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FRANCHISE DISCLOSURE DOCUMENT

K-9 Franchising, LLC
a New Jersey limited liability company
400 Connell Park Dr., Floor 5
Berkeley Heights, NJ 07922
(908) 889-PETS
www.k9resorts.com
info@k9resorts.com

As a franchisee, you will operate a K9 Resorts franchise offering dog daycare and boarding services in a luxury pet care facility.

The total investment necessary to begin the operation of a K9 Resorts Luxury Pet Hotel ranges from $1,941,920 - $2,446,135. This includes $79,000 - $109,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin the operation of a K9 Resorts Boutique Pet Hotel ranges from $1,479,974 - $1,868,358. This includes $79,000 - $109,000 that must be paid to the franchisor or its affiliate.

We may also offer to certain qualified people the right to develop multiple K9 Resorts franchises under a Multi-Unit Developer Agreement. The total investment for the first location under a Multi-Unit Developer Agreement for the development of two K9 Resorts Luxury Pet Hotels is between $1,981,920 – $2,486,135. This includes $119,000 - $149,000 that must be paid to the franchisor and/or its affiliate. The total investment for the first location under a Multi-Unit Developer Agreement for the development of two K9 Resorts Boutique Pet Hotels is between $1,519,974- $1,908,358. This includes $128,500 - $158,500 that must be paid to the franchisor and/or its affiliate.

The total investment for the first location under a Multi-Unit Developer Agreement for the development of three K9 Resorts Luxury Pet Hotels is between $2,021,920– $2,526,135. This includes $159,000 -$189,000 that must be paid to the franchisor and/or its affiliate. The total investment for the first location under a Multi-Unit Developer Agreement for the development of three K9 Resorts Boutique Pet Hotels is between $1,559,974- $1,948,358. This includes $159,000 - $189,000 that must be paid to the franchisor and/or its affiliate.

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 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 the availability of disclosures in different formats, contact Jason D. Parker at 400 Connell Park Dr., Floor 5, Berkeley Heights, NJ 07922 07023 or at (908) 889-PETS.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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.

ISSUANCE DATE: April 16, 2024

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchise outlets.
Will my business be the only K-9 Resorts business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a K-9 Resorts franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted**:**

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in the then-current county and state where our corporate headquarters is located (currently, Union County, New Jersey). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate and/or litigate with the franchisor in the then-current county and state where our corporate headquarters is located than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any)

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THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Multi-Unit Developer Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

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TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES 2
ITEM 2 BUSINESS EXPERIENCE 4
ITEM 3 LITIGATION 6
ITEM 4 BANKRUPTCY 7
ITEM 5 INITIAL FEES 7
ITEM 6 OTHER FEES 8
ITEM 7 ESTIMATED INITIAL INVESTMENT 13
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 23
ITEM 9 FRANCHISEE'S OBLIGATIONS 26
ITEM 10 FINANCING 28
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 28
ITEM 12 TERRITORY 42
ITEM 13 TRADEMARKS 45
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 48
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 50
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 51
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 52
ITEM 18 PUBLIC FIGURES 59
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 59
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 78
ITEM 21 FINANCIAL STATEMENTS 81
ITEM 22 CONTRACTS 81
ITEM 23 RECEIPT 82

EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT

A - State Agencies/Agents for Service of Process
B - Franchise Agreement
C - Multi-Unit Developer Agreement
D - List of Franchisees
E - List of Franchisees Who Have Left the System
F - Financial Statements
G - Table of Contents of Operations Manual
H - Multi-State Addendum

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is K-9 Franchising, LLC, a New Jersey limited liability company. To simplify the language in this Disclosure Document, K-9 Franchising, LLC, will be referred to as "we" or "us". "You" means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

The Franchisor, Parent, Predecessor and Affiliate

We are a New Jersey limited liability company formed on February 9, 2016 and maintain our principal business address at 400 Connell Park Dr., Floor 5 Berkeley Heights, NJ 07922. We do business under our corporate name.

We offer and sell franchises under the trade name "K9 Resorts", "K9 Resorts Luxury Pet Hotel" or "K9 Resorts Boutique Pet Hotel". We do not own or operate any businesses of the type being franchised but if we determine that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Franchised Business we may operate your business for as long as we deem necessary and practical. We have never offered franchises in any other line of business. We started offering franchises for the same type of business you will be operating in March 2016.

Parent Company

Our parent, K-9 Holdings, LLC, a New Jersey limited liability company, was formed on January 26, 2016 and maintains a principal business address at 400 Connell Park Dr., Floor 5 Berkeley Heights, NJ 07922. Our parent has never operated a business of the type being franchised and has never offered franchises in this or any other line of business.

Our parent currently owns the Proprietary Marks. It purchased the Proprietary Marks from our affiliate, K9 Resorts, LLC, pursuant to an Intellectual Property Asset Purchase Agreement dated February 10, 2016.

Predecessor

Our predecessor, K-9 Resorts Franchising, LLC, a New Jersey limited liability company, was formed on November 17, 2010 and maintains a principal business address at 400 Connell Park Dr., Floor 5 Berkeley Heights, NJ 07922. Our predecessor began offering franchises for the same type of business you will be operating in January 2011. Our predecessor has never operated a business of the type being franchised.

Our company was formed on February 9, 2016 as a result of the addition of new owners. As a result of our formation, our predecessor ceased offering franchises in February 2016, but initially continued to service its existing franchisees through October 31, 2016. On

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November 1, 2016, we entered into an Assignment and Assumption Agreement with our predecessor, upon which K-9 Resorts Franchising transferred its operating assets to us, including its existing franchise agreements.

Affiliate

Our affiliate, K-9 Corporate Resorts LLC is a Delaware limited liability company formed on December 21, 2022 and maintains a principal business address at 400 Connell Park Dr., Floor 5 Berkeley Heights, NJ 07922. Our affiliate owns the K-9 Resorts corporate locations. It has never offered franchises in this or any other line of business.

We currently do not have any affiliates that (a) provide products or services to our franchisees, or (b) offer franchises in this or any other line of business.

Agent for Service of Process

Our agent for service of process is identified in Exhibit A to this Disclosure Document.

The Business We Offer

We grant franchises for the right to operate K9 Resorts Luxury Pet Hotel and K9 Resorts Boutique Pet Hotel franchises, which are luxury pet care facilities offering dog daycare and boarding services (the "K9 Resorts Business" or "Franchised Business"). K9 Resorts businesses use designer suites, premium dog beds, MMA/Epoxy type flooring systems made using anti-microbial agents, state-of-the-art air purification systems, artificial turf in the outdoor courtyard that is made with antimicrobial agents, hospital-grade disinfectant, color televisions in each suite, and premium dog products. You will sign our Franchise Agreement, which is attached to this Disclosure Document as Exhibit B, for the right to operate one Franchised Business.

K9 Resorts Luxury Pet Hotels are generally approximately 6,700 square feet and contain 60 or more accommodations. In certain markets and/or conditions, and with our prior written approval, we may permit you to operate a K9 Resorts Boutique Pet Hotel, which are generally between 4,000 to 5,000 square feet and contain 60 or more accommodations. K9 Resorts Boutique Pet Hotels offer the same services and amenities as a K9 Resorts Luxury Pet Hotel, except the Boutique Pet Hotel will typically have smaller accommodations and the outdoor areas will be reduced in size.

K9 Resorts businesses operate under our unique system relating to the establishment, development and operation of Franchised Businesses (the "System"). The System includes the Proprietary Marks, IT platforms, recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how, training techniques, trade secrets; uniform specifications of products and services; sales techniques, and merchandising, marketing, advertising, and inventory management systems; quality control procedures; and procedures for operation and management of System businesses. We may periodically make changes to the System, including System standards, facility location requirements and design, signage, equipment, trade dress and fixture requirements. You will operate your Franchised Business only the days and hours we specify, subject to our minimum requirements.

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The Proprietary Marks include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademarks "K9 Resorts Luxury Pet Hotel" or "K9 Resorts Boutique Pet Hotel" or any marks we have designated or may in the future designate for use in connection with the System (the "Proprietary Marks").

Multi-Unit Developer Agreement

We offer a Multi-Unit Developer Agreement for the development of multiple K9 Resorts businesses with a defined development area. Our form of Multi-Unit Developer Agreement is attached as Exhibit C to this Disclosure Document. You will be required to open each Franchised Business in accordance with a development schedule. The Franchise Agreement for each Franchised Business developed under the Multi-Unit Developer Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed.

Market and Competition

The market for the products and services provided by a K9 Resorts Business is developing and includes anyone who owns a dog. You will compete directly with other local franchises and other businesses that sell and offer dog day care and overnight boarding services, as well as national dog day care and overnight boarding services, retail pet supply stores, groomers, dog trainers, dog walkers, and pet sitters. This business is year-round.

Applicable Industry-Specific Laws and Regulations

You will have to obtain local business permits before opening, which may include a local permit to operate a kennel service. Additionally, your business may be subject to various federal, state and local laws and regulations, which may include obligations to report evidence of animal abuse and neglect. You must investigate, keep informed of and comply with these laws.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect the Franchised Business, including privacy laws, and investigate the application of those laws further.

ITEM 2

BUSINESS EXPERIENCE

Jason D. Parker, Co-Founder and CEO

Mr. Parker has been our Co-Founder and Chief Executive Officer from our inception in February 2016 through the present and oversees our franchise department. He has also been a Co-owner of our parent, K-9 Holdings, LLC since its inception in January 2016 as well as Chairman of its Board of Managers. Since January 2005, through the present, he has also been President for our affiliate, K-9 Resorts, LLC.

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Steven E. Parker, Co-Founder and Board Member
Mr. Parker was our Co-Chief Executive Officer from our inception in February 2016 through December 2022 and also oversees our company owned locations. He has also been a board member and co-owner of our parent, K-9 Holdings, LLC, since its inception in January 2016. Since January 2005 through the present he has also been Chief Executive Officer for our affiliate, K-9 Resorts, LLC and from December 2022 through the present he has been Chief Executive Officer of our affiliate K9 Resorts Corporate, LLC.

Patti Carr, Chief Operating Officer
Ms. Carr has been our Chief Operating Officer since September, 2023. Prior to that, she served as Vice President of Franchise Operations at Sport Clips Inc. in Georgetown, TX from August 2018-September, 2023.

Kevin Tennant, VP of Franchise Operations
Mr. Tennant has been our Vice President of Franchise Operations since August, 2022. Prior to that, he served as our Senior Director of Operations from May 2019 to August 2022.

Brian Carlisle, Director of Real Estate
Mr. Carlisle has been our Director of Real Estate since February, 2020. Previously, Mr. Carlisle served as President of the Simple Greek from January, 2018 through though November of 2019.

Greg Smith, Chief Development Officer
Mr. Smith has been our Chief Development Officer since October, 2023, Previously, Mr. Smith worked at Sport Clips Inc. in Georgetown, TX from July, 2003-September, 2023, holding the position of Director of Real Estate from July 2003 to November 2007, Senior Director of Real Estate from November 2007 to November 2012, Vice President of Real Estate from December 2012 to November 2017, Chief Development Officer from December 2017 to May 2020 and Vice President of Real Estate from May 2020 to September 2023.

Cassie Gato, Vice President of Marketing
Ms. Gato has served as our Vice President of Marketing since July 2023. Prior to that she served as our Director of Marketing from June, 2021 through the July 2023. Prior to joining us, Ms. Gato was the Marketing Manager of Pierre Fabre (Glytone) from September, 2020 through June, 2021 and was the Senior Brand Manager for DirectTV Sales and Trade Marketing from February 2015 through March 2020.

Vincent Corso, Vice President of Finance
Mr. Corso has served as our Vice President of Finance since July 2023. Prior to that, he served as our Controller from January, 2022 to July 2023. Since September, 2017, Mr. Corso has owned and serves as the President of the franchised business Two Maids & A Mop of Westfield, NJ.

Zach Gould, VP of Corporate Operations

Mr. Gould has served as our Vice President of Corporate Operations from November 2022 to the present. He previously served as our Director of Corporate Operations from

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November 2021 through November 2022. Prior to joining K9 Resorts, from June 2018 through November 2021, Zach worked at Pet Paradise, in Jacksonville, FL as Regional Director.

Steven Beagelman, Board Member

Mr. Beagelman has been a Member of our parent, K-9 Holdings, LLC's Board of Managers since its inception in January 2016. He is also a co-owner of our parent, K-9 Holdings, LLC since January 2016. From January, 2011 through the present, he has been the CEO and President of SMB Franchise Advisors in Doylestown, PA, which specializes in advising franchise start-ups and existing franchise concepts.

Bernard B. Markey, Board Member

Mr. Markey has been a member of our parent, K-9 Holdings, LLC's Board of Managers since its inception in January 2016. He is also a Managing Partner and Co-Founder of Navigator Partners in Summit, NJ, from 1999 through the present. Mr. Markey has been a Member of the Board of Managers of First Light Home Care in Cincinnati, Ohio since its inception in 2009 through the present.

William H. Stewart, Board Member

Mr. Stewart has been a member of our parent, K-9 Holdings, LLC's Board of Managers since its inception in January 2016. He is a Managing Partner of Navigator Partners in Summit, NJ, since 2005 through the present. Mr. Stewart has served as a Member of the Board of Managers of First Light Home Care in Cincinnati, Ohio since its inception in 2009 through the present. From 2012 through the present, Mr. Stewart has served as the CFO and Board Member of KDC Solar a renewable energy company located in Bedminster, NJ.

Phil Nisbet, Board Member

Mr. Nisbet has been a member of our parent, K-9 Holdings, LLC's Board of Managers since 2024. He is also a franchise owner of 3 regional markets with K9 Resorts in Los Angeles, Virginia, and Chicago since February 2023. Mr. Nisbet has been a partner in Prospect Capital Restaurants, LLC, in Holmdel NJ, from March 2014 through the present. He has also been a Partner in Tribeca Early Stage Partners, in New York NY, from December 2014 through the present. Mr. Nisbet served as Director of Mergers & Acquisions and Co-Founder of World Insurance Associates, LLC, Iselin NJ, from December 2011 to April 2024.

ITEM 3

LITIGATION

Sonflower LLC, Edgar S. DeLong, Jr. and Cheri A. Delong v. K9 Resorts Malvern, LLC, (Case No. 2:221-cv-01701) United States District Court, District of Eastern Pennsylvania). On April 12, 2021, our former franchisee and their principals filed this action against our affiliate, K9 Resorts Malvern, LLC alleging claims for breach of contract of a management agreement, unjust enrichment, replevin, and conversion and seeking an unspecified amount of compensatory damages, attorney fees and costs, and an accounting of our

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affiliate's revenues and expenses since December 23, 2019. On June 25, 2021 the parties reached a settlement agreement wherein the litigation matter was dismissed and K9 Resorts Malvern, LLC agreed to pay $125,250 to the former franchisee's lender in consideration of the lender releasing its UCC lien against Sonflower, LLC and provided a release to Sonflower. In addition, all ownership rights to equipment owned by Sunflower, LLC was assigned to K9 Resorts Malvern, LLC and Sonflower provided a release to K9 Resorts Malvern.

Except as set forth above, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay an initial franchise fee of $49,500. The initial franchise fee is payable when you sign the franchise agreement. Except as noted below, the initial franchise fee is uniform to all franchisees and must be paid in full when you sign the Franchise Agreement. The initial franchise fee is fully earned and is not refundable under any circumstances.

Multi-Unit Developer Agreement

If you qualify to develop and operate two K9 Resort Businesses under a Multi-Unit Operator Agreement, you must pay to us a development fee equal to $89,500 and if you qualify to develop three K9 Resort businesses, you must pay us a development fee equal to $129,500. For the development of 4 or more locations, the development fee will increase by $43,166.66 per location. You will not pay an additional initial franchise fee.

The development fee must be paid in full when you sign the Multi-Unit Developer Agreement. The development fee is imposed uniformly on all Multi-Unit Developers, is fully earned by us when received and is not refundable. During the 2023 calendar year discounts provided ranged from 10% to 12.7%.

If you are a qualified United States veteran who has been honorably discharged, we will discount the development fee by 10%. We reserve the right to cancel or modify this program at any time.

Real Estate and Facility Coordination Fee

You must pay to us a Real Estate and Facility Coordination Fee in the amount of $29,500, payable when you sign each franchise agreement, for assistance by us or our designated vendors with local agent sourcing, site identification, lease negotiation, design, zoning and construction consultation. This fee is fully earned upon receipt and is not refundable under any circumstances. This fee is payable regardless of the number of offered services

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associated with this fee that are utilized.

Grand Opening Advertising

During the 90 days before you open your Franchised Business you must spend $30,000 which will be used on the grand opening marketing and advertising. We reserve the right to require you to pay these monies to us or our affiliate to be used on your behalf.

ITEM 6

OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7% of Gross Revenues.	Payable on the 17th day of the month for revenue collected from the 1st-15th and payable on the 2nd day of the month for money collected from the 16th to the last day of the month via ACH. We reserve the right in our sole discretion to change the frequency of collection.	Royalties are paid to us. Gross Revenues is defined in Note 1.
Brand Development Fund	Up to 2% of monthly Gross Revenues (currently 1%).	Payable monthly via ACH for the preceding month. We reserve the right in our sole discretion to change the frequency of collection.	See Note 1 and Note 2.
Transfer Fee (Franchise Agreement and Multi-Unit Developer Agreement)	50% of the then current Initial Franchise Fee.	Prior to transfer.	Transfer Fee is paid to us.
Renewal Fee	$7,500	Prior to renewal.	See Item 17 for a further explanation of renewal conditions.
Insurance	Cost of insurance plus our then-current administrative	As incurred.	We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses.

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NAME OF FEE	AMOUNT	DUE DATE	REMARKS
	fee (currently 25% of premium cost).		
Audit	All of our costs and expenses, but not less than $500.	Upon invoice	See Note 3
Collection Costs, Attorneys' Fees and Interest	See Note 4	As incurred.	See Note 4
Bank Charges and Administrative Costs	Our costs and expenses	Upon invoice.	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note 5
Initial and Additional Training	Our then-current fees. See Note 6	Currently $500 prior to training, balance upon invoice	See Note 6
De-Identify Premises	Costs plus our then-current administrative fee.	As incurred.	If you do not de-identify your Franchised Business following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.
Confidential Operations Manual Replacement Fee	Our then current cost (currently $50).	As incurred.	This replacement fee is paid to us.
Step-in Rights Fee	Our then-current fee (currently 10% of the Franchised Business' Gross Revenues (subject to a minimum fee of $3,000 per collection period). See Note 7	Payable at the same time and in the same manner as your pay the Royalty Fee.	The Step-In Rights Fee is paid to us. We reserve the right to change the management fee upon 30 days written notice.

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NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Technology Fee	Our then-current fee (currently $206 per month). See Note 8	Payable by the third business day of each month via ACH.	The Technology Fee is paid to us. We may pay all or a portion of this amount to a third-party vendor. The Technology Fee includes certain software development and fees, fees related to website development and maintenance and other technology related fees as we deem necessary. Payment begins in the month when your Franchised Business is open for business.
Product Testing and Supplier Evaluation	Our then current fee, (currently $500 evaluation fee plus our out of pocket expenses).	Upon invoice	Payable if you request that we evaluate a potential product or supplier that is not on our list of approved suppliers for our System. We will reimburse the evaluation fee, if we approve the product or supplier for the entire System.
Annual Franchisee Meeting	Our then current fee (up to $500 per person).	As incurred	We reserve the right to charge a fee for attendance at our Annual Franchisee Meeting. The fee is payable to us. The meeting is mandatory for at least one franchisee owner or representative that we designate.
Reimbursement of Customer Complaint Costs	Our costs and expenses	Upon invoice	If you fail to adequately resolve a customer complaint to our satisfaction, we may resolve it as we deem appropriate and you must reimburse us for our costs and expenses, including the cost of any remedy given to the customer.
Marketing Service Package Fee	Our then current cost (currently $599 per month)	Payable on the first Wednesday each month via ACH.	We collect these funds on behalf of our third party service provider. See Note 9.
Relocation Fee	Our then-current fee (currently $2,500)	Payable if we approve your relocation request.	This fee is collected if we approve you to relocate your resort.
Additional Email Accounts	Our then-current fee (currently $21 per month, per account)	As incurred	Payable if you require additional email accounts beyond the initial 3 that are provided to you.

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NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Incite LMS	Our then-current fee (currently $2.50 per employee, per month)	As incurred	This fee is payable to us and we pass it along to our third party supplier.

Notes:

General: Unless otherwise stated, all fees are paid to us and are non-refundable. All fees may not be imposed uniformly. We reserve the right to collect any and all fees due to us through ACH. You may only have one bank account for the Franchised Business and in addition to the ability to ACH funds owed to us from that account, we must be permitted "view-only" access.

1. The Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business, at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, or customer refunds or adjustments. Gross Revenues are calculated on a cash basis when a sale is made, not on an accrual basis.

   If you do not report Gross Revenues, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account and apply it to your next payment.

   If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

2. We have established a brand development fund to be administered for the common benefit of System franchisees. You must participate in and contribute the amount that we require (up to 2% of monthly Gross Revenues, currently 1%) to the Fund. Our affiliate owned locations are not required to contribute to the Fund.

3. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 5% or more, or if you have failed to submit complete reports and/or remittances

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for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported.

4. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial or proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim or judicial proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and litigation expenses.

5. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Franchised Business, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

6. The franchise fee includes our initial training program for up to three people including you or your Operating Principal (if you are an entity), your General Manager and your Assistant Manager (if applicable) in our Fanwood, New Jersey location, or another location of our choosing. However, you will be required to pay personal expenses, including transportation, lodging, meals and salaries for yourself and all of your employees. If additional members of your staff need training, or if we determine in our sole discretion that they need additional training, we reserve the right to charge you for such training. Additional Initial training will be charged at our then-current rate, which is currently $1,500 per person. All other training will be charged at our then-current rate for additional on-site training, which as of the date of this disclosure document is between $2,500-$7,500, which includes the fee for the training and our reasonable costs including travel, lodging and meals. The total amount will be determined based on your need, your location and the level of assistance required.

7. In the event we must take over the Franchised Business and manage it, you must pay us a fee currently equal to the greater of (i) 10% of the Franchised Business' Gross Revenues or (ii) $3,000 per collection period, for as long as we deem necessary. In addition, you are also required to pay our expenses and other fees, such as royalties.

8. We reserve the right to, and intend to, increase the Technology Fee upon thirty (30) days written notice.

9. The Marketing Service Package Fee includes: (i) Marketing Team Support, including micro-site hosting and performance monitoring, and monitoring of paid advertising campaigns, as well as recommendations for digital marketing

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strategies based on brand results across the country; (ii) access to the Scorpion Marketing Portal which provides marketing reports, Scorpion analytics, lead tracking software, cell tracking numbers for marketing campaigns, call recording, review tracking, and reputation outreach services to solicit reviews from guests; (iii) online Listing management of Facebook, Google Business Profile and 50+ directories; (iv) technical SEO services including website optimization, managing and adapting for page speed, structured data, redirects and crawl errors, as well as management of database communications between Google Analytics, Scorpion Analytics and Google Search Console; and (v) a Social Content Package providing brand based Facebook posts each month.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT-SINGLE UNIT

K9 Resorts Luxury Pet Hotel				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee[1]	$49,500	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction, Leasehold Improvements[2]	$1,326,167 - $1,651,700	As incurred	Before opening	Contractor/Third-party providers
Furniture, Fixtures and Equipment[3]	$200,000 – $231,000	As incurred	Before opening	Third-party providers
Signage[4]	$43,403 - $53,560	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System[5]	$7,500 - $8,500	Lump Sum	Before opening	Third-party providers/Us
Initial Inventory[6]	$17,000 - $19,000	As incurred	Before opening	Third-party providers
Marketing Collateral Inventory[7]	$9,750 - $13,500	As incurred	Before opening	Third-party providers
Rent Deposits[8]	$0-$41,875	As incurred	Before opening	Landlord
Utility Deposits[9]	$2,000-$5,000	As incurred	Before opening	Utility providers
Insurance Premiums[10]	$1,500 - $3,000	As incurred	Before opening	Insurance company
Pre-opening Certifications and Training Travel	$100- $4,500	As incurred	Before opening	Airline, hotel, restaurants; third

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Expense[11]				party vendors
Grand Opening Advertising[12]	$30,000	As incurred	Before opening	Third parties; Us
Professional Fees[13]	$30,000 – $75,000	As arranged	Before opening	Attorneys, accountants, architect
Business Permits and Licenses[14]	$3,000 - $6,500	As incurred	Before opening	Licensing Authorities
Architectural Design, Engineering & Blueprints[15]	$49,500 - $51,500	As incurred	Before opening	Approved Architect/ Engineer
Real Estate and Coordination Fee [16]	$29,500	Lump Sum	At signing of Franchise Agreement	Us
Safety & Security Features[17]	$38,000 - $43,500	As incurred	Before opening	Third-party providers
Additional funds – 3 Months[18]	$105,000 - $129,000	As incurred	After opening	Various
TOTAL ESTIMATED INITIAL INVESTMENT[19]	$1,941,920 - $2,446,135			

Notes:

1) The initial franchise fee for a Luxury Pet Hotel franchise is $49,500. This fee is fully earned and is not refundable when paid by you. This fee does not include any discounts listed in Item 5, including a 10% discount off of the initial franchise fee for qualified United States veterans.

2) This estimate is for the costs for the development of a Luxury Pet Hotel with approximately 6,700 square feet of space and which includes a fire suppression system. If you elect to lease or purchase a location without a fire suppression system, the estimates could increase between $60,000 to $120,000. The low end assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Franchised Business. The high end assumes that you will not receive any financial contribution from your landlord for improvements. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors, licensed tradesmen, building permits, basic inspection fees & builders risk insurance). As in the development of any location, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

3) These figures represent the purchase of the necessary furniture, fixtures and equipment from suppliers to operate your Franchised Business including designer suites,

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