

FRANCHISE DISCLOSURE DOCUMENT

Aroma Franchise Company, Inc.
a New York Corporation
145 Greene Street
New York, New York 10012
(212) 533-1094

www.aroma.us
www.facebook.com/AromaUS
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The franchise is for an espresso bar that offers coffee, coffee- and espresso-based beverages, other non-alcoholic and alcoholic beverages, and a variety of food items (“Aroma Espresso Bar” or “Espresso Bar”).

The total investment necessary to begin operation of an Aroma Espresso Bar ranges from \$527,500 to \$1,495,000. These totals include approximately \$65,000 to \$70,000 that must be paid to us or our affiliates. If you sign a Development Agreement, you must pay us a non-refundable development fee equal to thirty percent (30%) of the initial franchise fee for each Aroma Espresso Bar to be established under the Development Agreement. When you sign each Franchise Agreement, the allocable portion of the development fee is credited against the initial franchise fee that is due.

This disclosure document summarizes certain provisions of your Franchise Agreement and Development 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 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 Gil Kiryati at 145 Greene Street, New York, New York 10012 or (212) 533-1094.

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 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, DC 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.

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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 Attachment A 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. AS OF DECEMBER 31, 2012 THE FRANCHISOR HAD ONLY \$170,998 IN CURRENT ASSETS AND HAD \$150,570 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES DUE WITHIN ONE YEAR, THE FRANCHISOR HAD ONLY \$1.14 IN CURRENT ASSETS. THE FRANCHISOR HAS A DEFICIT NET WORTH OF \$53,789. FRANCHISOR'S WORKING CAPITAL IS \$20,428.

2. THE ESTIMATED INITIAL INVESTMENT REQUIRED IS \$527,500-\$1,495,000. THIS AMOUNT IS GREATER THAN FRANCHISOR'S NET EQUITY AND TOTAL ASSETS.

3. THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION ONLY AT THE OFFICES OF THE AMERICAN ARBITRATION ASSOCIATION NEAREST TO NEW YORK CITY, NEW YORK AND SUE US ONLY IN NEW YORK CITY, NEW YORK. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND LITIGATE WITH US IN NEW YORK CITY, NEW YORK THAN IN YOUR HOME STATE.

4. THE FRANCHISE AND DEVELOPMENT AGREEMENTS STATE THAT NEW YORK 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.

5. IF THE FRANCHISEE IS AN INDIVIDUAL, HIS OR HER SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING THE SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS OF THE INDIVIDUAL FRANCHISEE. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND HIS OR HER SPOUSE AT RISK.

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