

FRANCHISE DISCLOSURE DOCUMENT



Kahala Franchising, L.L.C.
an Arizona limited liability company
9311 E. Via De Ventura
Scottsdale, Arizona 85258
Telephone: (480) 362-4800
Website: www.kahalamgmt.com
www.cereality.com

Facebook: www.facebook.com/Cereality
Twitter: @Cereality

We offer *Cereality cereal bar & cafe*[®] unit franchises. As a franchisee, you will operate a restaurant called *Cereality cereal bar & cafe*, specializing in hot and cold cereals, cereal blends and toppings, and cereal-based snack foods.

The total investment necessary to begin operation of a *Cereality cereal bar & cafe* franchise ranges from \$124,410 to \$355,550 for a traditional franchise unit located within a shopping mall, strip center, or similar venue; and from \$53,010 to \$285,050 for all other non-traditional franchise units. This includes \$17,500 to \$103,350 for a traditional location, and \$9,100 to \$80,850 for a non-traditional location that must be paid to the franchisor 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 Kahala Franchising, L.L.C., Attn: John Wuycheck, 9311 E. Via De Ventura, Scottsdale, Arizona 85258 and (480) 362-4800.

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 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 1, 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 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 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. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION, MEDIATION AND ARBITRATION ONLY IN ARIZONA. OUT-OF-STATE LITIGATION, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE, MEDIATE OR ARBITRATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA 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. FRANCHISE OWNERS (DIRECT AND INDIRECT) AND THEIR SPOUSES MUST SIGN A PERSONAL GUARANTEE MAKING SUCH SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH OWNERS AND SPOUSES ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK.
4. APPROXIMATELY 95% OF FRANCHISOR'S PARENT'S, MTY FRANCHISING USA, INC., ASSETS ARE INTANGIBLE OR INVESTMENTS IN SUBSIDIARIES. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
5. MUCH OF THE SUPPORT, TRAINING, AND PRE AND POST OPENING OBLIGATIONS TO FRANCHISEES, AND MARKETING AND ADVERTISING SUPPORT SERVICES WILL BE PROVIDED BY AN AFFILIATE OF THE FRANCHISOR, KAHALA MANAGEMENT, L.L.C. THE FINANCIAL STATEMENTS OF KAHALA MANAGEMENT, L.L.C. ARE NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT AND WILL NOT BE PROVIDED TO FRANCHISEES.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

**CEREALITY CEREAL BAR & CAFE®
FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration, or otherwise effective in the following states having franchise registration and disclosure (or business opportunity*) laws, as of the dates listed:

California	March 1, 2018
Florida	March 1, 2018
Hawaii	Not Registered
Illinois	March 1, 2018
Indiana	March 1, 2018
Kentucky*	July 2, 2015*
Maryland	March 1, 2018
Michigan	March 1, 2018
Minnesota	Pending
Nebraska*	Pending*
New York	March 1, 2018
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Texas*	July 12, 2010*
Utah	March 1, 2018
Virginia	March 1, 2018
Washington	March 1, 2018
Wisconsin	Not Registered

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of March 1, 2018.

* Denotes one-time filing.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/cereality-cereal-bar-cafe>