

FRANCHISE DISCLOSURE DOCUMENT



Kidcreate Studio Franchising, LLC

a Texas limited liability company
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www.kidcreatestudio.com

Kidcreate Studio businesses operate children's art studios in a class, camp, and party format that focus on art education for children from ages 18 months through 12 years ("Kidcreate Studio Business(es)").

The total investment necessary to begin operation of a single Kidcreate Studio Business ranges from \$97,900 to \$218,250, including \$55,000 to \$56,500 which must be paid to the franchisor or its affiliates. Kidcreate Studio franchisees may also purchase the right to develop multiple Kidcreate Studio Businesses. The total investment necessary to begin operation of a Kidcreate Studio multi-franchise business operating up to two Kidcreate Studio Businesses ranges from \$174,300 to \$415,000, including \$88,500 to \$91,500 which must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Kidcreate Studio multi-franchise business operating up to three Kidcreate Studio Businesses ranges from \$244,700 to \$605,750, including \$116,000 to \$120,500 which must be paid to the franchisor or its affiliates.

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 payments 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 Lara Olson at Kidcreate Studio Franchising, LLC, 7918 Mitchell Road, Eden Prairie, Minnesota 55344, and (952) 937-7600.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: July 27, 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 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 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 ARBITRATION OR LITIGATION IN A JURISDICTION IN THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, EDEN PRAIRIE, MINNESOTA). OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, EDEN PRAIRIE, MINNESOTA) THAN IN YOUR HOME STATE.
2. 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 GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
4. WE HAVE LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND OUR PRE-OPENING OBLIGATIONS AND PAY OUR OPERATING EXPENSES.
5. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21, EXHIBIT D), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
6. THE FRANCHISOR HAS ELECTED THE REASONABLE BUSINESS JUDGMENT STANDARD IN ITS RELATIONSHIPS WITH FRANCHISEES. THIS MEANS THE FRANCHISOR IS NOT REQUIRED TO CONSIDER YOUR PARTICULAR ECONOMIC OR OTHER BUSINESS INTERESTS WHEN EXERCISING ITS JUDGMENT.

7. 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.

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