

FRANCHISE DISCLOSURE DOCUMENT



Kids Incorporated Franchising, Inc.
dba Kids Incorporated Learning Centers
An Arizona corporation
2350 S. Gilbert Road
Chandler, AZ 85286
Phone: (480) 306-4800
E-Mail: kilc@cox.net
Website: www.kidsinlearningcenters.com

The franchisee will operate a business that provides child care services, from infant to school age, depending on state requirements as to age, under the name Kids Incorporated Learning Centers.

If you choose to operate your franchise from a facility located in an existing building/space, such as a retail shopping center, the total investment necessary to begin operation of a Kids Incorporated Learning Centers franchise ranges from \$877,800 to \$1,320,800. This includes initial fees of \$50,000 that must be paid to the franchisor or its affiliate.

If you operate a custom-built, free-standing location, the total investment necessary to begin operation of a Kids Incorporated Learning Centers franchise ranges from \$1,819,800 to \$3,775,800. This includes initial fees of \$50,000 that must be paid to the franchisor or its affiliate.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jeanie Smith at 2350 S. Gilbert Road, Chandler, Arizona, 85286 and 480-899-5437.

The terms of your contract will govern your franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTCHELP 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.

Issued on: November 5, 2014

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 OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE 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 ONLY IN ARIZONA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.**
- 2. THE FRANCHISE AGREEMENT REQUIRES 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. YOUR SPOUSE AND THE SPOUSES OF FRANCHISE OWNERS, PARTNERS, MEMBERS, OFFICERS, AGENTS, DIRECTORS, TRUSTEES, AND BENEFICIARIES, MUST SIGN A PERSONAL GUARANTY MAKING THEM JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES ALL THE PERSONAL ASSETS OF YOU, YOUR SPOUSE AND YOUR OWNERS AT RISK.**
- 4. 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 make sure to do your own investigation of the franchise.

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

STATE EFFECTIVE DATES

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California
Connecticut
Florida
Illinois
Indiana
Kentucky
Maryland
Michigan
Minnesota
Nebraska
New York
North Carolina
North Dakota
South Dakota
Texas
Utah
Virginia
Washington
Wisconsin

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