

## FRANCHISE DISCLOSURE DOCUMENT



**Kidcreate Studio Franchising, LLC**  
a Texas limited liability company  
7918 Mitchell Road  
Eden Prairie, Minnesota 55344  
Phone: (952) 937-7600  
E-mail: lara@kidcreatestudio.com  
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 franchised business is between \$108,800 and \$231,750. This includes \$61,000 to \$62,500 that must be paid to the franchisor or its affiliate(s). Kidcreate Studio franchisees may also purchase the right to develop multiple Kidcreate Studio Businesses. The total investment necessary to begin operation of three Kidcreate Studio franchised businesses ("Standard 3 Franchise") is between \$284,400 and \$653,250. This includes \$141,000 to \$145,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of five Kidcreate Studio franchised businesses ("Standard 5 Franchise") is between \$435,000 and \$1,049,750. This includes \$196,000 to \$203,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of ten Kidcreate Studio franchised businesses ("Standard 10 Franchise") is between \$786,500 and \$2,016,000. This includes \$308,500 to \$323,500 that must be paid to the franchisor or its affiliate(s).

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](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: April 26, 2019**

## 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 MEDIATION OR ARBITRATION ONLY IN THE COUNTY OF OUR PRINCIPAL PLACE OF BUSINESS OR BY LITIGATION IN THE STATE OR FEDERAL COURT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY EDEN PRAIRIE, MINNESOTA). OUT-OF-STATE ARBITRATION/LITIGATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE/MEDIATE 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, 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. BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.
3. THIS FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE 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. YOU MUST MAKE MINIMUM ROYALTY PAYMENTS OR ADVERTISING CONTRIBUTIONS REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO

MAKE THESE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

**We may 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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