

Area Franchise Disclosure Document

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Instant Imprints Franchise Disclosure Document
No Frill AREA Program – 2014

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Franchise Disclosure Document Area Developer

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The franchise offered is an Instant Imprints area franchise under which you would be granted the right and duty to recruit, train and provide support services to owners of Instant Imprint unit franchises in a Territory at a rate set out in a development schedule to which we agree.

The total investment necessary to begin operation of an Instant Imprint area franchise is \$285,825 to \$578,654. This includes \$75,000 to \$195,000 that must be paid to us or our affiliates. These amounts include your opening of a pilot Instant Imprints Center.

This disclosure document summarizes certain provisions of our Area Franchise Agreement and other information in plain English. Information about our unit franchise is described in a separate FDD. Read this disclosure 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 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 the 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 the Manager of the Franchise Administration Department at 6615 Flanders Drive Suite B, San Diego, CA 92121, (858) 642-4848.

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 contracts carefully. Show your contract and this disclosure document to an advisor, 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 informational 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 F 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 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 TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE AREA FRANCHISE AGREEMENT REQUIRES THAT YOU PARTICIPATE IN A MANDATORY DISPUTE RESOLUTION CONFERENCE WITH US AT OUR OFFICES IN SAN DIEGO, CALIFORNIA, PRIOR TO EITHER PARTY INITIATING LITIGATION. THE AREA FRANCHISE AGREEMENT ALSO REQUIRES YOU TO RESOLVE ANY REMAINING DISPUTES WITH US BY LITIGATION ONLY IN THE STATE WHERE YOU ARE LOCATED. THE LAW OF THE FRANCHISEE'S STATE GOVERNS THE AREA FRANCHISE AGREEMENT.
2. WE AND OUR AFFILIATES MAY ESTABLISH OTHER CHANNELS OF DISTRIBUTION AND SELL OR DISTRIBUTE ANY PRODUCT OR SERVICE TO THE GENERAL PUBLIC, UNDER THE SAME AND/OR DIFFERENT TRADEMARK, IN COMPETITION WITH THE FRANCHISE.
3. YOU, YOUR SPOUSE, AND YOUR IMMEDIATE FAMILY, REGARDLESS OF ACTUAL INVOLVEMENT WITH THE BUSINESS, MUST MAINTAIN CONFIDENTIALITY OF OUR TRADE SECRETS AND OTHER PROPRIETARY INFORMATION AND ABIDE BY NON-COMPETE COVENANTS FOR TWO YEARS AFTER THE TERMINATION OF YOUR FRANCHISE AGREEMENT.
4. OUR AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013, SHOW THAT WE HAD A WORKING CAPITAL DEFICIENCY OF \$98,128 AND A DEFICIT IN RETAINED EARNINGS OF \$1,219,778.
5. THE AUDITOR'S REPORT NOTE ON THE FRANCHISOR'S FINANCIAL STATEMENTS EXPRESSES CONCERN ABOUT THE FRANCHISOR'S ABILITY TO REMAIN IN BUSINESS IN THE ABSENCE OF ADDITIONAL CAPITAL INVESTMENT. IF THE FRANCHISOR GOES OUT OF BUSINESS, YOU AND OTHER FRANCHISEES COULD LOSE YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers to offer and sell our franchise. Our franchise brokers represent us, not you. Should we hire a franchise broker, 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.

State registration effective dates are listed the page following the list of Exhibits.

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