

## FRANCHISE DISCLOSURE DOCUMENT

Winmark Corporation  
A Minnesota Corporation  
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Minneapolis, Minnesota 55441  
Telephone: (763) 520-8500  
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[www.musicgoround.com](http://www.musicgoround.com)



The franchisee will own and operate a Music Go Round® retail store from which the franchisee will sell quality used and new musical instruments, speakers, amplifiers, music-related electronics and related accessories.

The total investment necessary to begin operation of a Music Go Round® store is from \$268,800 to \$342,300. This includes \$43,800 to \$46,800, which must be paid to us.

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 payment 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 the Franchise Development Department at 605 Highway 169 N, Suite 400, Minneapolis, Minnesota 55441, (763) 520-8500.

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 contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is 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.

Issuance Date: March 18, 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 H 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 ONLY IN MINNEAPOLIS, MINNESOTA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH WINMARK CORPORATION IN MINNEAPOLIS, MINNESOTA THAN IN YOUR HOME STATE.

2. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. 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. AS A RESULT OF THE EXPECTED REPURCHASE BY US OF 150,000 SHARES OF OUR STOCK PURSUANT TO A SELF-TENDER OFFER THAT IS ANTICIPATED TO SETTLE ON OR ABOUT MARCH 28, 2019, WE WILL HAVE A SIGNIFICANT NEGATIVE NET WORTH. HAD THIS SELF-TENDER PURCHASE OCCURRED IN 2018, OUR NET WORTH WOULD HAVE BEEN (\$28,753,000) AS OF DECEMBER 29, 2018. OUR FINANCIAL CONDITION CALLS INTO QUESTION OUR FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE A FRANCHISE.

4. 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 Dates: See Following Page

## STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This 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:

| <u>State</u> | <u>Effective Date</u> |
|--------------|-----------------------|
| California   |                       |
| Hawaii       |                       |
| Illinois     | March 19, 2019        |
| Indiana      | March 19, 2019        |
| Maryland     |                       |
| Michigan     | March 18, 2019        |
| Minnesota    |                       |
| New York     |                       |
| North Dakota |                       |
| Rhode Island |                       |
| South Dakota | March 19, 2019        |
| Virginia     |                       |
| Washington   |                       |
| Wisconsin    | March 18, 2019        |

In all other states, the effective date (and issuance date) of this disclosure document is March 18, 2019.

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