

FRANCHISOR’S COSTS AND SOURCE OF FUNDS

1. Disclose Franchisor’s total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering.

a) BoConcept Franchise will have our Axapta technician train the staff for four weeks prior to the opening. The following is a breakdown of the cost of this.

| <u>Category</u>                 | <u>Costs</u> |
|---------------------------------|--------------|
| a. Real Estate                  | \$0.0        |
| b. Improvements                 | \$0.0        |
| c. Equipment                    | \$0.0        |
| d. Inventory                    | \$0.0        |
| e. Training Salary and Benefits | \$ 7,292     |
| f. Other-Travel & Meals         | <u>4,361</u> |
| Total Cost                      | \$11,653     |

b) Pre-opening supervision and assistance will occur the week prior and the week following the store opening:

| <u>Category</u>                    | <u>Costs</u>   |
|------------------------------------|----------------|
| a. Real Estate                     | \$0.0          |
| b. Improvements                    | \$0.0          |
| c. Equipment                       | \$0.0          |
| d. Inventory                       | \$0.0          |
| e. Pre-opening Salary and Benefits | \$3,646        |
| f. Other-Travel and Meals          | <u>\$2,282</u> |
| Total Cost                         | \$5,928        |

2. State separately the sources of all required funds: All required funds will be funded by Franchisor’s parent company, BoConcept USA, Inc.

FRANCHISE DISCLOSURE DOCUMENT

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BOCONCEPT FRANCHISE, INC.  
20 Pulaski Street  
Bayonne, New Jersey 07002  
(201) 433-4461  
[www.boconcept.us](http://www.boconcept.us)

DEPARTMENT OF  
BUSINESS OVERSIGHT  
SAN FRANCISCO

BoConcept

The franchise offered is for the business of selling retail furniture and related products, under the name of BoConcept® and which is owned by BOCONCEPT FRANCHISE, INC. and its affiliated companies. The initial franchise fee is \$30,000.00 for a franchise, as described in Items 1 and 5. The amount of the franchise fee may vary dependent upon the location of a franchise and the number of franchises purchased. The total investment necessary to begin operation of a BoConcept Franchise, Inc., franchised business is between \$362,462.00 to \$986,412.00, dependent upon the size and location of each store. This includes \$30,000.00 franchise fee and between \$65,000.00 and \$170,000.00 for initial inventory including accessories and furniture product displays, and between \$15,000.00 and \$30,000.00 for store Buildout/shopfitter, and an initial fee of \$2,023.00 for AXAPTA (inventory, sales, delivery software) and User license of \$7,689.00, that must be paid to the franchisor or its affiliates as the initial fees described in Item 5.

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.**

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 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: November 1, 2013

## STATE COVER PAGE-BOCONCEPT FRANCHISE, INC.

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 C 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 PERMITS THE FRANCHISEE TO SUE OR ARBITRATE WITH COMPANY ONLY IN KANSAS\*. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE OR ARBITRATE IN KANSAS\* THAN IN YOUR HOME STATE. HOWEVER THE FRANCHISEE CAN FILE A CIVIL LAWSUIT IN THEIR HOME STATE ALLEGING A VIOLATION OF SUCH STATES FRANCHISE LAW. \*Illinois allows Illinois franchisees to sue or arbitrate in Illinois.

2. THE FRANCHISE AGREEMENT STATES THAT KANSAS 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 TO SEE IF YOU'RE STATE REQUIRES THAT YOUR STATE LAW GOVERNS THIS AGREEMENT.

3. SINCE ITS INCEPTION, THE FRANCHISOR HAS NET OPERATING LOSS CARRYFORWARD OF \$257,000.00 AND AS OF FISCAL YEAR END 4-30-13 FRANCHISOR HAS A POSITIVE NET WORTH OF \$81,988.00. THE FINANCIAL STATEMENTS AS OF APRIL 30, 2013 HAVE BEEN PREPARED ASSUMING THE COMPANY WILL CONTINUE AS A GOING CONCERN.

4. FRANCHISOR CANNOT GUARANTEE SHIPPING/DELIVERY TIMES FOR ITEMS. YOU SHOULD CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

5. THE FRANCHISOR MAY SET MINIMUM OR MAXIMUM PRICES.

6. THE FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT WHICH ALSO PLACES THE SPOUSES PERSONAL ASSETS AT RISK. YOU SHOULD CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

1. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information about comparisons of franchisors is available. Call the Federal Trade Commission at (202) 326-2222, the state administrators listed on Exhibit C, or your public library for sources of information. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission listed above and the state administrator listed above.

Effective Dates: California Renewal 8-22-12 to 8-20-13, Hawaii Renewal pending, Illinois Renewal 12-24-11 to 12-24-12, New York Renewal 12-7-12, Virginia Renewal 11-3-12 and Washington State Renewal 2-21-12 to 2-22-13

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