

## FRANCHISE DISCLOSURE DOCUMENT

AR WORKSHOP FRANCHISING, LLC

746 Bannerman Lane

Fort Mill, SC 29715

(919) 824-8609

corporate@arworkshop.com

[www.arworkshop.com](http://www.arworkshop.com)



The Franchisee will own and operate a boutique do-it-yourself (“DIY”) creative workshop (“Workshop”) offering hands-on classes to create customizable home decor pieces out of raw materials including wood, canvas and other media. Wine and beer may be sold or brought on a bring-your-own beverage (“BYOB”) basis by customers of your workshop. Franchisor, AR WORKSHOP FRANCHISING, LLC, provides services to Franchisees including assistance with training, operations, staffing, advertising and marketing, purchasing and promotional techniques.

The total investment necessary to begin operation of an AR WORKSHOP franchise is between \$66,620 and \$115,820. This includes \$25,000 that must be paid to the franchisor or affiliate for the operation of one outlet and \$20,000 that must be paid to the franchisor or affiliate for operation of a second or subsequent outlet.

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, 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 availability of disclosures in different formats, contact the Franchise Administration Department of AR WORKSHOP FRANCHISING, LLC at 746 Bannerman Lane, Fort Mill, SC 29715 and (919) 824-8609.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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: March 28, 2018

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit E for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT STATES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN NORTH CAROLINA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NORTH CAROLINA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT NORTH CAROLINA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. 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

4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

5. THE FRANCHISE AGREEMENT REQUIRES YOU TO PLEDGE CERTAIN ASSETS TO US AS COLLATERAL FOR PERFORMANCE OF YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS REQUIREMENT MAY MAKE OBTAINING FINANCING MORE DIFFICULT.

6. STATE ALCOHOL CONTROL LAWS MAY PLACE RESTRICTIONS ON THE SALE OF ALCOHOL OR PROHIBIT BYOB EVENTS. YOU SHOULD INVESTIGATE THESE LAWS PRIOR TO PURCHASING THIS FRANCHISE.

7. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See attached effective date list.

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### EXHIBITS

Exhibit A AR WORKSHOP FRANCHISE AGREEMENT with Attachment 1 (Franchise Fees), Attachment 2 (Site Selection Addendum/Lease Rider/Territory Identification), Attachment 3 (Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement), Attachment 5 (Telephone Listing and Internet Authorization Agreement), Attachment 6 (Internet, Social Media, and Telephone Assignment)

Exhibit B LISTING OF CURRENT FRANCHISEES/LICENSEES and CERTAIN PAST FRANCHISEES

Exhibit C FINANCIAL STATEMENTS

Exhibit D STATE SPECIFIC INFORMATION

Exhibit E FEDERAL AND STATE REGULATORS/AGENTS FOR SERVICE OF PROCESS

Exhibit F GENERAL RELEASE AGREEMENT

Exhibit G AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

Exhibit H FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT

Exhibit I ACCOUNTANT AUTHORIZATION

Exhibit J SBA ADDENDUM

Exhibit K STATEMENT OF PROSPECTIVE FRANCHISEES

Exhibit L RECEIPT

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