FRANCHISE AGREEMENT

Lightbridge Franchise Company, LLC

LIGHTBRIDGE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT

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LIGHTBRIDGE FRANCHISE COMPANY, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into and made effective this _____ day of _____, 201__, by and between Lightbridge Franchise Company, LLC, a New Jersey limited liability company, with its principal business address at 116 Grand St., 2nd Fl., Iselin, NJ 08830 ("Franchisor") and _____, whose address is _____ ("Franchisee").

BACKGROUND

A. Franchisor and/or its parents, predecessors, equity owners or affiliates, through the expenditure of considerable money, time and effort, has developed a system (the "Lightbridge Academy System" or "System") for the establishment, development and operation of preschools for children known as Lightbridge Academy. The System includes Franchisor's or its parent's or affiliates' proprietary marks, recognized designs, decor and color schemes, distinctive specifications for fixtures, equipment, and designs; know-how, and trade secrets; procurement of students, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Lightbridge Academy center pursuant to the Confidential Operations Manual (as defined in Section 5.5) provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

B. The Lightbridge Academy System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "Lightbridge Academy®" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Lightbridge Academy System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its parent, equity owners or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor's standards of quality and

the services marketed under the Proprietary Marks.

C. Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Lightbridge Academy center.

D. Franchisee has applied to Franchisor for a franchise to operate a Lightbridge Academy center using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

E. By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards and as described in the Confidential Operations Manual. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance**. Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one Lightbridge Academy center using the Lightbridge Academy System and the Proprietary Marks pursuant to this Agreement (the "Lightbridge Academy Center" or "Center"). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Lightbridge Academy Center.

1.2. **Territory**. Franchisee shall establish and operate the Lightbridge Academy Center within the protected area identified in Exhibit 1 to this Agreement (the "Territory"). Provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other Lightbridge Academy center within the Territory, except Franchisor reserves the right to operate in other channels of distribution as described in Section 1.3 and the rights reserved in this Section 1.2. Although no other center will be physically located within Franchisee's Territory, Franchisee's Territory may overlap with those of other franchisees or affiliate-owned centers. Franchisor and/or Franchisor's affiliates, retain all other rights, including without

limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, preschools operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Lightbridge Academy Center and regardless of location and the right to convert those locations to Lightbridge Academy Centers; (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business with locations anywhere which may result in the required conversion of centers; (iii) to own, operate, franchise or license on-site Corporate child care centers (defined below) within the Territory; (iv) to distribute products and services as described in Section 1.3, both within and outside the Territory; (v) to use and to license others to use, the System for the operation and licensing of other Lightbridge Academy centers at any locations outside of the Territory; and (vi) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by Franchisee's Lightbridge Academy center, inside or outside the Territory. As used herein, a "Corporate" child-care center is a Lightbridge Academy location that operates on-site at a corporation's premises, and the student enrollment is limited to on-site employees, not the general public.

1.3. **Other Channels of Distribution**. Franchisor and Franchisor's affiliates, reserve the unrestricted right to offer products and services (which may include, but are not limited to, software, clothing, books, videos, and music), whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor's affiliates own or license, through any distribution method Franchisor or its parent or affiliates may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with the Lightbridge Academy Center. These other channels of distribution may include locations and venues other than a Lightbridge Academy center, retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as Franchisor and/or its parent or affiliates determine, in Franchisor's or its parent's or affiliate's sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's parent, affiliates, franchisees or licensees or any other party receives in connection with the alternate channels of distribution.

1.4. **Required Occupancy Rate**. Notwithstanding anything to the contrary hereto, if Franchisee, or its principal(s) currently operates a Center, Franchisor will not permit Franchisee to develop and open an additional Center if any of Franchisee's existing Centers have been operating for more than 12 months and its Occupancy Rate is below 65%. In that case, Franchisor will grant Franchisee an additional 180 day

extension to open the new Center for business. If, at the expiration of the 180 day extension, Franchisee continues to operate a Center that is below Franchisor's minimum Occupancy Rate, then Franchisor, at its option, may elect to terminate the Franchise Agreement. The Occupancy Rate is based on the enrollment compared to the Center's state licensed capacity.

During any period that Franchisee is restricted from developing an additional Center, Franchisor, its affiliate, or another franchisee may develop a Lightbridge Academy center, even if such Center is located in the Territory. In such case, when Franchisee is no longer restricted from developing an additional Center, Franchisor will modify the Territory to provide Franchisee with a new, mutually agreed upon Territory.

2. TERM AND RENEWAL

2.1. **Term.** This Agreement grants rights to Franchisee for a period of 15 years and is effective when signed by Franchisor.

2.2. **Renewal.** Franchisee shall have the right to renew this Agreement for 2 successive periods of 5 years if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Lightbridge Academy Center for an additional 5 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Lightbridge Academy Center for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Lightbridge Academy Center, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Lightbridge Academy Center and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall reasonably require so that the premises reflect the then-current image of a Lightbridge Academy center.

2.2.4. Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, either at the time Franchisee gives notice of its intent to renew or at any time through the last day of the then current term, and Franchisee has substantially complied with all these

agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its affiliates or otherwise pursuant to the Franchise Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement;

2.2.7. Franchisee and its Director and any Assistant Director or Regional Manager, at its expense, has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

2.2.8. Franchisee has paid a renewal fee to Franchisor equal to 10% of Franchisor's then-current initial franchise fee;

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its parent, affiliates, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising. Franchisor's current form of release is attached to the Franchise Agreement as Exhibit 6; and

2.2.10. As part of the process of renewing this Agreement, Franchisor reserves the right to re-evaluate the then-existing Territory according to certain demographics and Franchisor's then-current standards. A re-evaluation of the Territory may result in the renewal Territory being smaller or larger than the original Territory.

3. LOCATION

3.1. **Lightbridge Academy Location.** Franchisee is granted a nonexclusive franchise, which permits the operation of a single Lightbridge Academy Center within the Territory at the location identified in Exhibit 1 to this Agreement or a location subsequently agreed upon in writing by Franchisor and Franchisee (the "Approved Location"). If the Approved Location is not identified in Exhibit 1 when the parties execute this Agreement, Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee is unrestricted as to the geographic area from which it may obtain business as a Lightbridge Academy System franchisee, but Franchisee may not make any sales from a location other than the Approved Location. Franchisee shall not conduct any mail order, catalog or Internet business or

conduct any direct mail or other marketing outside the Territory without Franchisor's prior written approval.

3.2. **Site Search; Purchase or Lease of Premises**. Franchisee is responsible for finding a site for the Lightbridge Academy Center. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review, including review of general lease terms for compliance with Franchisor guidelines. In order for Franchisor to approve any designation of the Approved Location at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing. If the Approved Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location within 180 days after the date of execution of this Agreement. Within the 180 day period, Franchisee must find a suitable site meeting Franchisor's specifications, submit a request for approval, deliver all information and copies of proposed agreements, receive Franchisor's approval, and then either enter into a lease or sublease for the site meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. The parties may extend the 180 day period for an additional 180 days provided Franchisee diligently complied, in Franchisor's sole discretion, with the obligations of this Section 3.2. In certain circumstances Franchisor may present sites to Franchisee that are owned by Franchisor or its affiliates or for which Franchisor or its affiliates have already negotiated the terms of a lease, but Franchisee shall have no obligation to accept any such sites. Site selection assistance provided by Franchisor does not relieve Franchisee of primary responsibility to locate a site within the required time frames. If Franchisee or its equity owners or affiliate purchases or owns the Approved Location, Franchisee (or its equity owners or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

3.3. **Center Lease or Purchase**.

3.3.1. Any lease for the proposed location must contain certain provisions, including (i) a limitation that the premises shall be used only for a child day care or preschool; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon

Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the form approved by Franchisor. Franchisor's current approved forms are attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2. In the event a landlord requires a limited guarantee of collection from Lightbridge Assurance Group, LLC as a condition to Franchisee's execution of a lease, Franchisee will be required to pay a lease guaranty set-up fee if it elects to move forward with the selected location. In no event shall Lightbridge Assurance Group's liability exceed, at any point, Franchisee's owners' personal liability to the landlord.

3.3.3. Franchisor's review of the lease for the premises and its acceptance of the site selected by Franchisee does not constitute Franchisor's representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of Franchisor's opinion regarding the terms of the lease or the viability of the location.

3.4. **Relocation**. In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee shall relocate the Lightbridge Academy Center to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate, must pay the then-current required relocation fee and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Lightbridge Academy Center at the original location. Franchisee must open the Lightbridge Academy Center for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

4. FEES AND COSTS

4.1. Initial Fees.

4.1.1. **Initial Franchise Fee**. Franchisee shall pay Franchisor an initial franchise fee in the amount of $40,000 in cash or by certified check, at the time of execution of this Agreement. The initial franchise fee is payable when Franchisee signs the franchise agreement. If Franchisee (or one of Franchisee's owners) is a qualified veteran who has been honorably discharged from the US Armed Forces, the initial franchise fee is reduced by 10%. The applicable veteran must own 20% or more of the assets of the Center or of the business entity that is the Franchisee. If Franchisee

has entered into a Multi-Unit Operator Agreement, the development fee charged thereunder will be credited to the initial franchise fee and no additional initial franchise fee is owed. Except as noted below, the initial franchise fee is not refundable under any circumstances.

4.1.2. **Center Development Fee**. Franchisee shall pay Franchisor a Center Development Fee in the amount of $40,000. The Center Development Fee shall be payable as follows: An initial payment of $20,000 upon the earlier of: (i) the signing of the lease agreement or purchase agreement for the approved premises; or (ii) 6 months after signing this Agreement. The remaining balance of $20,000 is payable upon the issuance of the temporary certificate of occupancy (or the equivalent in Franchisee's state) for the approved premises. If this Agreement is being executed in connection with a Multi-Unit Operator Agreement, the Center Development Fee for the second through fifth Centers is reduced to $20,000, which is due at the earlier of: (i) the signing of the lease agreement or purchase agreement for the approved premises; or (ii) 6 months after signing of this Agreement. Except as noted below, the Center Development Fee is not refundable under any circumstances.

4.1.3. **Initial Training and Opening Assistance Fee**. Franchisee shall pay Franchisor an initial training fee in the amount of $40,000 for initial training and for services related to the Lightbridge Academy Center opening. The initial training fee will be reduced to $20,000 if Franchisee is an existing franchisee in good standing or if this Agreement is being executed in connection with a Multi-Unit Operator Agreement. If this is an initial center (including the first center under a Multi-Unit Operator Agreement), Franchisee shall pay Franchisor an initial payment of $20,000 prior to beginning the Owners Track 1 program. The remaining balance of $20,000 (this fee is not applicable if this Agreement is being executed in connection with a Multi-Unit Operator Agreement) is payable by Franchisee to Franchisor prior to beginning the Owners track 2 program. Following Owners Track training, all franchisees must attend standard franchise training. Existing franchisees in good standing must pay their $20,000 training fee prior to beginning standard training. For Franchisees opening an initial center, the Franchisee (or the Operating Principal if Franchisee is an entity) must attend Owners Track training and standard training. The standard franchise training is included for up to 4 individuals including Franchisee (or its Operating Principal if an entity) and Franchisee's Director. It may also cover any Assistant Director or Regional Manager if the initial 4 spaces have not been used. Standard training is included for 2 individuals for Franchisees opening an additional center or in connection with the second through fifth centers under a Multi-Unit Operator Agreement. This fee is not refundable under any circumstances.

4.1.4. **Background Check Fee**. At the time of execution of this Agreement, Franchisee shall pay Franchisor its costs to obtain background checks and asset verification on Franchisee, at the then-current cost for same. In the event Franchisor determines that Franchisee does not meet its criteria for a franchisee, then Franchisor will refund any monies it received towards the initial franchise fee and Center

Development Fee, less Franchisor's expenses of $10,000. However, Franchisor will not refund any monies to Franchisee unless Franchisee signs a termination agreement and general release in a form reasonably satisfactory to Franchisor. Franchisor's current form of Release is attached to the Franchise Agreement as Exhibit 6.

4.2. **Royalty Fee**.

4.2.1. **Royalty; Gross Revenues**. Franchisee shall pay to Franchisor a monthly royalty fee equal to 7% of all "Gross Revenues" of the Lightbridge Academy Center during the preceding month. The royalty fee is reduced during the first six months the Center is open for business to 4% of Gross Revenues. For purposes of calculating the reduction of the royalty fee, the first month shall begin the first month that Franchisee is operating prior to the 15th day of such month. For example, if Franchisee opens for business on the 15th day of the month, or earlier, then such month would be considered the first month. If Franchisee opens for business on the 16th day of the month, or later, then the following month would be deemed the first month. "Gross Revenues" shall include all revenues from sales made by Franchisee from all business conducted at or from, or in connection with, the Lightbridge Academy Center, including but not limited to amounts received from the sale of all goods and services and tangible property of any nature. Gross Revenues shall not include (i) the amount of any sales tax imposed by any federal, state, municipal or other governmental authority or (ii) any revenue donated to the Lightbridge Foundation (the "Foundation"). Franchisee agrees to pay all taxes as and when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales for which the price has been refunded or adjusted shall be excluded from Gross Revenues at the time of refund or adjustment, provided that these sales have previously been included in Gross Revenues.

4.2.2. **Payment; Reporting**. The monthly royalty fee shall be paid by Franchisee and received by Franchisor no later than the 5th day following the close of the month for which the fee is calculated, or another day Franchisor specifies. Franchisee must provide monthly summaries of sales and services rendered during the preceding month, (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period, and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting month, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee's operating account an amount equal to the last Royalty payment made and/or require Franchisee to provide the Report on a weekly basis. Once the correct numbers have been determined any overpayments from the estimated

amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest. For each month Franchisee fails to submit a required Report Franchisor may charge a penalty in the amount of 12% of the last Royalty payment made.

4.2.3. **Single Operating Account; Electronic Funds Transfer**. Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. If Franchisor directs, Franchisee shall designate an account at a commercial bank of its choice (the "Account") for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Lightbridge Academy Center. Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisor shall provide Franchisee with a written confirmation of electronic funds transfers, which may be made monthly and which Franchisor may send by facsimile, email, or other electronic means.

4.2.4. **Reconciliation of Royalty Fee**. Each December Franchisor will perform a royalty reconciliation for the prior twelve months (December 1st through November 30th). To the extent the royalty reconciliation determines any underpayment, Franchisor will withdraw the amount of such underpayment at the time that Franchisor withdraws the monthly royalty fee for the following January or at another time or another manner as determined by Franchisor, in its discretion. To the extent the royalty reconciliation determines any overpayment, Franchisor will deduct the amount of the overpayment from the amount it withdraws from Franchisee's monthly royalty fee in the following January. To the extent the overpayment exceeds the amount owed for the January royalty payment, then Franchisor will refund any difference.

4.3. **Advertising.** Franchisee agrees to actively promote the Lightbridge Academy Center and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Lightbridge Academy System franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees.

4.3.1. **Generally.** With regard to advertising generally for the Lightbridge Academy Center, Franchisee shall place or display at the Lightbridge Academy Center premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. All

advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor. Franchisee may not create unapproved loyalty or rewards programs.

4.3.2. **Pre Launch Advertising Plan.** During the 90 day period prior to the opening of the Lightbridge Academy Center, or earlier if required by us, Franchisee shall expend at least $24,000 on pre-launch advertising and promotion in and/or for Franchisee's market area. Franchisee shall make such expenditure in accordance with Franchisor's written requirements and specifications utilizing Franchisor's required vendors. Franchisee has the right, but is not required, to spend additional sums with respect to pre-launch advertising. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.3.3. **Minimum Advertising Expenditure; Local Advertising**. On an annual basis, in Franchisor's discretion, Franchisee may be required to prepare and submit an advertising and marketing plan for the Center and Territory (the "Annual Advertising and Marketing Plan"). Franchisee must comply with all requirements regarding the Annual Advertising and Marketing Plan, including use of approved vendors, approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. Each quarter during the term of this Agreement, Franchisee shall expend a minimum of $6,000 on local advertising in any medium Franchisor may require or specify from time to time, which may include print, radio, television, digital form, or local sponsorships ("Minimum Advertising Expenditure"). Franchisor has the right to waive or reduce the Minimum Advertising Expenditure if the Lightbridge Academy Center's occupancy rate exceeds 90%.

4.3.4. **Brand Development Fund**.

4.3.4.1 Franchisor shall have the right to establish, administer and control a Brand Development Fund (the "Fund"). Franchisee agrees to contribute to the Fund an amount equal to 2% of Franchisee's monthly Gross Revenues at the same time and in the same manner Franchisee makes payment of royalties or as otherwise

directed by Franchisor. Franchisor reserves the right to increase the Fund contribution to an amount equal to 3% of Franchisee's monthly Gross Revenues. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately, or Franchisor may establish separate entities to administer the Fund and the Fund contributions. Although once established, Franchisor would intend the Fund to be of perpetual duration, Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on a pro-rata basis. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money. Franchisor does not owe any fiduciary obligation for administering the Fund.

4.3.4.2 Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Lightbridge Academy System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok and on-line blogs and forums; developing, maintaining, hosting and updating a World Wide Web or Internet site for System centers; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may or may not include call recording; implementation and use of Customer Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which Franchisee's Lightbridge Academy Center is located. Franchisor's decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee's written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by

the Fund by Franchisor or by its affiliate, and Franchisor or its affiliate may make a profit on the sale. The Fund may spend more or less than the total annual Fund contributions in a given fiscal year and may borrow funds to cover deficits.

4.3.4.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System centers and the Lightbridge Academy brand generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to insure that the expenditures from the Fund are proportionate or equivalent to Franchisee's contributions or that the Lightbridge Academy Center or any Lightbridge Academy center shall benefit directly or pro rata or in any amount from the placement of advertising.

4.3.4.4 **Special Promotional Programs**. From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the Lightbridge Academy System franchisees as a whole or to specific advertising market areas. Franchisee must participate in any special promotional programs required by Franchisor, including programs requiring the payment of referral fees by Franchisee. Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to advertising, posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Each quarter (or at another frequency designated by Franchisor), Franchisee may be required to participate in Franchisor's open house program and promotion on the date Franchisor designates and must offer the open house promotion Franchisor designates in the manner Franchisor requires. Franchisee shall use any approved vendors designated by Franchisor in connection with any open house programs and other special promotions. Franchisor reserves the right to designate the advertising media campaign and mandate how much Franchisee must spend on open houses and other special promotional programs. All amounts spent will be credited towards Franchisee's quarterly $6,000 local advertising expenditure requirement.

4.3.4.5 **Website Requirements.** Franchisee shall not develop, own or operate any website (or any other online presence or social media platform, including but not limited to, Facebook, LinkedIn, Instagram, Pinterest, YouTube, TikTok or Twitter) using the Proprietary Marks or otherwise referring to the Lightbridge Academy Center or the products or services sold under the Lightbridge Academy System (any such site shall be referred to as the "Website") without Franchisor's prior written approval. All content of the Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. If Franchisor requires, Franchisee shall establish the Website as part of the website(s) Franchisor or the Fund or Franchisor's designee establishes. Franchisee shall establish electronic links to Franchisor's website(s) or any

other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or Lightbridge Academy System and/or the centers operating under the Lightbridge Academy System. Franchisee must pay to Franchisor any fee imposed by Franchisor, in its sole discretion, in connection with hosting the Website. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operating of the Website at any time without notice to Franchisee. Currently, Franchisor does not charge any separate fee to franchisees for the use of its Website but reserves the right to do so. Upon the expiration, termination or non-renewal of the franchise agreement, Franchisee will assign any website domain or social media account used in connection with the Lightbridge Academy Center as required by Franchisor.

4.3.4.6 **Advertising Cooperative**. Franchisor reserves the right to require Franchisee to become a member of an advertising cooperative. If a cooperative has been established applicable to Franchisee's Lightbridge Academy Center, Franchisee shall immediately become a member of such cooperative and may be required to contribute an amount as determined by the Cooperative, up to 2% of Franchisee's monthly Gross Revenues. The amounts Franchisee is required to contribute to an Advertising Cooperative will be credited to the Minimum Local Advertising Expenditure requirements. An individual Center may not benefit directly or proportionally to its contribution to the Cooperative. Cooperatives will be run in accordance with published by-laws. Franchisor may form, change, merge, terminate or suspend a cooperative program or operations upon 30 days written notice.

4.4 **Technology Fee**. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable changes to technological need and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the Lightbridge Academy System; and Franchisee agrees that he or she will abide by those reasonable standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose. Franchisor reserves the right to require Franchisee to pay to Franchisor, its affiliate, or approved vendor, its then-current technology fee for modifications and enhancements made to the website, proprietary software and for other maintenance and support services Franchisor offers. Franchisor reserves the right to increase the technology fee annually, in its discretion.

4.5 **Late Crisis Notification Fee**. In the event Franchisee fails to notify Franchisor immediately (but in no event later than 24 hours) of any potential crisis situation as outlined in the Operations Manual or the Crisis and Emergency Management Plan, including any allegation or occurrence of abuse, neglect, or

mistreatment of a child; any allegation or discovery that a child has been released to an unauthorized person; any occurrence of unlawful conduct in the Center; any allegation or discovery of any hazardous substance associated with the Center; or any outbreak of serious illness associated with the Center, after Franchisee knows or should reasonably know of the existence of the potential crisis, Franchisee will pay Franchisor a late crisis notification fee equal to Franchisor's then-current fee.

4.6 **Center Management Fee**. Franchisor has the right to operate the Center during any period that the Center is in default of the Franchise Agreement or if Franchisor determines that operation of the Center is necessary. In such event, Franchisee agrees to pay Franchisor, or its affiliate, its then-current management fee. In addition, Franchisee shall also be required to pay Franchisor's expenses and other fees required under this Agreement, including, but not limited to, Royalty Fees, Fund fees and advertising expenditures.

4.7 **Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of the royalty fee, advertising contributions and any other charges or fees due Franchisor or its affiliates from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Lightbridge Academy Center is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and litigation expenses incurred by Franchisor. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and the claim of Franchisee in such action resolved in favor of Franchisor or the action is dismissed, Franchisor shall be entitled to recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the action and may have the amount awarded as part of the judgment in the proceeding.

4.8 **Audit**. Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Lightbridge Academy Center. At any time during normal business hours, Franchisor or its designee may enter the Lightbridge Academy Center or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, Franchisee shall deliver these materials to Franchisor or its designee if Franchisor requests. If any audit reveals that Franchisee has understated Gross Revenues by 2% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods, or Franchisee does not make

these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

4.9 **Financial Records and Reports.** Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Lightbridge Academy Center in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenues; (ii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee; (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Lightbridge Academy Center is operated, within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as student enrollment, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion. If Franchisor determines, in its sole discretion, that expenses are not being properly recorded, Franchisor may require that Franchisee retain a bookkeeper approved by Franchisor, at Franchisee's cost, for up to six (6) months at a time.

4.10 **Taxes on Payments to Franchisor**. In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4.11 **No Right of Set Off**. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its affiliates, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

4.12 **Foundation**. Franchisee is required to raise a minimum of $2,000 annually for the Lightbridge Foundation.

4.13 **Relocation Fee**. If Franchisee desires to relocate the Center Franchisee must pay a fee equal to Franchisor's then-current relocation fee.

4.14 **Annual Conference Fee**. Franchisor reserves the right to hold an annual franchisee conference. Attendance at the conference may be mandatory for Franchisee or certain personnel of the Center. Franchisor will designate the location of the conference and may change its then-current conference fee for attendees and a fee for materials. Further, all attendees are required to pay all expenses they incur including travel, lodging and meals. Franchisees must also pay all required wages and insurance for its personnel in attendance.

5. FRANCHISOR SERVICES

5.1. Site Selection.

5.1.1. **Site Selection Assistance**. Franchisor shall assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses, attendance at township approval meetings, and review of licensing and zoning requirements. However, Franchisee remains primarily responsible for locating and securing an acceptable site in the required time frames.

5.1.2. **Site Selection Approval**. Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Lightbridge Academy Center. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Lightbridge Academy Center shall be successful.

5.2. **Center Layout**. Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Lightbridge Academy Center. Franchisee shall construct and equip the Lightbridge Academy Center in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs connected with the construction, leasehold improvements,

equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Lightbridge Academy Center shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and Franchisee may not alter the trade dress without Franchisor's consent.

5.3. **Training**.

5.3.1. **Initial Training**. Franchisor shall provide, either itself or through its designee, an initial training program to be held in Iselin, New Jersey, or another place, at the times and places Franchisor shall designate. Training may be provided virtually. Franchisor shall schedule an initial training program, at Franchisor's convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Lightbridge Academy Center. Franchisee (or if Franchisee is a business entity, Franchisee's Operating Principal) must attend the Owners Track programs for the initial center they open. Further, Franchisee (or if Franchisee is a business entity, Franchisee's Operating Principal) and Franchisee's Director shall attend and complete the standard training program to Franchisor's satisfaction prior to the opening of the Lightbridge Academy Center. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. For new Franchisees, Franchisor shall provide standard training initially for 4 people (which includes Franchisee and its Director). For existing Franchisees opening an additional center (including locations 2-5 under in connection with a Muti-Unit Operator Agreement), Franchisor shall provide standard training for 2 individuals. Any Assistant Director and any Regional Manager must complete training within 60 days of assuming their positions. If standard initial training is required for any individual beyond the initial 4 spots (2 for existing Franchisees opening an additional center and for those opening units 2-5 under a Multi-Unit Operator Agreement) that are included, Franchisee must pay Franchisor's then-current tuition for each person to attend the additional initial training program. Each of Franchisee's additional and/or replacement Assistant Directors and Regional Managers shall attend and complete, to Franchisor's satisfaction, Franchisor's initial training program within 60 days of assuming their positions and replacement Directors must complete initial training within 90 days of assuming their position. Franchisee must pay Franchisor's then-current cost for initial training for replacement or additional personnel.

5.3.2. **On-Site Training**. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of Franchisee, Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee's Center and may charge Franchisee its then-current tuition.

5.3.3. **Refresher Courses; Supplemental Training**. Franchisor

reserves the right to offer refresher courses and supplemental training programs, which may be optional or mandatory, from time to time, to Franchisee, its equity owners if Franchisee is a business entity, its Director and/or its other employees. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training. Franchisee shall pay Franchisor's then-current tuition for any individual attending refresher courses or supplemental training. Franchisor requires all of Franchisee's employees to obtain professional development hours each year, in an amount determined by Franchisor. These hours can be acquired through monthly staff training, professional and applicable in-house practical trainings, seminars, webinars, etc.

5.3.4. **Administration of Brand Development Fund**. Franchisor shall administer the advertising contributions paid to the Fund under this Agreement as described in Section 4.3.4.

5.3.5. **Advertising and Marketing Plan Assistance.** Franchisor may require that Franchisee develop an annual advertising and marketing plan for the Center. To the extent a plan is mandated, Franchisor may, but is not obligated to, provide assistance with the development of same.

5.4. **Continuing Consultation and Advice**. In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding student procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Lightbridge Academy Center. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods.

5.5. **Confidential Operations Manual**. Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, education and marketing guides, and other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual. Franchisee shall operate the Lightbridge Academy Center in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Lightbridge Academy Center or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes as provided in Section 6.8. Franchisor may vary the standards and specifications to take into account unique features of specific locations or

types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion as provided in Section 6.9.3. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall insure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format.

6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business**. Franchisee shall take possession of the premises of the Lightbridge Academy Center and commence operations of the Lightbridge Academy Center within 38 months after the date of execution of this Agreement. Franchisee shall not open the Lightbridge Academy Center for business until Franchisee has complied with Franchisor's requirements for opening, including the following: (i) Franchisee has paid the initial franchise fee, the Center Development Fee, the Initial Training Fee and other amounts due to Franchisor; (ii) Franchisee has received from Franchisor a Certificate of Opening confirming that the Center meets Franchisor's standards and specifications; (iii) Franchisee has completed Owners Track training (if opening an initial center) and Franchisee and the Center Director have successfully completed standard training to Franchisor's satisfaction; and (iv) Franchisee has provided Franchisor with certificates of insurance for all required insurance policies. If the Center is not opened for business within the applicable time period, Franchisor has the right to terminate the Franchise Agreement.

6.2. **Compliance with Standards**. Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor's Confidential Operations Manual are reasonable, necessary and desirable for the operation of the Lightbridge Academy Center and the Lightbridge Academy System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Lightbridge Academy franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including Lightbridge Academy branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its affiliates may be an approved

supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees. Franchisor may also charge for Franchisor's services in making a determination on the proposed supplier, including the costs of inspection of the supplier's facilities, evaluation of the test results, and a background check of the supplier. Franchisor reserves the right, at its option, to reinspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges.

6.3. **Operations.**

6.3.1. Franchisee shall keep the Lightbridge Academy Center open for at least those hours and days specified by Franchisor in the Confidential Operations Manual.

6.3.2. Franchisee shall maintain the Lightbridge Academy Center in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Lightbridge Academy Center so as to preserve, maintain and enhance the reputation and goodwill of the Lightbridge Academy System. Franchisee may not conduct any other business or activity at the Center without Franchisor's written permission. Franchisee is not permitted to rent out the Center or host any events at the Center which are not affiliated with Lightbridge Academy and approved by Franchisor.

6.3.3. Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

6.3.4. Franchisee shall operate the Lightbridge Academy Center in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Lightbridge Academy name and brand and the Lightbridge Academy System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Lightbridge Academy Center. Such training programs must be in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Lightbridge Academy Center at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) is their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.5. Franchisee acknowledges that proper management of the Center is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Center. If Franchisee is an entity, Franchisee must appoint and maintain, throughout the Term, an Operating Principal, who must be an equity owner of Franchisee. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Center. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal.

Franchisee must hire a full time Center Director to be responsible for the direct on-premises supervision of the Center at all times during the hours of operation. Franchisee's Director must furnish full-time attention and best efforts to the management of the Lightbridge Academy Center. However, Franchisee is still responsible for the operations of the Center and its obligations under the Franchise Agreement. In most cases, the Center Director will be required by state law to have a degree in education and a teaching certificate in early childhood education. Franchisee must also hire a full time Assistant Director. Franchisee is not required to obtain Franchisor's approval of the Director or Assistant Director but both the Director and Assistant Director must meet all state requirements, must have all required licenses and/or certifications and Franchisee must submit proof of compliance to Franchisor. If Franchisee owns three (3) or more Centers, Franchisee will also be required to hire a Regional Manager. Franchisee must notify Franchisor of any changes in the Director, Assistant Director and Regional Manager positions.

At all times, Franchisee will keep Franchisor advised of the identity of the Center

Director, Assistant Director and Regional Manager. The Center Director, Assistant Director and Regional Manager need not have any equity interest in the franchise. Franchisee will disclose to the Center Director, Assistant Director and Regional Manager only the information needed to operate the Center and they will be advised that any confidential information is Franchisor's trade secret.

6.3.6. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Lightbridge Academy Center and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Lightbridge Academy Center at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.7. Franchisee shall fully participate in all required national buying or vendor programs.

6.3.8. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier.

6.4. **Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Lightbridge Academy Center, including any minimum indoor and outdoor physical facilities requirements, personnel screening obligations involving background checks and criminal records checks, personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; food service requirements; prohibitions on advertising prior to the Lightbridge Academy Center being licensed or the Lightbridge Academy Center opening for business; and record keeping requirements. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding students, families or other individuals ("Privacy"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and its counsel as it may

request to assist in a determination regarding the most effective way, if any, to meet the standards and policies pertaining to Privacy within the bounds of applicable law.

6.5. **Trade Secrets and Confidential Information**. The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all students of the Lightbridge Academy Center. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the student list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) the curriculum and lesson plans; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (5) knowledge of the operating results and financial performance of other Lightbridge Academy centers; (6) the Confidential Operations Manual; (7) training materials and programs; (8) proprietary software; (9) student lists and customer data; (10) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain (including the email addresses of Lightbridge franchisees); and (11) specifics regarding the inner workings of computer software, applications or other technology used by the System. Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. Franchisee shall be liable to Franchisor for the actions of any such individuals with respect to the Confidential Information. An example of a written agreement currently considered satisfactory is the Confidentiality Agreement attached as Exhibit 5. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. A copy of all executed Confidentiality Agreements must be forwarded to Franchisor. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from customers of the Center or through marketing is deemed to be owned exclusively by Franchisor and/or its parents or affiliates. Franchisee must install and maintain security measures and devices necessary to protect the data from unauthorized access or disclosure, and Franchisee may not sell or disclose to anyone else any personal or aggregated information concerning any customers. Franchisee has the right to use the customer data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the customer data to the new owner as part of the going concern value of the business.

6.6. **Proprietary Marks**.

6.6.1. **Ownership**. Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee may not sublicense the Proprietary Marks. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, affiliates and Licensor, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its affiliates or Licensor in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor's, its parents', affiliates' and Licensor's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor, its parents, affiliates and Licensor. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor, its parents, affiliates and Licensor or any other franchisee of Franchisor in securing all necessary and required consents of any government agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or

substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2. **Protection**. Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution.

6.6.3. **Advertising**. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4. **Franchisee's Name**. Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name or with modifying words, designs or symbols. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of Lightbridge Academy. Franchisee shall register at the office of the county in which the Lightbridge Academy Center is located or such other public office as provided for by the laws of the state in which the Lightbridge Academy Center is located as doing business under such assumed business name.

6.6.5. **Independent Status**. All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's

corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Lightbridge Academy Center as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Lightbridge Academy Center, a statement that clearly indicates that the Lightbridge Academy Center is independently owned and operated by Franchisee.

6.6.6. **Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "®", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. **Franchisor's Use of Marks.** Franchisor, its parent, affiliates and Licensor may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. **Electronic Mail and Domain Names**. Franchise shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the Lightbridge Academy System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection**. During normal business hours and without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Lightbridge Academy Center, inspect Franchisee's records, interview Franchisee's employees, students and their parents or guardians, and observe the manner in which Franchisee operates the Lightbridge Academy Center. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Lightbridge Academy Center and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Lightbridge Academy Center. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Lightbridge Academy Center and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes.

6.8. **Changes to the System**. Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchise, including standards and specifications for inventory, products, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new curriculum and products. Franchisee shall cease use of any curriculum or cease offering products discontinued by Franchisor immediately. Franchisee shall implement any new curriculum or commence offering and selling any new product within 15 days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Lightbridge Academy System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks.

6.9. **Authorized Products, Services, Supplies, and Equipment.**

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' centers. Franchisee shall have no right to offer any products or services to its customers or use any new developments until Franchisor has had the opportunity to test the new products, services, or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products, services and developments, whether they be of Franchisee's original design or variations of existing products or Lightbridge Academy Center System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products, services and developments do not qualify as works made for hire, by signing this Agreement Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products, services or developments.

6.9.2. Franchisee shall use in the operation of the Lightbridge Academy Center only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products and services in establishing the authorized product and service line for the Lightbridge Academy Center. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products and

services but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Lightbridge Academy Center. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new Lightbridge Academy franchises at the time of replacement, subject to Section 6.3.7.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Lightbridge Academy Center and all additions, substitutions and upgrades Franchisor shall specify. Franchisee will be required to pay amounts in relation to same to Franchisor, its affiliates, or vendors specified by Franchisor. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisee must use the Lightbridge Academy supplied e-mail address in all business communications with customers, vendors or suppliers. Franchisor owns all Lightbridge Academy e-mail addresses and has full access to all communications sent and received using those addresses. Franchisor shall have the right to access information through the Point of Sale system related to operation of the Lightbridge Academy Center, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System franchisees. Franchisor also has the right to access the Parent View®/ Watch Me Grown Classroom Monitoring system in all centers.

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee's customers are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.10. **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of

Franchisee or the Lightbridge Academy Center.

6.11. **Crisis Notification**. Franchisee shall notify Franchisor immediately (in no event later than 24 hours) of any potential crisis situation as outlined in the Operations Manual or Crisis and Emergency Management Plan, including any allegation or occurrence of abuse, neglect, or mistreatment of a child; any allegation or discovery that a child has been released to an unauthorized person; any occurrence of unlawful conduct in the Center; any allegation or discovery of any hazardous substance associated with the Center; any outbreak of serious illness associated with the Center; any occurrence where the police are notified or come to the Center; or any occurrence at the Center that results in a hospitalization, after Franchisee knows or should reasonably know of the existence of the potential crisis.

7. ACKNOWLEDGMENTS OF FRANCHISEE.

7.1. **Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Lightbridge Academy Center, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. **Indemnification**. Franchisee shall defend, indemnify and hold Franchisor and its parents, predecessors, affiliates, and any of its/their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Lightbridge Academy Center, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Lightbridge Academy Center, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation, and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall either advance or reimburse Franchisor's costs, at Franchisor's discretion. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification

under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts**. Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Lightbridge Academy Center; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Lightbridge Academy Center.

7.4. **Noncompetition**.

7.4.1. **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers child day care or preschool learning; provided, however, that this Section shall not apply to Franchisee's operation of any other Lightbridge Academy Center.

7.4.2. **After the Term of This Agreement.** For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers child day care or preschool learning within a radius of 10 miles (as the crow flies) of the Lightbridge Academy Center, or any other Lightbridge Academy center in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for an Lightbridge Academy center, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other Lightbridge Academy center for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any

other person, partnership or corporation solicit business from customers of Franchisee's former Lightbridge Academy Center for any competitive business purpose nor solicit any employee of Franchisor or any other Lightbridge Academy System franchisee to discontinue his employment.

For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.3. **Intent and Enforcement**. It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4.2 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4.2 in no way prevent any of these persons from earning a living.

7.4.4. **Publicly-Owned Entity**. This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

7.4.5. **Non-Disparagement**. During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Lightbridge Academy System.

7.5. **Telephone**. Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Lightbridge Academy name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in

connection with Franchisee's operation of the Lightbridge Academy Center. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Lightbridge Academy Center shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual.

7.6. **Insurance**. At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. The mandatory insurance currently includes: (i) comprehensive general liability insurance as follows: Each Occurrence Limit $1,000,000; Damage to Premises Rented to You Limit $100,000 any one premises; Medical Expense Limit $5,000 any one person; Personal & Advertising Injury Limit $1,000,000 any one person or organization; General Aggregate Limit $3,000,000; Products/Completed Operations Aggregate Limit $3,000,000; (ii) Property Insurance covering the full replacement cost value of all Business Personal Property including Improvements and Betterments owned or installed at Franchisee's expense written on the "Special" Causes of Loss form and subject to a maximum deductible of $2,500; (iii) worker's compensation insurance as required by the laws of the state in which the Lightbridge Academy Center is operated and employer's liability insurance with a limit per claim of bodily injury by accident of $1,000,000 each accident, bodily injury by disease $1,000,000 policy limit, bodily injury by disease $1,000,000 each employee; (iv) business interruption insurance covering a period of not less than 12 months; (v) automobile liability insurance covering all owned, hired & non-owned vehicles, with a minimum limit of $1,000,000 per accident; (vi) Day Care Organization Professional Liability with minimum limits of $1,000,000 per professional incident; (vii) Sexual or Physical Abuse or Molestation Liability with minimum limits of $1,000,000 per each abusive conduct; (viii) Employment Practices Liability with minimum limits of $1,000,000 per claim and $1,000,000 aggregate limit; (ix) Excess/Umbrella Liability Insurance including General Liability, Automobile Liability, Professional Liability, and Sexual or Physical Abuse or Molestation Liability for a Limit of $5,000,000 any one occurrence/ $5,000,000 Aggregate; and (x) Student Accident Insurance with a minimum medical benefit limit of $25,000. Defense costs cannot erode policy limits.

For those buildings located in flood zones designated as "High Risk" areas by FEMA, flood insurance covering the actual cash value of all contents up to the maximum limit of $500,000 afforded by the National Flood Insurance Program is also required.

If the lease for the Lightbridge Academy Center requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, independent contractors and employees as

additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. Coverage afforded to Franchisor as an additional insured shall be Primary and Non-Contributory to any other insurance available. All policies shall also include a waiver of subrogation in favor of the additional insureds. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Acceptable carriers must maintain an AM Best minimum rating of A-. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6 as well as a Declaration Page. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium together with an administrative fee. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2.

If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Center, either Franchisee or Franchisee's third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by Franchisor.

7.7. **Publicity**. Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Lightbridge Academy Center, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Lightbridge Academy Center. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures.

7.8. **Distribution**. Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. **Image.** The Lightbridge Academy System has been developed to deliver products and services which distinguishes the Lightbridge Academy Center from other businesses which offer child day care and preschool learning. Therefore, Franchisor requires Franchisee to offer products and services and operate the Lightbridge Academy Center in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Lightbridge Academy System. Each aspect of the Lightbridge Academy System is important not only to Franchisee but also Franchisor, its affiliates, and other Lightbridge Academy franchisees in order to maintain the highest operating standards, achieve systemwide uniformity and increase the demand for the products sold and services rendered by Lightbridge Academy System franchisees, Franchisor and its affiliates. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Lightbridge Academy center.

8. SALE OR TRANSFER

8.1. **Consent to Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the franchise business without the prior written consent of Franchisor, in the form of Franchisor's then-current Consent to Transfer Agreement. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

8.2. **Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed in violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

Franchisee's executor, heir or legal representative shall have 180 days from the date of death, disability or incapacity to execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. **Ownership Changes.** A sale, transfer or assignment requiring the prior

written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of voting stock or membership interests of Franchisee or any increase in the number of outstanding shares of voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1.

8.3.1. **Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign any of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor (or its affiliate), Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 45 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 45 day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall effect no other sale or transfer of this Agreement or Franchisee's interest in this

Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

8.3.2. **Conditions for Approval.** Franchisor may condition its approval of any proposed sale or transfer of the franchise business or of Franchisee's interest in this Agreement or of the interest in Franchisee upon satisfaction of the following requirements:

8.3.2.1. All of Franchisee's accrued monetary obligations to Franchisor, its parents, affiliates and any supplier for the Lightbridge Academy Center have been satisfied;

8.3.2.2. All existing defaults under the Franchise Agreement and any other agreements between Franchisee (and/or its owners or affiliates) and Franchisor have been cured within the period permitted for cure;

8.3.2.3. Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its parents, affiliates and any of their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to discharge all of Franchisee's obligations under this Agreement;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Lightbridge Academy, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current

Franchise Agreement;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Lightbridge Academy Center as required by this Agreement to conform to Franchisor's then-current standards and trade dress, including upgrade of all computer hardware and software and other technology to conform to Franchisor's then-current requirement;

8.3.2.8. Franchisee or transferee has paid Franchisor a transfer fee equal to 25% of Franchisor's then-current initial franchise fee; however if Franchisor (a) introduces the transferee to Franchisee or (b) if the transferee is an existing center employee, the transfer fee shall be 10% of the sales price.

8.3.2.9. The transferee and its Director and any Assistant Director or Regional Manager shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchise and Franchisor, Franchisee and the transferee enter into a transfer agreement in the form approved by Franchisor. A copy of Franchisor's current form is attached as Exhibit 8 hereto.

8.4. **Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1. The corporation or limited liability corporation is newly organized and its activities are confined to operating the franchise business;

8.4.2. Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement and executes and assignment in a form approved by Franchisor. Franchisor's current form is attached hereto as Exhibit 9;

8.4.4. All stockholders of the corporation, or members and managers of

the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all non-competition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisee shall pay Franchisor's expenses in connection with a transfer under this Section 8.4 if Franchisee has not completed the transfer, including complying with this Section 8, as applicable, within 60 days following the execution of this Agreement but in no event later than the opening of the Lightbridge Academy Center.

8.5. **Secured Interests and Securities**.

8.5.1. Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Franchisor and the corporation dated _____, 20____. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6. **Transfer by Franchisor**. Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

9. BREACH AND TERMINATION

9.1. **Termination by Franchisee.** Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2. **Termination by Franchisor.** Franchisor may terminate this Agreement under the following circumstances:

9.2.1. **With Cause and With Opportunity to Cure**. If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

(a) 7 days if the failure relates to the use of the Proprietary Marks;

(b) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its affiliate; and

(c) 30 days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and

Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2.2. **With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(a) **Criminal Acts**. If Franchisee or any owner of Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Center, goodwill of the Proprietary Marks, or indicates unsuitability for child care;

(b) **Fraud**. If Franchisee or any owner of Franchisee commits fraud in the operation of the Lightbridge Academy Center;

(c) **Misrepresentation**. If Franchisee or any owner of Franchisee misrepresents anything in any way (including through omission of information) in connection with the franchise application.

(d) **Background check**. If Franchisee or any owner of Franchisee fails to pass Franchisor's background check;

(e) **Voluntary Bankruptcy.** If Franchisee or any owner of Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the franchise business.

(f) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee or any owner of Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the franchise business without Franchisee's consent, and the appointment is not vacated within 60 days.

(g) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(h) **Insolvency.** If Franchisee, any partner of Franchisee, or the

majority equity owner of Franchisee is insolvent.

(i) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure pursuant to Section 9.2.1 in any 12 month period.

(j) **Breach of Other Agreements.** If Franchisee or any owner of Franchisee materially breaches any other agreement with Franchisor or any of its affiliates, or any lease for the premises of the Lightbridge Academy Center, and does not cure the breach within any permitted period for cure.

(k) **Intentional Underreporting or Misstatement.** If Franchisee intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues required to be reported under this Agreement.

(l) **Abandonment.** If Franchisee voluntarily or otherwise abandons the franchise business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the franchise business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Lightbridge Academy Center as a Lightbridge Academy center for a period of 10 or more consecutive days without the prior written approval of Franchisor.

(m) **Failure to Open Center**. If Franchisee fails to open the Lightbridge Academy Center during the time periods set forth in this Agreement or to secure an Approved Location in the time period required.

(n) **Public Health and Safety**. If a threat or danger to public health or safety results from the maintenance or operation of the Lightbridge Academy center or any violation of health or safety law occurs at the Lightbridge Academy center.

(o) **Restrictive Covenants**. Upon any violation of any covenants set forth in Section 7.4 of this Agreement.

(p) **Confidential Information**. If Franchisee or any owner or spouse of Franchisee uses the Confidential Information in an unauthorized manner;

(q**) Insurance**. If Franchisee fails to maintain required insurance coverage;

(r) **Unauthorized Transfer**. If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement.

(s) **Loss of Occupancy**. If Franchisee losses the right to

occupy the premises where the Center is located.

(t) **Unauthorized Opening**. If Franchisee opens the Franchised Business without obtaining authorization to open.

Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.3. **Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

9.4. **Step in Rights**. During any period that Franchisee is in default of the Franchise Agreement, in order to prevent an interruption in the operation of the Center which would cause harm to the Center and thereby depreciate its value, Franchisee authorizes Franchisor to operate the Center for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement if, in the sole judgment of Franchisor, Franchisor deems Franchisee incapable of operating the Center. In such event, Franchisee agrees to pay Franchisor, or its affiliate, a management fee pursuant to Section 4.6 above. Franchisor shall keep in a separate account for the benefit of Franchisee all moneys generated by the operation of the Center, less the expenses of the Center including Royalty and Fund fees, and Franchisor's management fee and operating expense, including reasonable compensation and expenses for Franchisor's representatives and any reasonable attorney's fees and costs Franchisor incurs. In the event of the temporary operation of the Center by Franchisor, Franchisee agrees to hold harmless Franchisor and Franchisor's representatives for all actions occurring during the course of the temporary operation. Franchisor shall not, by exercising its Step-In Rights hereunder, assume any of the liabilities of Franchisee.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its affiliates and any supplier for the Lightbridge Academy Center all other monies owed them;

10.1.3. Discontinue immediately the use of the Proprietary Marks;

10.1.4. Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information;

10.1.5. Immediately cease using all telephone numbers and listings used in connection with the operation of the franchise business and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.6. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the Lightbridge Academy System;

10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (1) all inventory in useable form bearing the Proprietary Marks and (2) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.8. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a Lightbridge Academy center and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee, in its sole discretion;

10.1.9. Cease to hold itself out as a franchisee of Franchisor;

10.1.10. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement;

10.1.11. Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within 6 months of the effective

date of termination, expiration, or transfer; and

10.1.12. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.1.13. Execute a release in a form approved by Franchisor.

10.2. **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

11. NOTICES

All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight courier, telegram or certified or registered mail (except that the regular weekly Report or such other report designated by Franchisor may be sent by regular mail), prepaid, to the following addresses (which may be changed by written notice):

Franchisee: The address of the Lightbridge Academy Center as set forth in Exhibit 1.

Franchisor: 116 Grand St., 2nd Fl.,
Iselin, NJ 08830

Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices sent by regular mail shall be deemed delivered on the third business day following mailing.

12. INTERPRETATION

12.1. **Amendments**. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

12.2. **Choice of Law and Selection of Venue.** Except as provided in Section 12.9 or as otherwise set forth in this Section 12.2, this Agreement shall be governed by the laws of the State of New Jersey. Any action at law or equity instituted against either

party to this Agreement shall be commenced only in the then-current State and County where Franchisor's corporate headquarters is located (currently Middlesex County, New Jersey). Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current State or County where Franchisor's corporate headquarters is located, as set forth above.

12.3. **Injunctive Relief**. Nothing in this Agreement, including the Mediation requirements in Section 12.10, shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of Franchisee's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.5. **Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.6. **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.7. **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.8. **Force Majeure.** Neither Franchisor, its affiliates nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related

agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable.

12.9. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Lightbridge Academy Center is located, then the valid law or regulation of that state applicable to the Franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

12.10. **Mediation**. Franchisor and Franchisee acknowledge that during the Term of this Agreement disputes may arise that may be resolvable through mediation. To facilitate such resolution, Franchisor and Franchisee agree that each party shall first submit disputes between them to non-binding mediation at a mutually agreeable location before proceeding with litigation. If a location cannot be agreed on, the mediation will be conducted in the then-current county and state where Franchisor's headquarters are located. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. Franchisor and Franchisee agree that statements made in any such mediation proceeding will not be admissible in any other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and will share equally the costs of any third parties who are required to participate in the mediation. Notwithstanding the foregoing, Franchisor in its sole discretion, may make an application for injunctive relief in accordance with Section 12.3 without first submitting the matter to mediation.

12.11. **Legal Action**. Legal action may commence in accordance with Sections 12.2 and 12.9 for any matter not settled by mediation within forty-five (45) days of the appointment of the mediator in accordance with the provisions of this Agreement.

12.12. **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.13. **PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS AFFILIATES SHALL NOT BE**

NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.

12.14. **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

12.15. **JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISOR, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

12.16. **FRANCHISOR AND FRANCHISEE AGREE THAT LITIGATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS AND THAT FRANCHISOR AND FRANCHISEE SHALL BE THE ONLY PARTIES IN ANY JUDICIAL PROCEEDING DESCRIBED IN SECTION 12.2 OR SECTION 12.3, AND THAT NO SUCH PROCEEDINGS MAY BE CONSOLIDATED WITH ANY OTHER LITIGATION OR ARBITRATION PROCEEDING, NOR SHALL ANY OTHER PERSON BE JOINED AS A PARTY TO SUCH PROCEEDING.**

12.17. **FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS, EXCEPT THAT FRANCHISOR WILL NOT ACT ARBITRARILY OR UNREASONABLY. HOWEVER, FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR FRANCHISEE OR GROUP OF FRANCHISEES.**

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION-MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER

FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE LIGHTBRIDGE ACADEMY SYSTEM.

13. REPRESENTATIONS

13.1. **NO AUTHORITY. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR, EXCEPT AN AUTHORIZED OFFICER OF FRANCHISOR, BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF FRANCHISOR WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER IT SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF FRANCHISOR. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE SHALL DO AS WELL AS ANY OTHER FRANCHISEE**.

FRANCHISEE SPECIFICALLY ACKNOWLEDGES THAT HE OR SHE HAS NOT RECEIVED OR RELIED ON (NOR HAS FRANCHISOR OR ANYONE ELSE PROVIDED) ANY STATEMENTS, PROMISES OR REPRESENTATIONS THAT FRANCHISEE WILL SUCCEED IN THE FRANCHISE BUSINESS; ACHIEVE ANY PARTICULAR SALES, INCOME OR OTHER LEVELS OF PERFORMANCE; EARN ANY PARTICULAR AMOUNT, INCLUDING ANY AMOUNT IN EXCESS OF FRANCHISEE'S INITIAL FRANCHISE FEE OR OTHER PAYMENTS TO FRANCHISOR; OR RECEIVE ANY RIGHTS, GOODS, OR SERVICE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. ANY STATEMENTS REGARDING ACTUAL, POTENTIAL OR PROBABLE REVENUES OR PROFITS OF ANY FRANCHISE BUSINESS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNAUTHORIZED, UNWARRANTED AND UNRELIABLE, FRANCHISOR WILL NOT BE RESPONSIBLE FOR IT AND IT SHOULD BE REPORTED TO FRANCHISOR IMMEDIATELY.

13.2. **RECEIPT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS**

AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

13.3. **OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO ITS EXECUTION**.

13.4. **EXECUTION OF AGREEMENT. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY. THIS AGREEMENT MAY BE EXECUTED IN MULTIPLE COPIES, EACH OF WHICH WILL BE DEEMED AN ORIGINAL, INCLUDING ELECTRONIC SIGNATURES AND COPIES SENT VIA ELECTRONIC TRANSMISSION.**

13.5. **ANTI-TERRORISM LAW COMPLIANCE. FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR ITS EQUITY OWNER'S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION 13.7. FRANCHISOR MAY TERMINATE THIS AGREEMENT WITHOUT**

ANY OPPORTUNITY FOR FRANCHISEE TO CURE UNDER SECTION 9.2.1 UPON ANY MISREPRESENTATION OR BREACH BY FRANCHISEE OF THIS SECTION 13.5.

14. PERSONAL GUARANTEES

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, and the spouses of each of the foregoing individuals (as well as spouses of individual owner), respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3.

15. OWNERSHIP OF FRANCHISEE

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization or formation, the Operating Agreement; and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

_____

(Individual, Partnership, Corporation or LLC Name)

By: _____

Title: _____

FRANCHISOR:

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____

Title: _____

EXHIBIT 1

APPROVED LOCATION

The Approved Location for the Lightbridge Academy Center is as follows:

TERRITORY

Franchisee's Territory is as follows:

FRANCHISEE:

By: _____

Title: _____

FRANCHISOR:

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____

Title: _____

EXHIBIT 2 TO
LIGHTBRIDGE FRANCHISE COMPANY
FRANCHISE AGREEMENT

Statement of Ownership Interest

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	Position(s) Held

2. **Owners**. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: _____

_____

E-mail Address: _____

[Signatures on following page.]

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Print Name of Franchisee Entity]

By:_____
[signature of person signing on behalf of entity]

Title of Signer:_____

DATED:_____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[signature of individual franchisee]

Print Name:_____

DATED:_____

_____
[signature of individual franchisee]

Print Name:_____

DATED:_____

EXHIBIT 3
PERSONAL GUARANTY

IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to LIGHTBRIDGE FRANCHISE COMPANY, LLC (the "Franchisor"), that they are all of the shareholders, all of the general partners, or all of the members and managers of _____ ("Franchisee"), as the case may be, or a spouse of Franchisee or a shareholder, general partner or member/manager of Franchisee. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisee and Franchisor, dated _____ 20__ (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be personally bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor and without first paying or causing to be paid to Franchisor, the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned agree that the governing law and methods for resolution of disputes which govern this Guarantee shall be the same as those outlined in the Franchise Agreement.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES TO FRANCHISOR THAT THE GUARANTOR HAS READ THIS PERSONAL GUARANTEE AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTEE IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Dated:_____ _____

Print Name:

EXHIBIT 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns and transfers to Lightbridge Franchise Company, LLC, a New Jersey limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit “A” (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of a Lightbridge Academy (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

By: _____

Title:_____

ASSIGNEE:

LIGHTBRIDGE FRANCHISE
COMPANY, LLC

By: _____

Title: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED: _____

LESSOR:

_____

ASSIGNEE:

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____

Title: _____

EXHIBIT 5

CONFIDENTIALITY AGREEMENT

(For employees of the Franchisee)

1. Pursuant to a Franchise Agreement dated _____, 20___ (the "Franchise Agreement"), _____ (the "Franchisee") has acquired the right and franchise from LIGHTBRIDGE FRANCHISE COMPANY, LLC (the "Company") to establish and operate a Lightbridge Academy center (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only in the following territory: _____ (the "Territory").

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Lightbridge Academy centers offering early learning programs for infants (6 weeks and up), toddlers, pre-school and kindergarten age children, with summer camps for school age children. The Company possesses proprietary and confidential information relating to the operation of the System, which includes proprietary trade secrets, curriculum, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all family and student personal information that I obtain or have access to during my employment.

3. In consideration for my employment with the Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the "Agreement").

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. As an employee of the Franchisee, the Company and Franchisee may disclose the Confidential Information to me via training programs, the Company's Confidential Operations Manual (the "Manual"), access to customer registration

information, and other general assistance during the term of my employment with the Franchisee.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business during the term of my employment with the Franchisee and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me during my employment with the Franchisee and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered "works made for hire" and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this

Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that the Franchisee is my employer and I have no employment relationship with the Company.

13. Subject to the rights of the Franchisee and the Company in Section 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association ("AAA"), unless otherwise required by law, for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory**. It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law.** It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the State of employment. Any such arbitration will be conducted in the county and State of employment.

14. In the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the county and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Dated: _____ Signature:_____

Name:_____

Title:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

ACKNOWLEDGED BY COMPANY

By:_____

Name:_____

EXHIBIT 6

FORM OF RELEASE
(Current Form – Subject to Change)

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ ("Effective Date") by and among LIGHTBRIDGE FRANCHISE COMPANY, LLC, a New Jersey limited liability company with its principal place of business at 116 Grand St., 2nd Fl., Iselin, NJ 08830 (the "Franchisor"), _____, with an address of _____ ("Franchisee") and _____("Guarantors").

WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated _____ (the "Franchise Agreement") which provides Franchisee with the right to operate a franchised business with a Territory consisting of _____(the "Franchised Business");

Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein set forth, do agree as follows:

1. The Franchise Agreement shall be deemed terminated as of the Effective Date of this Agreement, however, Franchisee and its Guarantors shall be bound by the post-term restrictions and covenants contained in the Franchise Agreement and attached schedules for the periods set forth therein.

2. Franchisee and its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, predecessors, successors and assigns and Guarantors, do each hereby release Franchisor, its parents, officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which Franchisee and its Guarantors had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement, it being the express intention of each party that this Release is as broad as permitted by law. Further, no claim released hereunder has been assigned to any individual or entity not a party to this Agreement.

3. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or

unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

4. The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.

5. This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder or not inconsistent herewith. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

7. Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement, nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement.

8. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. Signature pages may be executed and delivered via facsimile or electronic transmission, and any such counterpart executed and delivered via facsimile or electronic transmission shall be deemed an original for all intents and purposes.

In Witness Whereof, the parties by their undersigned representatives hereby execute this Release.

FRANCHISOR

By:_____
Name:

FRANCHISEE

By:_____
Name:

GUARANTORS:

_____

EXHIBIT 7

DISCLOSURE QUESTIONNAIRE

As you know, Lightbridge Franchise Company, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Lightbridge Academy (the "Franchised Business"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Acknowledgments and Representations

1. Did you receive a copy of Franchisor's Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for **Michigan**; the earlier of 10 business days or the first personal meeting for **New York;** and the earlier of 14 calendar days or the first personal meeting for **Iowa**)? Check one: ☐ Yes ☐ No. If no, please comment:

   _____

2. Have you studied and reviewed carefully Franchisor's Franchise Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment:

   _____

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by us at least seven calendar days prior to the date on which the

Franchise Agreement was executed? Check one: ☐ Yes. ☐ No If no, please comment:

_____

4. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment:

_____

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

_____

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

_____

7. Do you understand that that the Franchise granted is for the right to develop one Franchised Business only in your Territory, and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one: ☐ Yes ☐ No. If no, please comment:

_____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment:

_____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one ☐ Yes ☐ No. If no, please comment:

_____

10. You further acknowledge that Executive Order 13224 (the "Executive Order") prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

    (i) a person or entity listed in the Annex to the Executive Order;

    (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

    (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

    (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents:_____.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO **F**RANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DOCUMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Date: _____

Signed: _____

Date: _____

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

EXHIBIT 8

CONSENT TO TRANSFER

FORM OF TRANSFER AGREEMENT

This TRANSFER AGREEMENT (this "Agreement") is made and entered into as of the _____ day of _____, 20____ (the "Effective Date"), by and among Lightbridge Franchise Company, LLC, a New Jersey limited liability company with its principal place of business at 116 Grand St., 2nd Fl., Iselin, NJ 08830 ("Franchisor"), _____ ("Transferor"), _____ (collectively "Transferor Guarantors"), _____ (collectively "Transferee Guarantors) and _____("Transferee").

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the "Franchise Agreement") was executed by and between Franchisor on the one hand, and Transferor, on the other, for the operation of a franchised business with a territory comprised of _____ (the "Franchised Business").

WHEREAS, Transferor desires to transfer to Transferee substantially all of the assets of the Franchised Business, and Transferor has requested that Franchisor consent to the transfer thereof to Transferee. This Agreement is executed and delivered simultaneously with, and as a condition of the closing of the sale of the assets of the Franchised Business.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Recitals Included in Agreement**. The parties incorporate into this Agreement the recitals set forth above as if set forth in full.

2. **Consent**. Franchisor hereby consents to and waives any right of first refusal in connection with, the sale of the Franchised Business and the transfer by Transferor to Transferee (the "Transaction"), subject to the terms of this Agreement.

Franchisor's consent and waiver to the Transaction is subject to and made in reliance upon the following terms, conditions, representations and warranties, failure to comply constituting a default and rendering the transaction void:

A. Transferor represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:

(1) Transferor is the sole owner of and possesses good and marketable right, title and interest in and to the Franchise Agreement and the Franchised Business; and no other person or entity owns or has any right, title or interest in and to the franchise, the Franchise Agreement and/or the Franchised Business.

(2) Transferor Guarantors are the sole owners of Transferor, and no other person or entity has an equity or beneficial ownership interest in Transferor.

(3) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferor, or any lease, contract, promissory note or agreement to which Transferor is a party or is bound.

B. Transferee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:

(1) Effective as of the Effective Date Transferee will be the sole owner of and possess good and marketable right, title and interest in and to the franchise relating to the Franchised Business, and substantially all of the assets of the Franchised Business; and no other person or entity will own or have any right, title or interest in and to the franchise, and/or the Franchised Business. Transferee will sign a new franchise agreement contemporaneously therewith. Transferee's ownership composition is set forth on Schedule 1, attached hereto

(2) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferee, or any lease, contract, promissory note or agreement to which Transferee or Transferee's Guarantors are a party or are bound.

(3) Transferee has not received any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the Franchised Business from Franchisor or Franchisor's officers, directors, employees, agents or servants.

(4) Transferee relied solely and exclusively on Transferee's own independent investigation of the franchise system and of the Franchised Business and the historical financial records of the Franchised Business provided to Transferee by Transferor; that based on the receipt of the actual historical performance of the Franchised Business it would not be reasonable to rely on the financial performance representation contained in Franchisor's Franchise Disclosure Document, or any other financial performance representation, pro forma or projection that differed or diverged, in whole or in part, from the Franchised Business' actual historical financial performance.

C. To the extent not already completed, Transferee and any required employees shall attend and complete, to the satisfaction of Franchisor, Franchisor's training program required of new franchisees, at the time directed by Franchisor.

D. Transferee represents, warrants, covenants and agrees that all information furnished or to be furnished to Franchisor by Transferee in connection with Transferee's request to receive a transfer is and will be, as of the date such information is furnished, true and correct in all material respects and will include all material facts necessary to make the information not misleading in light of the circumstances.

E. Transferor and Transferee represent, warrant and agree that, subject to Franchisor's consent, Transferor will sell and transfer, and Transferee will acquire, the Franchised Business and that all legal actions necessary to effect the sale and transfer have been or will be accomplished prior to or at Closing.

F. Effective as of the day and time Transferee takes title of the Franchised Business ("Closing"), Transferee expressly agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Transferor so that Transferee could operate the Franchised Business as of the Closing, but no sooner than the Closing. Only Transferor will have the right to operate the Franchised Business until Closing, unless otherwise expressly agreed in writing.

G. Transferee agrees to sign a new franchise agreement, along with all ancillary documents, and pay a transfer fee of $_____.

3. **No Security Interests in the Assets of Transferee**. The parties acknowledge and agree that Transferor is not permitted to retain a security interest in the assets of the Franchised Business or the franchise without Franchisor's prior consent.

4. **Non-Participation**. Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee jointly and severally, acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest

to, the accuracy of any representations or warranties made by or between Transferor and Transferee in connection with this transfer. Franchisor assumes no obligations in that regard. Transferor acknowledges and agrees that the sale of the Franchised Business is for Transferor's own account.

5. **Insurance.** Prior to Closing, Transferee must provide Franchisor with a Certificate of Insurance for the insurance coverages specified in the franchise agreement, which policy(ies) must name Franchisor and all related parties as an additional insured.

6. **Changed Circumstances.** All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions that might be attached to future consents or waivers of its right of first refusal.

7. **Singular Consent.** Transferor and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified in this Agreement. Such consent must be separately obtained.

8. **Validity**. If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Paragraph, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

9. **Indemnification**. Transferor and Transferor's Guarantors, jointly and severally, agree to indemnify, defend and hold harmless Franchisor and its principals or affiliates from and against any claims, losses, liabilities, costs or damages incurred by them as a result of or in connection with the operation of the Franchised Business by Transferor, or any other actions by Transferor or any persons for whom or which Transferor is legally responsible. Without limiting the generality of the foregoing, Transferor and Transferor's Guarantors, joined by Transferee, and Transferee's Guarantors agree to indemnify, defend and hold harmless Franchisor from and against any claims, losses, liabilities or damages arising out of the transfer to Transferee or any dispute between Transferor and Transferee.

10. **Counterparts.** All parties acknowledge and agree that this Agreement may be executed in counterparts and at various times and at various places by the several parties hereto, all of which counterparts taken together shall be deemed as one

original. Executed facsimile or electronic copies of this Agreement shall be deemed to be as effective as original signatures.

11. **Miscellaneous.** The parties hereto agree that this Agreement constitutes, upon the execution of this Agreement by all of the parties and after it has been accepted and executed by Franchisor, the complete understanding between the parties regarding the subject matter hereof, and no representation, agreement, warranties, or statement, oral or in writing, not contained herein, shall be of any force and effect against any party, except the Termination Agreement and Release executed by Transferor and the Transferor's Guarantors shall remain valid, and this Agreement shall not be modified, altered or amended except in writing signed by all parties. The waiver by any party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof. This Agreement will be binding upon the parties, and their respective heirs, executors, successors and assigns. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

12. **Agreement Survives Closing**. All agreements, representations, warranties, terms and conditions set forth in this Agreement shall survive the execution and delivery of this Agreement, the Closing, and the consummation of the transactions provided for herein.

13. **Review of Agreement and Representation**. Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee each represent and acknowledge that he/she/it has received, read and understands this Agreement, including its exhibits; and that Franchisor has fully and adequately explained the provisions to each to their satisfaction; and that Franchisor has afforded each of them ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement.

I HAVE READ THE ABOVE AGREEMENT. I WOULD NOT SIGN THIS AGREEMENT, IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR:
LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____

TRANSFEROR:

By: _____

TRANSFEROR GUARANTORS:

By: _____
, individually

By: _____
, individually

TRANSFEREE GUARANTORS:

By: _____
, individually

By: _____
, individually

TRANSFEREE:

By: _____

SCHEDULE 1

FRANCHISEE IDENTIFICATION AND OWNERSHIP

Transferee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on_____ under the laws of_____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	Position(s) Held

2. **Principals**. The following list includes the full name of each person or entity who is one of your Principals (as defined in the Franchise Agreement), and fully describes the nature of each Principal's interest (attach additional pages if necessary).

	Principal's Name	Percentage/Description of Interest
(a)		

(b) _____ _____

(c) _____ _____

(d) _____ _____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: _____
_____

E-mail Address: _____

TRANSFEREE

By: _____
Name:
Title:

DATED: _____

LIGHTBRIDGE FRANCHISE COMPANY, LLC (FRANCHISOR)

By: _____
Name:
Title

DATED: _____

EXHIBIT 9

ASSIGNMENT AND ASSUMPTION AGREEMENT

(PARTNERSHIP, CORPORATION or LIMITED LIABILITY COMPANY)

THIS ASSUMPTION AND ASSIGNMENT AGREEMENT (the **"Agreement")** is made and entered into on _____, 20___ (the "Effective Date") by and among Lightbridge Franchise Company, LLC, a New Jersey limited liability company with its principal place of business at 116 Grand St., 2nd Fl., Iselin, NJ 08830 ("**Franchisor**"), _____ **("Assignee")**, and _____an individual with an address at _____("**Assignor**").

BACKGROUND

A. Assignor and Franchisor entered into a certain Franchise Agreement dated _____(the **"Franchise Agreement")** whereby Assignor was given the right and undertook the obligation to operate a franchised business (the "**Franchised Business**") at the following location_____.

B. Assignor has organized and incorporated Assignee for the convenience and sole purpose of owning and operating the Franchised Business.

C. Assignor desires to assign the rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement.

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the Franchise Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the Franchise Agreement, effective as of the date hereof.

2. Assignee hereby assumes all of Assignor's obligations, agreements, commitments, duties and liabilities under the Franchise Agreement, and agrees to be

bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee thereunder with the same force and effect as if the Franchise Agreement were originally written with Assignee as Franchisee.

3. Exhibit A to this Agreement lists all of Assignee's owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Franchisor a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

4. The Assignor, as an owner of Assignee and in consideration of benefits received and to be received, shall sign and deliver to Franchisor a personal guaranty in the form attached as Exhibit B to this Agreement.

5. Assignor, for himself/herself and his/her agents, servants, employees, partners,
members, heirs, predecessors, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement.

6. Assignee agrees that the Franchised Business which Assignee will operate under the Franchise Agreement will be the only business Assignee operates (although Assignor may have other, non-competitive business interests);

7. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

8. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

9. This Agreement shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. If Franchisor retains the services of legal counsel to enforce the terms of this Agreement, Franchisor shall be entitled to recover all costs and expenses, including travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.

11. Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not contained in this Agreement.

12. The obligations of Assignor and Assignee under this Agreement shall be joint and several.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

ASSIGNOR:

_____

ASSIGNEE:

By:_____
Name:
Title:

FRANCHISOR:

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____
Name:
Title:

EXHIBIT A TO LIGHTBRIDGE FRANCHISE COMPANY, LLC
ASSUMPTION AND ASSIGNMENT AGREEMENT

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on_____ under the laws of_____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

2. **Principals**. The following list includes the full name of each person or entity who is one of your Principals (as defined in the Franchise Agreement), and fully describes the nature of each Principal's interest (attach additional pages if necessary).

	Principal's Name	Percentage/Description of Interest
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address:_____

_____

E-mail Address:_____

(FRANCHISEE)

By:_____
Name:
Title:

DATED:_____

LIGHTBRIDGE FRANCHISE COMPANY, LLC
(FRANCHISOR)

By: _____
Name:
Title

DATED: _____

EXHIBIT B TO LIGHTBRIDGE FRANCHISE COMPANY, LLC
ASSUMPTION AND ASSIGNMENT AGREEMENT

GUARANTY

IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to LIGHTBRIDGE FRANCHISE COMPANY, LLC (the "Franchisor"), that they are all of the shareholders, all of the general partners, or all of the members and managers of _____ ("Franchisee"), as the case may be, or a spouse of Franchisee or a shareholder, general partner or member/manager of Franchisee. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisee and Franchisor, dated _____ 20__ (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be personally bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor and without first paying or causing to be paid to Franchisor, the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned agree that the governing law and methods for resolution of disputes which govern this Guarantee shall be the same as those outlined in the Franchise Agreement.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES TO FRANCHISOR THAT THE GUARANTOR HAS READ THIS PERSONAL GUARANTEE AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTEE IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Dated:_____ _____

Print Name:

Print Name:

EXHIBIT 10

TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Agreement") is made and entered into as of the _____ day of _____, 20___ (the "Effective Date"), by and between Lightbridge Franchise Company, LLC., a New Jersey limited liability company (the "Franchisor"), and

_____, a _____ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Lightbridge Academy franchised business (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers, Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings"); domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Companies") with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event

Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings or will take such other actions as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever

discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New Jersey, without regard to the application of New Jersey conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

LIGHTBRIDGE FRANCHISE COMPANY, LLC.: FRANCHISEE:

By:_____ By:_____
Name:_____ Name:_____
Title:_____ Title:_____

EXHIBIT 11
ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO LIGHTBRIDGE FRANCHISE COMPANY, LLC ("COMPANY")

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Lightbridge Franchise Company, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:_____

City:_____ State:_____ Zip Code:_____

Transit/ABA Number:_____ Account Number:_____

This authority is to remain in full force and effect until Depository has received written notification from Lightbridge Franchise Company, LLC and Depositor of its termination.

Depositor: (Please Print)

_____

Date Signed

_____

_____

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Exhibit D

MULTI-UNIT OPERATOR AGREEMENT

Lightbridge Franchise Company, LLC

LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

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LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

This Multi-Unit Operator Agreement (the "Agreement") dated, made and entered into this ____ day of _____, 20__ ("Effective Date") by and between LIGHTBRIDGE FRANCHISE COMPANY, LLC, a New Jersey limited liability company with its principal place of business at 116 Grand St., 2nd Fl., Iselin, NJ 08830 (the "Company"), and _____ with an address at _____ ("Developer").

BACKGROUND

A. The Company and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the "Lightbridge System" or "System") for the establishment, development and operation of Lightbridge Academy centers. The System includes our proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of customers, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Lightbridge Academy center.

B. The Lightbridge System is identified by various trade names, trademarks and service marks used by the Company and its franchisees including, without limitation, the trademark "Lightbridge Academy®" and other identifying marks and symbols that the Company uses now or may later use as part of the Lightbridge System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by the Company, its equity owners, parent, predecessor or its affiliate.

C. The Company is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Lightbridge Academy center.

D. Developer wishes to obtain certain development rights to operate Lightbridge Academy centers under the System, to be identified with the Proprietary Marks in the territory described in this Agreement, and to be trained by the Company to establish and operate Lightbridge Academy centers.

NOW, THEREFORE, the parties, in consideration of the mutual covenants and commitments herein contained, hereby agree as follows:

1. GRANT

1.1 The Company hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the development rights outlined herein, and Developer hereby undertakes the obligation, to establish and operate the Lightbridge Academy centers (the "Franchised Businesses"), pursuant to the development schedule set forth in Exhibit "3" (the "Development Schedule") at specific locations to be designated in separate franchise agreements (the "Franchise Agreements") executed by Developer as provided in Section 3.1 hereof. Each Franchised Business developed hereunder shall be located in the area described in Exhibit "1" (the "Development Area") attached hereto.

1.2 Each Franchised Business developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer or its affiliate and the Company in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, during the term of this Agreement, the Company shall not establish or operate, nor license any party other than Developer to establish or operate, any Franchised Business under the System and the Proprietary Marks in the Development Area; provided, however, that Developer acknowledges and agrees that the Company retains the following rights, among others outlined herein, including in Section 1.4, in the Development Area:

1.3.1 The right to own, operate, franchise or license, both within and outside the Development Area, Lightbridge Academy centers and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by any Franchised Business.

1.3.2 The right, in connection with a merger or acquisition, to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those to be offered by Lightbridge Academy centers and regardless of location, and the right to convert those locations to Lightbridge Academy centers;

1.3.3 The right to own, operate, franchise or license on-site Corporate childcare centers. A Corporate child-care center is a Lightbridge Academy Center that operates on-site at a corporation's premises, and the student enrollment is limited to on-site employees, not the general public.

1.3.4 The right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks,

including a competing business, with locations anywhere, which may result in the required conversion of the Franchised Businesses.

1.4 Developer acknowledges and agrees that certain of the Company's or its parent, predecessor or affiliates' products and services, whether now existing or developed in the future, may be distributed in the Development Area by the Company, the Company's parent, predecessor or affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution other than through Lightbridge Academy centers as the Company, in its sole discretion, shall determine, including, but not limited to, the right to distribute products and services (which may include, but are not limited to: children products, books, food, and videos), in other channels of distribution (which other channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods), whether now existing or developed in the future, identified by the Proprietary Marks or other marks the Company and/or its parent, predecessor or affiliate owns or licenses, through any distribution method the Company or its parent, predecessor or affiliate may establish, and may franchise or license others to do so, both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with a Lightbridge Academy center. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Developer understands that this Agreement grants Developer no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 This Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner the Company's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

2. DEVELOPMENT RIGHTS FEE

2.1 In consideration of the development rights granted herein, Developer shall pay to the Company, upon execution of this Agreement, the development rights fee set forth on Exhibit "3" (the "Development Rights Fee"), receipt of which is hereby acknowledged by the Company, and which shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by the Company and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 In exercising its development rights and fulfilling its development obligations under this Agreement, Developer shall execute a Franchise Agreement for each Franchised Business at a site approved by the Company in the Development Area

as hereinafter provided. The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the then current Franchise Agreement and shall be executed concurrently with this Agreement. The Franchise Agreement for each additional Franchised Business developed hereunder shall be the form of the then-current Franchise Agreement being offered for new Lightbridge Academy franchises, generally, by the Company at the time each such Franchise Agreement is executed. Developer shall not be required to pay a separate initial franchise fee. The terms and conditions of each subsequent Franchise Agreement signed by Developer may differ from the previous Franchise Agreement, except the royalty fees and brand development fund fees payable to the Company will not exceed the fees in the Franchise Agreement for the first Franchised Business developed hereunder. In addition, each Franchise Agreement shall be modified to provide that the Training Fee shall be $20,000.

3.2 Prior to Developer's acquisition by lease or purchase of any site for a Franchised Business, Developer shall submit to the Company, in the form specified by the Company, the description of the proposed site and such information or materials as the Company may reasonably require, together with a letter of intent or other evidence satisfactory to the Company which confirms Developer's favorable prospects for obtaining the proposed site. The Company shall have fourteen (14) days after receipt of the description of the proposed site and other information and materials from Developer to exercise its right and option, in writing, to approve or disapprove the proposed site for development as a Franchised Business. In the event the Company does not approve a proposed site by written notice to Developer within such fourteen (14) days, such site shall be deemed disapproved by the Company. The Company may present sites to Developer which meet the criteria and are available, but Developer shall have no obligation to accept any such sites. Developer acknowledges that Developer, and not the Company, has the duty and obligation to obtain an approved site for each Franchised Business.

3.3 Developer acknowledges that Developer is solely responsible for locating and securing sites acceptable to the Company and for negotiating leases or purchase agreements for the sites acceptable to the Company. Developer shall submit to the Company the information developed at Developer's expense that the Company requests concerning any site and lease proposed by Developer for the Company's approval under this Agreement at any time as the Company may request. Developer acknowledges and agrees that the Company's review of the site information and lease (if any), presentation of a site to Developer, and/or approval does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for a Franchised Business or any lease terms or for any other purpose, or of its compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Franchised Business. The Company's presentation and/or approval of the site and/or lease (if any) indicates only that the Company believes the site and lease complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation.

Both Developer and the Company acknowledge that application of criteria that have been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria, could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. The Company shall not be responsible for the failure of a site or lease presented or approved by the Company to meet Developer's expectations as to revenue or operational criteria. Developer further acknowledges and agrees that its acceptance of a site or lease is based on its own independent investigation of the suitability of the site or the lease.

3.4 Recognizing that time is of the essence, Developer agrees, by the dates described in the Development Schedule (except as set forth below), to (1) execute each subsequent Franchise Agreement and (2) have open and operating the minimum cumulative number of Franchised Businesses. If Developer fails, by the respective dates set forth in the Development Schedule, (x) to (1) execute the Franchise Agreements for the number of centers required in the Development Schedule and (2) have open and operating the minimum number of Franchised Businesses required in the Development Schedule, or (y) thereafter to develop, open and operate the respective Franchised Businesses in accordance with the terms of the Franchise Agreements, Developer shall be in material default of this Agreement, and the Company shall have the right to all remedies described in Section 6.2 hereof. Notwithstanding the foregoing, in the event Developer fails to meet the Development Schedule, provided Developer is making reasonable efforts to fulfill Developer's obligations pursuant to this Paragraph 3.4 (as determined by the Company), then the Company shall grant Developer a one-time extension of one hundred eighty (180) days to cure such default.

3.5 Notwithstanding anything to the contrary hereto, unless otherwise approved by the Company, in the Company's sole discretion, Developer shall not be permitted to execute additional franchise agreements or additional leases during any period that any of the Franchised Businesses developed hereunder fail to meet the below performance requirements (the "Center Performance Requirements"):

3.5.1 NPS (Net Promoter Score): Each Franchised Business must maintain a minimum score of 65 (enrolled – 3 months and 12 months rolling).

3.5.2 Reputation Management: Each Franchised Business must maintain a minimum rolling 3.8 on Yelp and Google Reviews.

3.5.3 Secret Shop: Each Franchised Business must maintain a minimum score of 90%. If a Secret Shop is less than 90%, the Developer (or its affiliate) will have 30 days to correct deficiencies and bring the score up to at least 90% as determined by the Company.

3.5.4 Quality Assurance Audits: Each Franchised Business must maintain a minimum score of 90%. If a Quality Assurance Audit is less than 90%, the Developer (or its affiliate) will have 30 days to correct deficiencies and bring the score up to at least 90%

During any period that Developer is not permitted to execute a franchise agreement or lease agreement as a result of its failure to meet the Center Performance Obligations, the Developer's obligations pursuant to the Development Schedule shall not be tolled or extended or entitle Developer to any refund of the Development Rights Fee paid hereunder.

4. TERM

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the Franchised Businesses required by the Development Schedule.

4.2 Upon expiration of this Agreement as set forth in Section 4.1 of this Agreement:

4.2.1 Developer shall not have any right to establish any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of expiration; and

4.2.2 The Company shall be entitled to establish and operate, and license others to establish and operate Franchised Businesses under the System and Proprietary Marks in the Development Area, except to the extent it would conflict with the territorial rights under any Franchise Agreement which has been executed between the Company and Developer.

5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, the Company shall furnish to Developer the following:

5.1.1 Such site selection consultation as the Company may deem advisable; and

5.1.2 Such on-site evaluation as the Company may deem advisable as part of its evaluation of Developer's request for site approval; provided, however, that the Company shall not provide on-site evaluation for any proposed site prior to the Company's receipt of such information and materials required under Section 3.2 hereof, including, but in no way limited to, a description of the proposed site and a letter of intent or other evidence satisfactory to the Company which confirm Developer's favorable prospects for obtaining the proposed site.

The Company shall not provide on-site evaluation for any proposed site if Developer has not yet signed the applicable Franchise Agreement.

5.1.3 Review site survey information on sites Developer selects for conformity to the Company's standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Franchised Business.

5.1.4. Provide Developer with standard specifications and layouts for building and furnishing the Franchised Business.

5.1.5 Review Developer's site plan and final build-out plans and specifications for conformity to Company standards and specifications.

5.2 Developer accepts the following obligations:

5.2.1 A Developer which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.1.1 Developer shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Developer's corporate documents from time to time as it, in its sole discretion, deems advisable.

5.2.1.2 Developer shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

5.2.1.3 Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Multi-Unit Operator Agreement with Lightbridge Franchise Company, LLC, dated _____. Reference is made to the provisions of the said Multi-Unit Operator Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 5.2.1.3 shall not apply to a "publicly-held corporation". A "publicly-held corporation" for purposes

of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

5.2.1.4 Developer shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Developer and shall furnish the list to the Company upon request, and in no event less frequently than when a change is made to same.

5.2.2 A Developer which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.2.1 Developer shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

5.2.2.2 Developer shall prepare and furnish to the Company, upon request but in no event less frequently than when a change is made to same, a list of all general and limited partners in Developer.

5.2.3 A Developer which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.3.1 Developer shall furnish the Company with a copy of its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Developer's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

5.2.3.2 Developer shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.

5.2.3.3 Developer shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request, but in no event less frequently than when a change is made to same.

5.2.4 Developer represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in Exhibit "2" attached hereto is complete and accurate.

5.2.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Developer shall execute the Guarantee attached as Exhibit “4” hereto.

5.2.6 Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.7 Developer acknowledges and agrees that once Developer, or its affiliate(s) operate three (3) or more Franchised Businesses, Developer shall be required to hire and retain a regional manager to oversee each of the Franchised Businesses. Such regional manager (and any replacement regional manager) shall be required to attend and complete the Company’s standard training program (including any training developed by the Company for multi-unit franchisees) to the Company’s satisfaction within sixty (60) days of being hired. Developer shall be responsible for the regional manager’s personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training. Developer must notify the Company of any changes in the Regional Manager position. This obligation will survive expiration of this Agreement.

5.2.8 Developer (or its Operating Principal for each Franchised Business) and Developer’s Regional Manager (as required by the Company) shall be required to participate in monthly operation reviews with each Franchised Business’ assigned coach.

5.2.9 Developer (or its Operating Principal for each Franchised Business) shall be required to participate in monthly and quarterly trainings / calls.

5.2.10 Developer (or its Operating Principal for each Franchised Business) shall be required to attend the Company’s Annual Owners Conference event.

5.2.11 Developer shall comply with all of the other terms, conditions and obligations of Developer under this Agreement.

6. DEFAULT

6.1 Developer shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate, upon written notice to Developer, if Developer (or any of Developer’s owners): falsifies any information or material provided to the Company; becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and consented to by Developer; is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer’s business or assets is filed and consented to by Developer or a receiver is appointed by any court of competent jurisdiction; if execution is levied

against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days or if the real or personal property of any of Developer's Franchised Businesses shall be sold after levy thereupon by any sheriff, marshal or constable; uses the Company's Confidential Information in an unauthorized way; commit any acts of moral turpitude or other criminal acts which may affect the reputation or the goodwill of the Proprietary Marks; or is convicted of or pleads guilty or nolo contender of a felony.

6.2 If Developer fails to comply with or to perform any of the terms, conditions or obligations of this Agreement (including the development obligations described herein) or in any Franchise Agreement or any other agreement between Developer or any of its affiliates and the Company, its parent, predecessor or affiliates or subsidiaries, or if Developer makes or attempts to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, the Company shall have the right, in its sole discretion:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice; or

6.2.2 To terminate the territorial protection granted under Section 1.3 hereof, and the Company shall have the right to establish and operate, and license others to establish and operate, Franchised Businesses within the Development Area

6.3 Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of termination. The Company shall have the right to establish and operate, and to license others to establish and operate, Franchised Businesses under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between the Company and Developer.

6.4 All defaults not listed in Section 6.1 or 6.2, are considered curable defaults and shall have a 30-day cure period.

6.5 No right or remedy herein conferred upon or reserved to the Company is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Transfer by the Company:

The Company shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity, Developer agrees hereby to consent to any such assignment and delegation and to execute any

documents in connection therewith as reasonably requested by the Company. Any such assignment shall be binding upon and inure to the benefit of the Company's successors and assigns.

7.2 Transfer by Developer:

Developer understands and acknowledges that the rights and duties set forth in this Agreement are unique to Developer, and are granted in reliance on the business skill, financial capacity, and personal character of Developer or Developer's owners. If Developer is an individual, Developer shall have no right to transfer this Agreement without the prior written consent of the Company. A sale, transfer or assignment requiring the prior written consent of the Company shall be deemed to occur: (i) if Developer is a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase in voting stock; or any increase in the number of outstanding voting shares which result in a change of ownership; or (ii) if Developer is a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest. Developer shall notify the Company of any change in stock ownership, membership interests or partnership ownership interests in Developer while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 7.2. If Developer or its equity owners propose to transfer or assign 20% or more of Developer's interest in this Agreement or in the business conducted under this Agreement or in Developer or if Developer is a business entity, to any third party in connection with a bona fide offer from such third party, Developer or its equity owners shall first tender to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company. The Company's consent shall not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of the Company, shall be null and void and shall constitute a material breach of this Agreement, for which the Company may then terminate this Agreement without opportunity to cure pursuant to Section 6.2 of this Agreement.

7.2.1 The Company shall not unreasonably withhold its consent to a transfer of this Agreement, or a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer; provided, however, the Company may, in its sole discretion, require as a condition of its approval that:

7.2.1.1 All of Developer's accrued monetary obligations to the Company and its parent, predecessor and affiliate and all other outstanding obligations related to the terms and conditions under this Agreement shall have been satisfied;

7.2.1.2 Developer (and its owners or affiliates) is not in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement with the Company, or its subsidiaries parent, predecessor and affiliate;

7.2.1.3 The transferor shall have executed a general release under seal, in a form satisfactory to the Company, of any and all claims against the Company, its parent, predecessor and affiliate and their officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

7.2.1.4 If the transfer is taking place pursuant to a transfer or sale of a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer, transferor shall provide the Company with an executed copy of the purchase agreement;

7.2.1.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall enter into a written assignment, under seal and in a form satisfactory to the Company, assuming and agreeing to discharge all of Developer's obligations under this Agreement, and all the owners of any interest in Developer shall execute the Company's then-current form of guarantee of Developer's obligations hereunder;

7.2.1.6 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall demonstrate to the Company's satisfaction that the transferee meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to comply with the Development Schedule;

7.2.1.7 At the Company's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a legal or beneficial interest in the transferee as the Company may request) shall execute (and/or, upon the Company's request, shall cause all interested parties to execute), for a term ending on the expiration date of this Agreement, the Company's then-current standard form of Agreement, which agreement shall supersede this Agreement in all respects and the terms of which agreement may differ from the terms of this Agreement; provided, however, that the Development Schedule thereunder shall be the same as in this Agreement, and (b) all owners of an interest in Developer shall execute the Company's then-current form of guarantee of Developer's obligations under the development agreement;

7.2.1.8 Developer shall remain liable for all obligations of Developer's business prior to the effective date of the transfer and shall

execute any and all instruments reasonably requested by the Company to evidence such liability;

7.2.1.9 Each Franchised Business which has opened and been approved for operation by the Company is in full compliance with all the conditions and terms of the Franchise Agreement for such Franchised Business;

7.2.1.10 Developer shall pay a transfer fee of Five Thousand Dollars ($5,000), however if the Company (a) introduces the transferee to Developer or (b) if the transferee is an existing center employee, the transfer fee shall be 10% of the sales price. In no event shall the transfer fee be less than the amount necessary to reimburse the Company for its legal, accounting, training, and other expenses incurred in connection with the transfer; provided, however, in the case of a one-time transfer to a corporation or limited liability company formed by Developer for the convenience of ownership, such fee shall be waived.

7.2.2 Developer shall use its best efforts in the event it grants a security interest in any of the assets of the business licensed hereunder to cause the secured party to agree that in the event of any default by Developer under any documents related to the security interest, the Company shall have the right and option to be substituted as obligor to the secured party and to cure any default of Developer, it being understood that such right of the Company may be subordinate to the rights of Developer's lenders or landlord.

7.2.3 Developer acknowledges and agrees that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder.

7.3 For any transfer triggering the Company's right of first refusal pursuant to Section 7.2, the Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of written notification, to send written notice to the seller that the Company or its parent, predecessor or affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company or its parent, predecessor or affiliate. In the event that the Company or its parent, predecessor or affiliate has elected not to purchase the seller's interest, any material change in the terms of any offer prior to closing by any third party shall constitute a new offer subject to the same rights of first refusal by the Company described in this Section 7.3 as in the case of an initial offer. Failure by the Company or its parent, predecessor

or affiliate to exercise the option afforded by this Section 7.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7.3 with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its parent, predecessor or affiliate may purchase the interest in the Developer's business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by mutual agreement of the Company and Developer, and his determination shall be binding. If the Company and Developer cannot agree upon the selection of a single appraiser, then each party shall designate one (1) such appraiser and the two (2) designated appraisers, in turn, shall designate a third party appraiser and the determination of the three (3) appraisers shall be binding.

7.4 Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in Developer, the transfer of which requires the consent of the Company as provided in Section 7.2 hereof, the executor, administrator, personal representative, guardian, or conservator of such person shall transfer such interest within ninety (90) days after such death or mental incompetency to a third party approved by the Company. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivo*s transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement.

7.5 The Company's consent to any transfer under this Section 7 shall not constitute a waiver of any claims the Company may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.

8. COVENANTS

8.1 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by the Company, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable confidential information, including, without limitation,

information regarding the site selection and marketing methods and techniques of the Company and the System, and that Developer has the right and obligation under this Agreement to identify sites and develop the Development Area for the benefit of the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.2.1 Divert or attempt to divert any business or member of Developer's Franchised Businesses or any Lightbridge franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's Proprietary Marks and the System; or

8.2.2 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business which offers child day care or preschool learning (a "Competing Business"). The prohibitions in this Section 8.2.2 shall not apply to interests in or activities performed in connection with a Franchised Business.

8.3 Developer covenants that, except as otherwise approved in writing by the Company, Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competing Business; that is then, or is intended to be, located at or within:

8.3.1 the Development Area; or

8.3.2 ten (10) miles of any franchised business operating under the System and/or utilizing the Proprietary Marks.

8.4 Section 8.3 shall not apply to ownership by Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.6 Developer understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.7 Developer expressly acknowledges that the existence of any claims which Developer may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 8.

8.8 Developer acknowledges that Developer's violation of the terms of this Section 8 would result in irreparable injury to the Company and/or its parents, affiliates or predecessors for which no adequate remedy at law may be available. Accordingly, the Company shall be entitled to seek equitable and injunctive relief against actual or threatened conduct that shall cause such loss or damages, without the necessity of proving actual damages or posting a bond. In any such action for equitable relief, injunctive relief or specific performance, Developer agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in seeking to prohibit any conduct by Developer in violation of the terms of this Section 8.

8.9 With respect to each person who becomes associated with Developer in an ownership capacity subsequent to execution of this Agreement, Developer shall require and obtain such covenants from them and promptly provide the Company with executed copies of such covenant.

8.10 In no event shall any person associated with Developer be granted access to any confidential aspect of the System or any Franchised Business prior to execution of such a confidentiality covenant. All covenants required by this Section 8.10 shall be in the form attached as Exhibit "5" and shall identify the Company as a third-party beneficiary of such covenants with the independent right to enforce them. Developer shall be liable to the Company for all actions and omissions with respect to the Company's confidential information of Developer's employees and representatives who have access to the Company's confidential information. Failure by Developer to obtain execution of a covenant required by this Section 8.10, and provide the same to the Company, shall constitute a material breach of this Agreement.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail, facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Notwithstanding the foregoing, knowledge of a change in the Company's principal place

of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt.

Notices to the Company:

LIGHTBRIDGE FRANCHISE COMPANY, LLC
116 Grand St., 2nd Fl.
Iselin, NJ 08830
Attn: CEO

Notices to Developer:

_____
_____
_____

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

10.2 During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which the Company reserves the right to specify.

10.3 Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name.

10.4 Developer shall indemnify, defend and hold the Company and its parents, affiliates and predecessors and any of their officers, directors, and employees (the "Indemnified Parties") harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with Developer's activities (or omissions), or those of its owners, employees or representatives, and from all costs (including attorney's fees), damages, sums of money, settlements, or judgments. In the settlement of any matter hereunder, in no event shall Developer be permitted to admit fault on behalf of the Indemnified Parties nor to agree to any provision that places any obligations or restrictions on an Indemnified Party (including the payment of any money) without the Indemnified Party's express written consent. At Developer's expense and risk, the Indemnified Party may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that the Indemnified Party will seek Developer's advice and counsel and shall keep Developer informed with regard to any

such proposed or contemplated settlement(s). Such an undertaking by an Indemnified Party shall in no manner or form diminish Developer's obligation to indemnify the Indemnified Party and to hold the party harmless.

11. APPROVALS AND WAIVERS

11.1 Whenever this Agreement requires the prior approval or consent of the Company, Developer shall make timely written request to the Company therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

11.2 The Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Developer shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

12. SEVERABILITY AND CONSTRUCTION

12.1 Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any

rights or remedies under or by reason of this Agreement, except as expressly provided for herein.

12.3 Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Developer concerning the subject matter hereof and supersede any and all prior agreements. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

14. APPLICABLE LAW AND JURISDICTION

14.1 **Amendments**. THIS AGREEMENT MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE COMPANY'S FRANCHISE DISCLOSURE DOCUMENT.

14.2 **Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of New Jersey. Except as provided in Sections 14.3 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts in the then-current County and State where our corporate headquarters is located. Developer hereby irrevocably consents to the personal jurisdiction of the then-current County and State where our corporate headquarters is located, as set forth above.

14.3 **Injunctive Relief**. Nothing in this Agreement shall prevent the Company from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions without the necessity of proving actual damages or posting a bond. In any such action for equitable relief, injunctive relief or specific performance, Developer agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in

seeking to prohibit any conduct by Developer.

14.4 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

14.5 **Successors.** References to the Company or Developer include their successors, assigns or transferees, subject to the limitations of this Agreement.

14.6 **Reformation.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to the Company or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and the Company's other trade secrets, is declared invalid or unenforceable, then the Company at its option may terminate this Agreement immediately upon written notice to Developer.

14.7 **Force Majeure.** Neither the Company, its parent, predecessor or affiliate nor Developer shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as the Company deems reasonable.

14.8 **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

14.9 **PARTIES. THE SOLE ENTITY AGAINST WHICH DEVELOPER MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY OR ANY CLAIM IS AGAINST THE COMPANY OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, GENERAL MANAGERS, OFFICERS, EMPLOYEES,**

AGENTS AND REPRESENTATIVES OF THE COMPANY AND OF ITS PARENT, PREDECESSOR AND AFFILIATE SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY DEVELOPER IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.

14.10 **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

14.11 **JURY TRIAL WAIVER. THE COMPANY AND DEVELOPER, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THE COMPANY AND DEVELOPER, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

15.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent businessperson, or if Developer is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Developer expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Developer also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Developer's independent investigation of the business contemplated hereunder.

15.2 Developer acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

15.3 Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has

accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

15.4 This Agreement may be executed in multiple copies, each of which shall be deemed an original, including electronic signatures and copies sent via electronic transmission.

15.5 Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Developer represents and warrants to the Company that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

DEVELOPER

_____

LIGHTBRIDGE FRANCHISE COMPANY, LLC

_____

EXHIBIT 1 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

DEVELOPMENT AREA

The entire area located within the following postal codes:

_____

_____

(DEVELOPER)

By:_____

DATED:_____

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____

DATED: _____

EXHIBIT 2 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

Statement of Ownership Interest

Developer Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	Position(s) Held

2. **Owners**. The following list includes the full name of each person who is one of your owners or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Company's prior written approval. The Operating Principal is the person to receive communications from the Company and Notice for Developer.

Address:

_____

E-mail Address:_____

DEVELOPER

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Print Name of Developer]

By:_____
[signature of person signing on behalf of entity]

Title of Signer:_____

DATED:_____

EXHIBIT 3 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

Development Schedule/ Development Rights Fee

Developer Agrees to develop and open Lightbridge Academy centers in the Development Area according to the following schedule:

Number of Centers to be Opened	Center to be Opened By (Date)	Number of Center to be Open and Operating by Opening Date (in previous column)

Development Rights Fee: _____

EXHIBIT 4 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

GUARANTEE

As an inducement to Lightbridge Franchise Company, LLC (the "Company") to execute the Multi-Unit Operator Agreement between the Company and _____ ("Developer") dated _____, 20___ (the "Agreement"), the undersigned ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby personally agree to the same indemnification obligations imposed on Developer under Section 10.4 of the Agreement.

The undersigned hereby acknowledge and agree to be individually bound by all of the Developer's covenants contained in Section 8 of the Agreement.

Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New Jersey which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party.

Notices to the Company:

LIGHTBRIDGE FRANCHISE COMPANY, LLC
116 Grand St., 2nd Fl.
Iselin, NJ 08830
Attn: CEO

Notices to Guarantors:

_____
_____
_____
_____

Notwithstanding the foregoing, knowledge of a change in the Company's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS: **GUARANTORS:**

_____ _____

WITNESS:

_____ _____

WITNESS:

_____ _____

EXHIBIT 5 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

CONFIDENTIALITY AGREEMENT
(for employees of Developer)

1. Pursuant to a Multi-Unit Operator Agreement dated _____, 20___ (the "Development Agreement"), _____ (the "Developer") has acquired the right from LIGHTBRIDGE FRANCHISE COMPANY, LLC (the "Company") to establish and operate Lightbridge Academy centers (the "Franchised Businesses") and the right to use in the operation of the Franchised Businesses the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only in the following Development Area: _____.

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Lightbridge Academy centers offering child day care and preschool learning. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all client personal information that I obtain or have access to.

3. In consideration for my employment with the Developer and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the "Agreement").

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. As an employee of the Developer, the Company and Developer may disclose the Confidential Information to me via training programs, the Company's Confidential Operations Manual (the "Manual"), and other general assistance during the term of my employment with the Developer.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Developer during the term of my employment with the Developer and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me during my employment with the Developer and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered "works made for hire" and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Developer, and will continue not to disclose or use any such information even after I cease to be employed by the Developer, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Developer under the Agreement, a breach of the employees or associates of the Developer, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Developer and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this

Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that the Developer is my employer and I have no employment relationship with the Company.

13. Subject to the rights of the Developer and the Company in Section 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of any court of competent jurisdiction in the county and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

14. In the event any action for equitable relief, injunctive relief or specific performance is filed, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the county and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Developer's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY DEVELOPER

By:_____

Name:_____

EXHIBIT 6 TO
LIGHTBRIDGE FRANCHISE COMPANY, LLC
MULTI-UNIT OPERATOR AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

(PARTNERSHIP, CORPORATION or LIMITED LIABILITY COMPANY)

THIS ASSUMPTION AND ASSIGNMENT AGREEMENT (the **"Agreement")** is made and entered into on _____, 20___ (the "Effective Date") by and among LIGHTBRIDGE FRANCHISE COMPANY, LLC, a New Jersey limited liability company having its principal place of business located at 116 Grand St., 2nd Fl., Iselin, NJ 08830 ("**Franchisor**"), _____ **("Assignee")**, and _____an individual with an address at _____("**Assignor**").

BACKGROUND

A. Assignor and Franchisor entered into a certain Multi-Unit Operator Agreement dated _____(the **"Development Agreement")** whereby Assignor was given the right and undertook the obligation to operate franchised businesses (the "**Franchised Business**") in the following development area_____.

B. Assignor has organized and incorporated Assignee for the convenience and sole purpose of owning and operating the Franchised Businesses.

C. Assignor desires to assign the rights and obligations under the Development Agreement to Assignee pursuant to and in accordance with the provisions of the Development Agreement.

D. Franchisor is willing to consent to the assignment of the Development Agreement to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the Development Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the Development Agreement, effective as of the date hereof.

2. Assignee hereby assumes all of Assignor's obligations, agreements, commitments, duties and liabilities under the Development Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Developer thereunder with the same force and effect as if the Development Agreement were originally written with Assignee as Developer.

3. Exhibit A to this Agreement lists all of Assignee's owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Franchisor a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

4. The Assignor, as an owner of Assignee and in consideration of benefits received and to be received, shall sign and deliver to Franchisor a personal guaranty in the form attached as Exhibit B to this Agreement.

5. Assignor, for himself/herself and his/her agents, servants, employees, partners,
members, heirs, predecessors, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the Development Agreement.

6. Assignee agrees that the Franchised Businesses which Assignee will operate will be the only businesses Assignee operates (although Assignor may have other, non-competitive business interests);

7. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

8. The governing law and methods of dispute resolution in the Development Agreement shall govern this Agreement as well.

9. This Agreement shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. If Franchisor retains the services of legal counsel to enforce the terms of this Agreement, Franchisor shall be entitled to recover all costs and expenses, including

travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.

11. Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not contained in this Agreement.

12. The obligations of Assignor and Assignee under this Agreement shall be joint and several.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

ASSIGNOR:

_____

ASSIGNEE:

By:_____
Name:
Title:

FRANCHISOR:

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____
Name:
Title:

EXHIBIT A TO LIGHTBRIDGE FRANCHISE COMPANY, LLC
ASSUMPTION AND ASSIGNMENT AGREEMENT

Developer Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on_____ under the laws of_____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

2. **Principals**. The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owners interest (attach additional pages if necessary).

	Principal's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Company and Notice for Developer.

Address:

_____

E-mail Address:_____

(FRANCHISEE)

By:_____
Name:
Title:

DATED:_____

LIGHTBRIDGE FRANCHISE COMPANY, LLC

By: _____
Name:
Title

DATED: _____

EXHIBIT B TO LIGHTBRIDGE FRANCHISE COMPANY, LLC
ASSUMPTION AND ASSIGNMENT AGREEMENT

GUARANTY

As an inducement to Lightbridge Franchise Company, LLC (the "Company") to execute the Multi-Unit Operator Agreement between the Company and _____ ("Developer") dated _____, 20___ (the "Agreement"), the undersigned ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby personally agree to the same indemnification obligations imposed on Developer under Section 10.4 of the Agreement.

The undersigned hereby acknowledge and agree to be individually bound by all of the Developer's covenants contained in Section 8 of the Agreement.

Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New Jersey which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party.

Notices to the Company:

LIGHTBRIDGE FRANCHISE COMPANY, LLC
116 Grand St., 2nd Fl.
Iselin, NJ 08830
Attn: CEO

Notices to Guarantors:

_____
_____
_____
_____

Notwithstanding the foregoing, knowledge of a change in the Company's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS: **GUARANTORS:**

_____ _____

WITNESS:

_____ _____

WITNESS:

_____ _____

Exhibit E

STATE ADDENDUM

Lightbridge Franchise Company, LLC

ADDENDUM PURSUANT TO
THE NEW YORK FRANCHISE LAW

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMTION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FOR IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from

membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,"** and Item 17(m), entitled "**Conditions for franchisor approval or transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

Franchisee: _____ Date: _____

Franchisor: _____ Date: _____

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Lightbridge Franchise Company, LLC's Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document and the appropriate section of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document and the appropriate section of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document and the appropriate section of the Franchise Agreement are amended to state that the provisions in the Franchise Agreement that provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The Franchise Agreement is revised to provide that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure law.

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. Item 5 of the Disclosures, and the appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended accordingly.

Franchisee: _____ Date: _____

Franchisor: _____ Date: _____

A

ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document and Franchise Agreement for Lightbridge Franchise Company, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1.564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Franchisee: _____ Date: _____

Franchisor: _____ Date: _____

Exhibit F

LEASE GUARANTY AGREEMENT

Lightbridge Franchise Company, LLC

LEASE GUARANTY AGREEMENT

This Lease Guaranty Agreement is made this __ day of _____, 20___, (the "Effective Date") by and between LIGHTBRIDGE ASSURANCE GROUP, LLC a New Jersey limited liability company, with its principal business address at 116 Grand Street, 2nd Fl., Iselin, New Jersey 08830 ("LAG") and _____, whose address is _____ _____ ("Franchisee").

WHEREAS, Lightbridge Franchise Company, LLC, (""Franchisor") has entered into a certain franchise agreement with Franchisee, dated the ___ day of _____, 20__ (the "Franchise Agreement") for the operation of a Lightbridge Academy center at the Approved Location set forth on the Lease Declaration attached as Exhibit "3".

WHEREAS, Franchisee intends to enter into a certain lease agreement (the "Lease") for Franchisee to operate a Lightbridge Academy center at the Approved Location;

WHEREAS, LAG has agreed, upon certain terms and conditions, to provide a limited guaranty of collection;

NOW, THEREFORE, for and in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Franchisee shall deliver to LAG, a copy of the proposed Lease for the Center at least thirty (30) days prior to the expected execution thereof, and such other documents as LAG may reasonably request, so that it can evaluate the acceptability of the terms and conditions of the Lease. Such right to determine acceptability shall be in addition to, and not in lieu of, any rights of acceptability or approval which Franchisor may have under the Franchise Agreement.

2. If LAG determines, in its sole discretion, that the terms and conditions of the proposed Lease are acceptable, it shall execute a Limited Guaranty of Collection of the rent due under the Lease (the "Guaranty"), in favor of the Landlord (subject to the terms and conditions contained in this Agreement).

3. In no event shall LAG's liability under the Guaranty exceed the lesser of (i) three hundred thousand dollars ($300,000.00) or (ii) any cap of personal liability of any of Franchisee's equity owner(s) to the landlord, pursuant to a personal guaranty delivered by Franchisee's equity owners to the landlord.

4. LAG's liability under the Guaranty shall decrease by a minimum of thirty three and one third percent (33 1/3%) per year, so that the lease guaranty is extinguished at the end of the third year (from the date that Franchisor grants Franchisee its approval to open the Franchised Business for business).

5. The Guaranty shall provide that at the time demand for payment is made, the Lease has not been amended or modified without the prior written consent of LAG.

6. The Guaranty shall require Landlord to contemporaneously provide LAG with copies of any notices provided to Franchisee under the Lease.

7. The Guaranty shall contain any other terms and conditions reasonably required by LAG.

8. Upon executing this Agreement, Franchisee shall pay to LAG an initial lump sum set up fee payment in the amount of twenty thousand dollars ($20,000).

9. During the term of this Agreement, Franchisee shall pay to LAG an annual lease guaranty fee equal to one dollar ($1.00) per square foot of your Approved Location (the "Lease Guaranty Fee"). The Lease Guaranty Fee is payable in twelve equal monthly installments in the amount set forth in the Lease Declaration, attached as Exhibit "3" (the "Monthly Guaranty Payment Fee"). Each Monthly Guaranty Payment Fee is payable to LAG on or prior to the first day of each month, commencing on the first day of the month immediately following the date that Franchisor grants approval for Franchisee to open the Center for business. If LAG directs, Franchisee shall designate an account at a commercial bank of its choice (the "Account") for the payment of the Monthly Guaranty Payment Fee and any other amounts due LAG in connection with this Agreement. Franchisee shall furnish the bank with authorizations necessary to permit LAG to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay LAG its actual cost incurred for bank charges, plus a reasonable administrative fee if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid.

10. Upon executing this Agreement, Franchisee's equity owners shall execute the Guaranty of Performance attached hereto as Exhibit "1".

11. Upon executing this Agreement, Franchisee shall execute and deliver to LAG the Security Agreement attached hereto as Exhibit "2".

12. Upon executing the Lease, Franchisee shall execute and deliver to LAG, the Lease Declaration attached hereto as Exhibit "3".

13. Upon executing the Lease, Franchisee shall execute and deliver to LAG the Consent of Assignment attached hereto as Exhibit "4".

14. Franchisee shall defend, indemnify and hold LAG and its affiliates, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from (i) any and all amounts due to Landlord under the Lease, including without limitation, all base rent, additional rent, and all fees and costs of collection resulting from Franchisee's default under the Lease and (ii) all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Center, performance or breach of its obligations under this Agreement or the Lease, breach of any warranty or representation in

this Agreement or the Lease or from the acts or omissions of Franchisee, its employees or agents. The provisions of this Section 14 shall survive the termination or expiration of this Agreement.

15. This Agreement shall terminate upon the reduction of LAG's liability to Landlord to zero dollars ($0.00) under the Guaranty.

16. Any late payment of fees due to LAG, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Center is located. If LAG engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and collection expenses incurred by LAG.

17. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to LAG, or its affiliates, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

18. LAG's review of the lease for the premises and its execution of the Guaranty does not constitute LAG's or its affiliates' representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of LAG's or its affiliates' opinion regarding the terms of the lease or the viability of the location.

19. This Agreement shall be governed by the laws of the State of New Jersey.

20. References to LAG or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

LEASE GUARANTY AGREEMENT
SIGNATURE PAGE

Intending to be legally bound hereby, the parties have caused this Agreement to be executed effective the date first set forth above.

FRANCHISEE:

_____
(Individual, Partnership, Corporation
or LLC Name)

By:_____

Title: _____

LIGHTBRIDGE ASSURANCE GROUP, LLC

By: _____

Title: _____

EXHIBIT 1 TO LEASE GUARANTY AGREEMENT

GUARANTY OF PERFORMANCE

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

This Guaranty is being executed and delivered pursuant to the terms of that certain Lease Guaranty Agreement between Lightbridge Assurance Group, LLC, a New Jersey limited liability company ("LAG") and _____ (the "Franchisee"), dated the ___ day of _____, 20__ and is subject to all of the terms, covenants and agreements thereof.

The undersigned persons hereby represent to LAG that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be.

In consideration of LAG executing a Limited Guaranty of Collection in favor of Franchisee's landlord, each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the Lease Guaranty Agreement and the Lease, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Lease Guaranty Agreement and Lease, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Lease Guaranty Agreement to LAG and/or its affiliate. This Guaranty shall be governed by the state law as outlined in the Lease Guaranty Agreement.

EACH GUARANTOR ACKNOWLEDGES TO LIGHTBRIDGE ASSURANCE GROUP, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Dated:_____

_____
Print Name:

_____
Print Name:

_____
Print Name:

_____
Print Name:

EXHIBIT 2 TO LEASE GUARANTY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made this ____ day of ____, 20__, by and between LIGHTBRIDGE ASSURANCE GROUP, LLC a New Jersey limited liability company, with its principal business address at 116 Grand Street, 2nd Fl., Iselin, New Jersey 08830 ("LAG") and _____, whose address is _____ ("Franchisee").

STATEMENT OF FACTS

A. Franchisee and LAG are parties to a Lease Guaranty Agreement dated the __ day of _____, 20__ (the "Lease Guaranty Agreement"), pursuant to which LAG agreed to execute a Limited Guaranty of Collection in favor of Franchisee's Landlord for a portion of the rent due under Franchisee's Lease.

B. To induce LAG to execute the Limited Guaranty of Collection, Franchisee has agreed to provide LAG with a security interest in and lien upon certain property of Franchisee more particularly described herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the parties, intending to be legally bound, covenant and agree as follows:

1. For valuable consideration, receipt of which is hereby acknowledged, Franchisee hereby grants to LAG a security interest in the property described in paragraph 2 hereof (collectively and severally, the "Collateral") to secure payment and performance of the obligations described in paragraph 3 hereof (collectively and severally, the "Obligations").

2. The "Collateral shall consist of (now owned or hereafter acquired) all inventory, equipment, accounts, tools, computer hardware and software, furniture, furnishings, fixtures, chattel paper, deposit accounts, property, money, other rights to payment and performance, and general intangibles and all existing and hereafter acquired books and records relating to the foregoing Collateral and all equipment containing such books and records (including, without limitation, computer data and storage media) and all proceeds from the foregoing Collateral.

3. The Obligations secured by this Security Agreement shall consist of any and all debts, obligations, and liabilities of Franchisee to LAG arising out of or related to the Lease Guaranty Agreement and/or Lease.

4. Franchisee agrees to execute one or more financing statements pursuant to the Uniform Commercial Code (the "UCC") in form reasonably satisfactory to LAG, and Franchisee will pay the cost of filing such financing statements in all public offices wherever filing is reasonably required by the UCC in order to perfect the security interest granted to LAG. All terms not otherwise defined herein shall have the meanings given to such terms in the UCC.

5. Except for security interests in favor of an SBA commercial lender (which will have first priority over LAG's security interest hereunder), no person has (or, in the case of after-acquired Collateral, at the time Franchisee acquires rights therein, will have) any right, title, claim, or interest (by way of security interest or other lien or charge) in, against or to the Collateral.

6. Upon the occurrence of a default of the Obligations , LAG will have the rights and remedies of a secured party under the UCC. Franchisee will remain liable to LAG for any deficiency on the Obligations.

7. LAG may exercise its rights and remedies with respect to the Collateral without regard to any other security or sources for payment. LAG will not be deemed to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by LAG. No delay or omission on the part of LAG in exercising any rights or remedies will operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one occasion will not be construed as a bar or waiver of any right or remedy on future occasions. All rights and remedies of LAG hereunder will be cumulative and may be exercised singularly or concurrently.

8. This Security Agreement will be binding upon Franchisee, its successors and assigns, and will inure to the benefit of LAG, its successors and assigns.

9. This Security Agreement and the rights and the obligations of the parties hereto will be governed by and construed and enforced in accordance with the laws of the State of New Jersey without regard to any jurisdiction's conflict of laws provisions.

10. The Franchisee consents to jurisdiction of all federal and state courts in New Jersey, and agrees that venue shall lie exclusively in Middlesex County, New Jersey or the United States District Court, District of New Jersey.

[SIGNATURE PAGE TO FOLLOW]

SECURITY AGREEMENT

SIGNATURE PAGE

IN WITNESS WHEREOF, the Franchisee has caused this Security Agreement to be executed and delivered on the day and year first above written.

WITNESS: FRANCHISEE:

_____ By:_____

EXHIBIT 3 TO LEASE GUARANTY AGREEMENT

LEASE DECLARATION

1. _____, the "Franchisee" and Lightbridge Assurance Group, LLC ("LAG") have entered into a Lease Guaranty Agreement as of the __ day of _____, 20__, wherein LAG has agreed to guaranty a certain portion of Franchisee's rent obligations under its lease agreement.

2. The Franchisee and _____ the "Landlord" have entered into a lease agreement dated the ___ day of _____ 20___, (the "Lease"), in which Landlord leased to Franchisee and Franchisee leased from Landlord certain premises located at _____ (the "Approved Location"), for the sole purpose of operating a Lightbridge Academy center.

3. Pursuant to the Lease, Franchisee agrees to and does hereby confirm the following matters:

a. the Commencement Date of the Lease is _____, 20__;
b. the Expiration Date of the Lease is _____, 20__;
c. the rent commencement date of the Lease is _____, 20__; and
d. the number of rentable square feet of the Approved Location is _____.

4. The Monthly Guaranty Fee in the Lease Guaranty Agreement shall be equal to _____ dollars.

IN WITNESS WHEREOF, the Franchisee has caused this Lease Declaration to be executed and delivered on the __ day of _____, 20___.

WITNESS: FRANCHISEE:

_____ By:_____

LIGHTBRIDGE ASSURANCE GROUP, LLC

By: _____

Title: _____

EXHIBIT 4 TO LEASE GUARANTY AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns and transfers to Lightbridge Assurance Group, LLC, a New Jersey limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the Lease Guaranty Agreement between Franchisee and LAG (the "Lease Guranty Agreement"), or in the event of a default by Assignor under any document or instrument securing the Lease Guaranty Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

COLLATERAL ASSIGMENT OF LEASE

SIGNATURE PAGE

ASSIGNOR:

Witness

(Individual, Partnership, Corporation or LLC Name)

By: _____

_____

Title:_____

ASSIGNEE:

LIGHTBRIDGE ASSURANCE
GROUP, LLC

By: _____

Title: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED:

LESSOR:

_____

ASSIGNEE:

LIGHTBRIDGE ASSURANCE GROUP, LLC

By: _____

Title: _____

Exhibit G

LIST OF FRANCHISEES

Lightbridge Franchise Company, LLC

LIST OF FRANCHISEES

Kalpesh Patel
139 South Washington Ave.,
Bergenfield, NJ 07621
201-384-1360

Kalpesh Patel
10 Grove Street
Cherry Hill, NJ 08002
856-662-8200

Dave Saltzman, Vicki Tripodo,
Peter Patel, Kalpesh Patel
1096 Route 46 West
Clifton, NJ 07013
973-528-1941

Vibha Desai-Weimer
5029 Rt. 130
Delran, NJ 08075
856-764-4700

Kalpesh Patel
149 Rt. 130 N.
East Windsor, NJ 08520
609-631-3279

Arun Joshi, Raj Batra &
Sonia Batra
801 Hope Rd.
Eatontown, NJ 07724
732-695-6900

Raj & Veenu Parkash
8 Jane Place
Edison, NJ 08820
908-222-0900

Vishal & Bhavna Ajwani
15 South Ave.
Fanwood, NJ 07023
908-322-2277

Vito & Vita Rizzo
Tony Hulak
1 Schlechtweg Way
Freehold, NJ 07728
732-303-9600

LBA of Hackensack, LLC
215 Union Street
Hackensack, NJ 07601
201-678-1100

Mihir Daiya
100 Mashall St.
Hoboken, NJ 07030
201-420-9100

Quackers LLC
1414 Willow Avenue
Hoboken, NJ 07030
201-963-6700

Arun Joshi & Raj and Sonia Batra
233 Broad St.
Matawan, NJ 07747
732-297-5320

Michael & Katerina Kearney
27 Bleeker St.
Milburn, NJ 07041
973-218-1800

Phil & Amy Speiser
4518 Church Rd.
Mount Laurel, NJ 08054
856-552-2808

Brian & Laura Sakevich
100 Rt 46 E
Mountain Lakes, NJ 07046
973-874-2935

Raj & Veenu Parkash
2701 US Highway 130
North Brunswick, NJ 08902
732-821-3950

Raj & Veenu Parkash
2878 Route 27 North
North Brunswick, NJ 08902
732-422-2255

Galina Flider
100 Federal City Rd.
Lawrenceville, NJ 08648
609-543-9700

Divy & Arun Raj
400 Wynwood Dr.
Monmouth Junction, NJ 08852
732-201-6211

Vivek & Neha Thakur
45 Eisenhower Drive
Paramus, NJ 07652
201-843-4700

Ketul & Krupa Parikh
10 Schalks Crossing Road
Plainsboro, NJ 08536
609-269-8347

My Bright Future_LLC
765 Route 10
Randolph, NJ 07869
973-989-9210

Bhautik Patel & Mukund Thakar
2909 Washington Rd.
Sayreville, NJ 08859
732-654-0077

Greg Hamwi
445 Shrewsbury Ave.
Shrewsbury, NJ 07702
732-842-4100

Vivek Sinha, Bhautik Patel, Jay Thakar
101 Randolph Rd.
Somerset, NJ 08873
732-945-8920

Sumit Arora & Avani Dhond
1329 Hamburg Tpk
Wayne, NJ 07470
973-633-8900

Sue Semple
751 Central Ave,
Westfield, NJ 07090
908-228-5791

Wendy Sylvester
2305 Grand Ave.
Baldwin, NY 11510
516-223-6100

ABR Prospect, LLC
243 St. Marks Avenue
Brooklyn, NY 11238
718-872-8037

Joanne McKay and Ram Jagadeesan
35 Valley Ave.
Elmsford, NY 10523
914-861-4484

Sarina Jagtiani & Rita Jolly
20 Carmans Rd.
Massapequa, NY 11758
516-797-3400

Mergen, Inc.
602 West 57th Street
New York, NY 10019
212-247-5300

JOULE INC.
1075 Newland Avenue
Apex, NC 27523
919-367-9175

Brian and Rebecca Grovenstein
1840 Ralph Stephens Rd
Holly Springs, NC 27540
919-205-9453

Steve & Amy DiNunzio
249 Cetronia Rd.
Allentown, PA 18104
610-395-3936

Joseph Negrao
3001 Linden Street
Bethlehem, PA 18017
610-865-5900

Steve & Amy DiNunzio
2100 Milan Street
Bethlehem Township, PA 18045
610-510-2167

Randi Weiss
440 Virginia Dr.
Fort Washington, PA 19034
215-688-5539

John Minnebo
1363 Naamans Creek Rd.,
Garnet Valley, PA 19060
610-364-2000

Theodore Yannotti
2890 East Hardies Rd
Gibsonia, PA 15044
724-200-2785

Summit Group
361 Highland Ave.
Jenkinstown, PA 19038
215-918-8126

Vimal Patel
671 Bethlehem Pike
Montgomeryville, PA 18936
215-330-6871

Grayson Education
2129 Nashville Pike
Gallatin, TN 37066
615-285-3849

Neil Yaeger
2121 Salem Rd.,
Virginia Beach, VA 23454
757-301-9900

FRANCHISEES WHO SIGNED AGREEMENTS BUT DID NOT YET OPEN

Alfredo, Thomas & Eric Ferrari
16323 Segovia Circle South
Pembroke Pines FL 33331

Amish Thakkar – (FL)
76 Kennedy St.
Iselin NJ 08830

Geary Stonesifer
3908 North Charles St-APT 303
Baltimore, MD 21218

Pratik Chandarana (MD)
1324 Azalea Drive
North Brunswick, NJ 08902

Divy & Arun Raj
42 Liberty Ridge Road
Basking Ridge, NJ 07920

Vivender Sodagum, Ashish Chokshi
Sri Kommineni
3 Holly Drive
Budd Lake, NJ 07828

Pankaj Savaliya
A21 Mount Washington Dr
Clifton, NJ 07013

Nick Chawla
303 Plainfield Rd
Edison, NJ 08820

Vineder Sodagum
8 Stonehill Ct,
Hackettstown, NJ 07840

Asem Alshamah
78 Park Slope Terrace
Hawthorne, NJ 07906

Diana Rizzo-Capellan, Nicole Rizzo,
Silvana Rizzo
49 Sherman Place
Jersey City, NJ 07307

Alok Rai
628 Middlesex Ave
Metuchen, NJ 08840

Michael & Katerina Kearney
27 Bleeker St.
Milburn, NJ 07041

Rinku Kadakia
3906 North Oaks Blvd.
North Brunswick, NJ 08902

Arun Joshi & Raj and Sonia Batra (2)
705 Heron Court
North Brunswick, NJ 08902

Tammy Zigarelli
29 White Terrace
Nutley, NJ 07110

Manan Shah
210 Bennington Terrace
Paramus, NJ 07652

Vimal Patel
501 Jarrard St
Piscataway, NJ 08854

Sanjib & Nandita Bhattacharya
7 Woodland Court
Princeton Junction, NJ 08550

Belinda Nti & Richard Nimoh
40 Fritz Drive
Sayreville, NJ 08872

Lehka Vangala
Lalit Sharma
3 Boyne Highlands Court,
Skillman, NJ 08558

Garfield Johnson
245 Montrose Avenue
South Orange, NJ 07079

Mihir & Miki Meswani
6 Ryan Court
Towaco, NJ 07082

Chris Esposito
26 Coggins Lane
West Orange, NJ 07052

Joanne McKay and Ram Jagadeesan
29 Bryant Place
Westwood, NJ 07675

April Bethune, Pamela Ford
110 West 96th Street
New York, NY 10025

Mark and Vivian Mathias (3)
21 Tunstall Rd
Scarsdale, NY 10583

Jean Pierre Alvarado & Ann Alvarado (NC)
500 Knollwood Road
Ridgewood NJ 07450

Summit Group
12 Ellerdale Rd
Fallsington, PA 19054

Randi Weiss
440 Virginia Dr.
Fort Washington, PA 19034

Alexis Wolson
1942 Kimberwick Rd.15
Media, PA 19063

Premal Dhebariya

4576 Silverwood Street
Philadelphia, PA 19127

Joe Friedman (2)
4272 River Oaks Rd
Clover, SC 29710

Charles Johnson (2)
925 Plantation Blvd
Gallatin, TN 37066

Jossie and Christopher Guthrie
6515 Manor Ridge Ct.
Falls Church, VA 22043

Shawn Dhingra
5008 Sadler Glen Place
Glen Allen, VA 23060

Sid Dhingra
2714 Robaleed Way
Herndon, VA 20171

Bindu M. Somana, Sushikshit Billa, Prashanth Sundaram
13612 Legacy Circle,
Apt F
Herndon VA 20171

FRANCHISEES WHO LEFT THE SYSTEM IN 2020

Transferred:

Teena & Mitul Patel
10 Pegasus Dr.
Tinton Falls, NJ 07724
908-930-6596

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Lightbridge Franchise Company, LLC

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STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	**Effective Date**
Indiana	May 3, 2022
Maryland	May 27, 2022
Michigan	June 5, 2022
New York	May 27, 2022
Virginia	June 27, 2022

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(FRANCHISOR'S COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Lightbridge Franchise Company, LLC ("Franchisor") offers you a franchise, Franchisor must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Franchisor does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate State agency Identified in Exhibit A.

The Franchisor is Lightbridge Franchise Company, LLC, 116 Grand St., 2nd Fl., Iselin, New Jersey 08830, (732)-980-1900.

Issuance Date: April 29, 2022, as amended November 23, 2022 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

The name, principal business address and telephone number of the franchise sellers offering the franchise are:

□ ~~David Falzarano~~Jim DiRugeris, 116 Grand St., 2nd Fl., Iselin, New Jersey 08830, (732)-980-1900.
□ Gigi Schweikert, 116 Grand St., 2nd Fl., Iselin, New Jersey 08830, (732)-980-1900.
□ ~~Terri Bornhauser~~Amy Hudesman, 116 Grand St., 2nd Fl., Iselin, New Jersey 08830, (732)-980-1900.
□ _____

Franchisor authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 29, 2022, as amended November 23, 2022 that included the following Exhibits:

Exhibit A -	List of State Administrators/ Agents for Service of Process
Exhibit B-	Financial Statements
Exhibit C -	Franchise Agreement
Exhibit D -	Multi-Unit Operator Agreement
Exhibit E -	State Addenda to Franchise Disclosure Document
Exhibit F-	Lease Guaranty Agreement
Exhibit G -	List of Franchisees
Exhibit H -	Table of Contents – Operations Manual

Dated: _____

_____
Prospective Franchisee

_____
(Print Name)

Please execute and return this document immediately upon receipt via the method prescribed.

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(FRANCHISOR'S COPY)

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_____
Prospective Franchisee

_____
(Print Name)

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