

FRANCHISE DISCLOSURE DOCUMENT

SFK FRANCHISING INC.
112 Pheasant Wood Court, Suite C
Morrisville, NC 27560
(866) 991 7053
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www.stemforkids.net



The Franchisee will own and operate a business system that provides educational activities, namely classes, camps, workshops, conferences and programs in the field of math, science, technology and engineering under the registered trademark STEM for Kids. Franchisor, SFK FRANCHISING INC., provides services to Franchisees including assistance with training, operations, advertising and marketing, purchasing and promotional techniques.

The total investment necessary to begin operation of a STEM for Kids franchise is between \$19,900 and \$48,650. This includes \$12,500 that must be paid to the franchisor or affiliate.

We may offer area development rights to establish and operate a certain number of franchises at specific locations pursuant to individual franchise agreements. The area development fee will be equal to the total of \$5,000 for each location. The initial franchise fee for each franchise to be developed after the first is payable when the Franchise Agreement for that franchise is signed. If you choose to develop the minimum of 20 franchised businesses, the estimated initial investment is \$107,400 to \$136,150. This includes \$100,000 that must be paid to the franchisor.

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, 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 disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact the Franchise Administration Department of SFK FRANCHISING INC. at 112 Pheasant Wood Court, Suite C, Morrisville, NC 27560, (866) 991 7053.

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 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, 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.

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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 E 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 STATES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN NORTH CAROLINA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NORTH CAROLINA THAN IN YOUR HOME STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT NORTH CAROLINA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **THE FRANCHISE AGREEMENT REQUIRES BOTH YOU AND YOUR SPOUSE TO SIGN A PERSONAL GUARANTY MAKING THE SPOUSE JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF THE SPOUSE IS NOT INVOLVED IN THE FRANCHISED BUSINESS. THE PERSONAL GUARANTY PLACES BOTH YOUR AND YOUR SPOUSE'S PERSONAL ASSETS AT RISK.**
4. **YOU MUST PAY THE FRANCHISOR A MINIMUM ROYALTY FEE RANGING FROM \$350 TO \$900 EVERY MONTH BEGINNING AFTER YOUR FIRST THREE MONTHS EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE. YOU WILL LOSE THE INITIAL FRANCHISE FEE AND THE FRANCHISE RIGHTS TO THE PROTECTED TERRITORY IF YOU FAIL TO ESTABLISH A STEM FOR KIDS® BUSINESS WITHIN THREE MONTHS FROM SIGNING THE FRANCHISE AGREEMENT.**
5. **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

STATE EFFECTIVE DATES

The following states require that the Franchise 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 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:

STATES	EFFECTIVE DATE
California	Pending
Connecticut	Exempt
Florida	July 2, 2018
Hawaii	Not registered
Illinois	Exempt – Pending
Indiana	Not registered
Kentucky	
Maine	Exempt
Maryland	Not registered
Michigan	July 2, 2018
Minnesota	Pending
Nebraska	
New York	October 19, 2018, amended as of
North Carolina	Exempt
North Dakota	Not registered
Rhode Island	Not registered
South Carolina	Exempt
South Dakota	Not registered
Texas	October 6, 2015
Utah	Not registered
Virginia	Pending
Washington	Pending
Wisconsin	Not registered

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