



FRANCHISE DISCLOSURE DOCUMENT ATWORK FRANCHISE, INC. A Tennessee Corporation 3215 W. John Sevier Highway Knoxville, Tennessee 37920 Tel: (865) 609-6911 Fax: (865) 573-1171 Email: <u>opportunity@atwork.com</u> <u>http://www.atwork.com</u>

The franchise offered is for a business that provides a variety of staffing services to local clients.

The total investment necessary to begin operation of an @WORK franchised business ranges from \$99,000 to \$172,000. This includes \$40,500 to \$57,750 that must be paid to the franchisor.

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 the 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 government 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 our Franchise Development Department at 3215 W. John Sevier Highway, Knoxville, Tennessee 37920 and (865) 609-6911.

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 yours 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, 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 Exhibit D 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION FOLLOWED, IF UNSECCESSFUL, BY ARBITRATION OR LITIGATION ONLY IN TENNESSEE. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN TENNESSEE THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT TENNESSEE LAW GOVERNS THE AGREEMENT, 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 YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GURANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARTIAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
- 4. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2016, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF (\$2,608,127).
- 5. YOU MUST MAINTAIN A MINIMUM COMBINED ROYALTY AND ADMINISTRATIVE FEE, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTEMENT.

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- 6. YOUR FRANCHISE AGREEMENT AND TERRITORY ARE DEPENDENT UPON MEETING MINIMUM REQUIREMENTS FOR EACH PROGRAM YOU ARE AUTHORIZED TO OFFER TO CUSTOMERS. YOU ARE IN DEFAULT UNDER THE AGREEMENT IF YEARLY MINIMUMS ARE NOT MET.
- 7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See next page for state effective dates.

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