

**FRANCHISE DISCLOSURE DOCUMENT**

**ESPRESSO AMERICANO FRANCHISE CORPORATION**

A Delaware Corporation  
 8690 Wolff Court, #200  
 Westminster, Colorado 80031  
 (303) 426-4464  
 www.espresso-americano.com

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The franchise offered is for the establishment and operation of a business that offers personalized beverages in a specialty coffee shop. We offer 3 types of franchises: a Café unit, a Drive-Thru unit and a Kiosk unit.

We offer 3 franchise programs for a start-up Espresso Americano franchise.

The table below illustrates the estimated initial investment for start-up and conversion Espresso Americano businesses.

Unit	Franchise Fee	Total Estimated Initial Investment
<b>Start-Up Business</b>		
Café Unit	\$30,000	\$ 234,525 - 410,400
Drive-Thru Unit	\$30,000	\$ 169,700 - 360,167
Kiosk Unit	\$30,000	\$ 98,388 - 222,250
<b>Conversion Business</b>		
Café Unit	\$20,000	\$ 179,900 - 284,400
Drive-Thru Unit	\$20,000	\$ 122,700 - 267,000
Kiosk Unit	\$20,000	\$ 70,700 - 154,500

The table below illustrates the estimated initial investment and development fees for developing multiple Espresso Americano businesses

Unit	Development Fee	Franchise Fee	Other Expenditures (1 <sup>st</sup> business)	Total Estimated Initial Investment
Cafe Unit	\$ 12,000 108,000	\$24,000	\$ 204,525 - 380,400	\$ 240,525 - 512,400
Drive-Thru Unit	\$ 12,000 - 108,000	\$24,000	\$ 139,700 - 330,167	\$ 175,700 - 462,167
Kiosk Unit	\$ 12,000 108,000	\$24,000	\$ 68,388 - 192,250	\$ 104,388 - 324,250

This Disclosure Document summarizes certain provisions of your franchise agreement, area 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 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 David Kubena, 8690 Wolff Court, #200, Westminster, Colorado 80031, (303) 426-4464 or by email at [dkubena@espresso-americo.com](mailto:dkubena@espresso-americo.com)

The terms of your contract will govern your franchise relationship. Don't rely on this 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.

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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 THE 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT MOST DISPUTES BE SUBMITTED TO LITIGATION/ARBITRATION IN ADAMS COUNTY, COLORADO. OUT OF STATE LITIGATION/ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE RESOLUTION FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ARBITRATE WITH US IN COLORADO THAN IN YOUR HOME STATE**
- 2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT COLORADO LAW GOVERNS THE AGREEMENT, AND COLORADO LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW YOU MAY WANT TO COMPARE THESE LAWS**
- 3 ~~IMMEDIATE FAMILY MEMBERS MAY BE REQUIRED TO SIGN NONDISCLOSURE AND NON-COMPETITION AGREEMENTS PLACING THEIR PERSONAL (AND MARITAL) ASSETS AT RISK IF YOUR FRANCHISE FAILS. BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOME, COULD BE LOST, IF YOU LIVE IN A PROPERTY STATE, OR YOU LIVE IN ANOTHER STATE, AND YOUR SPOUSE MUST SIGN A DOCUMENT SUCH AS A GUARANTEE THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS~~**
- 4 THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE MARCH 7, 2014. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT**
- 5 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$98,388 TO \$410,400. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2016~~5~~, WHICH IS \$40,957**
- 6 IF FRANCHISOR TERMINATES FRANCHISEE'S FRANCHISE AGREEMENT FOR CAUSE, FRANCHISEE MUST PAY FRANCHISOR, WITHIN 15 DAYS AFTER THE EFFECTIVE DATE OF TERMINATION, LIQUIDATED DAMAGES EQUAL TO THE AVERAGE MONTHLY ROYALTY FEES FRANCHISEE PAID TO FRANCHISOR DURING THE 12 MONTHS OF OPERATION PRECEDING THE EFFECTIVE DATE OF TERMINATION MULTIPLIED BY (A) 24 (BEING THE NUMBER OF MONTHS IN TWO FULL YEARS), OR (B) THE NUMBER OF MONTHS REMAINING IN THE FRANCHISE AGREEMENT HAD IT NOT BEEN TERMINATED, WHICHEVER IS HIGHER**
- 7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

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