



# Canadian Broker Disclosure

## Document

### Who We Are and What We Do:

FranNet was founded in 1987 by Howard Bassuk, who began offering franchise consulting services through his company, Hobassco. In 2006, a group of established FranNet office owners bought FranNet from Mr. Bassuk.

FranNet's services consist of providing guidance, information, and support to prospective franchise owners (candidates) and assisting them through a process in which the consultant outlines a profile of the type of franchise most suitable for the candidate. This profile is based on the candidate's interests, goals, and skill sets. FranNet Consultants presents the candidate with franchise opportunities that fit their profile and a process that outlines the steps to research the prioritized franchise opportunities. This enables the candidate to make an educated decision and allows the franchisor to be presented with prequalified candidates that fit its franchisee profile. FranNet Consultants do not sell franchises. The Franchisor controls the sales process, and the candidate ultimately decides to buy or reject each franchise presented to them.

FranNet, LLC is a franchise company and annually files a Franchise Disclosure Document, which includes three-year audited financial statements and all other required information. Our principal business address is 6844 Bardstown Road, Unit 645, Louisville, KY 40291.

FranNet's franchisees and associates (Consultants) are well-connected to the industry. We can refer the franchise candidates to franchise attorneys, CPAS, and funding sources.

### FranNet Executive Leadership

- **Chairman of the Board of Directors: Jack Armstrong**
  - Mr. Armstrong has served as Chairman of the Board of Directors of FranNet since June 2012. He has been on the Board of Directors since 2006, serving as Chief Executive Officer from June 2012 to January 2015 and Vice Chairman of the Board of Directors from November 2006 until June 2012.
- **Chief Executive Officer and Director: Jania Bailey**
  - Ms. Bailey was appointed Chief Executive Officer of FranNet on January 16, 2015. She

was promoted from the position of Chief Operations Officer and presiding President.  
She has served on the Board of Directors since joining the company in 2006.

- **Vice Chairman of the Board of Directors: Blair Nicol**

- Mr. Nicol was appointed Vice Chairman of the Board of Directors as of June 8, 2012.

Mr. Nicol has served as a Director of FranNet since November 2006. Blair Nicol is also the Managing Partner of Nicol Holdings, LLC.

## FranNet Franchisees & Associates

We are very proud of the professionalism and integrity of our consultants. These individuals are focused on providing the best possible service to their clients. FranNet currently has four second-generation consultants in the ranks, which speaks volumes to the commitment and longevity of our consultants.

### **FranNet Franchisees and Associates Registration**

As of June 2018, all FranNet Franchisees and Associates must be registered in New York, regardless of whether the Franchisee or Associate operates in those states. At FranNet, we believe all appropriate disclosure should be available to the candidates we work with.

## FranNet Mission

- We are committed to providing continuous marketing, business, and operational support to our Franchisees & Associates so that they are the most knowledgeable, professional, and successful Franchise Consultants in the industry.
- We are committed to providing focused attention to the franchisors we represent.
- We are committed to representing franchisors that our Franchisees & Associates can be proud to present to their prospects.
- We are committed to honesty, integrity, and responsiveness to every Franchisee, Associate, Franchisor, and candidate whom we have the privilege to serve.
- We are committed to helping our Franchisees & Associates achieve financial success.
- We are committed to protecting and enhancing the FranNet brand and reputation.
- Our culture is based on our values; as a result, we expect everyone in our organization to promote, integrate, and exhibit these values daily.

## FranNet Core Values

- Integrity
  - Do the right thing- every day, every time.
- Forward Thinking
  - Willingness to try new things to become future-ready.

- Self-Starters
  - Leaders, not followers.
- Problem Solvers
  - Confronts problems and looks for solutions.
- Customer Focused
  - Customer satisfaction and success are the #1 goals.
  - Provide the customer with the best possible client experience.

## FranNet Value to Franchisors

- Franchisors are presented with candidates who know their business's fundamentals and are interested in their brand, thereby wasting less time and resources.
- We mitigate the franchisor's risk because our candidates have been educated about choices and due diligence and are encouraged to do intensive research and to employ professional advisors.

## FranNet Value to the Candidates

- We provide guidance, information, and support as candidates seek personal goals.
- We assist the candidates by providing research tools and information.
- We also help the candidate find other professionals, including franchise attorneys, financial institutions, and business advisors.
- We introduce candidates to a variety of franchisors so that rather than having to go from place to place to learn about specific businesses, they can learn the basics about several all-in-one spot.

## FranNet Client Bill of Rights

**The following information is provided to every client/candidate of FranNet when they begin the relationship with a FranNet Consultant.**

1. FranNet Consultants will assist you in determining if franchise ownership is right for you.
2. FranNet Consultants adhere to the International Franchise Association's Code of Ethics and the FranNet Code of Conduct.
3. FranNet Consultants will not pressure you or "talk you" into an opportunity that does not fit your goals, budget, or skill set.
4. FranNet Consultants listen to you and will consider your expressed personal and professional concerns and/or interests when discussing potential franchise opportunities.
5. FranNet Consultants can coach and help you through the investigative process. However, you are accountable for your commitments, such as timelines, appointments, tasks, etc.
6. You may freely associate with any company or broker group you believe is in your best interest.

7. FranNet Consultants will help you find the best resources to answer questions or concerns if they cannot do so. You can disagree with or question the consultant at any time during the process.
8. If you decide franchise ownership is not for you, you are not obligated to continue the process. You can discontinue your work with FranNet at any time.

**FranNet’s Role in Your Business Ownership Journey.** At FranNet, our goal is not to convince you that franchise ownership and new business opportunities are right for you. Instead, we will help you understand the pros and cons of owning your own business and guide you through a process that will allow you to make an informed decision.

**Your Responsibilities in the Business Ownership Journey** The choice to buy a franchise, or any particular franchise, is yours and yours alone. You should conduct a thorough independent investigation of each franchise you consider. Once you decide to enter into a franchise agreement, that contract governs your relationship, and FranNet cannot resolve any issues or disputes you may have later with your franchisor. In addition, FranNet does not represent that you can or will attain any particular level of revenue, costs, or expenses, or that you will generate income that exceeds the initial payment of, or investment in, the franchise. Therefore, we suggest you consult your legal and financial advisors or personal accountant before entering any franchise agreement.

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## Voluntary Disclosure Document

### Item 1 - The FranNet Certified Franchise Consultant



The FranNet Certified Franchise Consultant (FCFC) Certification is a testament to the exceptional expertise and dedication FranNet consultants bring to their work. For our clients, this means working with professionals who are deeply committed to maintaining the highest standards of service and integrity when connecting you with the right franchisors.

FCFC-certified consultants are equipped with advanced industry knowledge and adhere to a structured approach to guide entrepreneurs effectively. This level of preparation ensures that trusted advisors present you with franchise opportunities and prioritize aligning you with opportunities that fit your unique skills, goals, and preferences.

The certification also underscores FranNet consultants' dedication to upholding the values of transparency, professionalism, and ethical practices, building further trust in the relationships they form with franchisors and candidates.

By working with FranNet-certified consultants, franchisors can be assured that their brand is represented by individuals who understand the franchise industry's intricacies and value providing a consistent and superior service experience. Trust that you are in excellent hands with FranNet consultants.

## Item 2 - Franchisors Standards and Diversity

### Franchisor Selection Criteria

FranNet goes through a selection process similar to the due diligence process we advise our clients to follow when reviewing franchisors. The FranNet Selection Process is summarized below: ● Initial conversation/interview with the franchisor to obtain an overview of the concept. ● After the initial call, the franchisor is asked to complete a full application for consideration and to submit their FDD and financial statements for review.

- The FDD and financials are thoroughly reviewed.
- FranNet's Inventory Committee reviews and evaluates all documentation. Upon approval by the Inventory Committee, the concept is advanced to the validation phase. Specifically, FranNet contacts a sampling of franchisees at the concept to learn more about the culture and support from the franchisor to the franchisees.
- After a satisfactory review, FranNet proposes and agrees to a contract before the franchisor is considered inventory for the FranNet system.

### Franchisor Diversity

As of January 2025, FranNet's current list of franchisors covers 25 different SIC (Standard Industry Classification) codes. No single SIC group accounted for over 2.5% of the franchisors on the list.

#### FranNet Inventory 2024 SIC Codes and Percentages

<u>SIC Code</u>	<u>Industry</u>	<u>Percentage</u>
	<b>Fitness and Recreational Sports</b>	
7991	<b>Centers</b>	<b>2.44%</b>
5812	<b>Limited-Service Restaurants</b>	<b>1.95%</b>
7231	<b>Nail Salons</b>	<b>1.95%</b>
5812	<b>Full-Service Restaurants</b>	<b>1.46%</b>
	<b>Other Services to Buildings and</b>	
7349	<b>Dwellings</b>	<b>1.46%</b>
	<b>Used Household and Office</b>	
4213	<b>Goods Moving</b>	<b>1.46%</b>
	<b>Other Management Consulting</b>	
8748	<b>Services</b>	<b>0.98%</b>
	<b>Painting and Wall Covering</b>	
1721	<b>Contractors</b>	<b>0.98%</b>
8299	<b>Exam Preparation and Tutoring</b>	<b>0.98%</b>
7349	<b>Janitorial Services</b>	<b>0.98%</b>
7241	<b>Barber Shops</b>	<b>0.98%</b>
7311	<b>Advertising Agencies</b>	<b>0.49%</b>
	<b>Other Direct Selling</b>	
5963	<b>Establishments</b>	<b>0.49%</b>

7532	Automotive Body, Paint, and Interior Repair and Maintenance	0.49%
7993	Amusement Arcades	0.49%
0752	Pet Care (Except Veterinary) Services	0.49%
7231	Beauty Salons	0.49%
7299	Barbershop, Beauty Parlor, or Hair Styling Salon	0.49%
1799	Other Foundation, Structure, and Building Exterior Contractors	0.49%
7389	All Other Business Support Services	0.49%
1742	Drywall and Insulation Contractors	0.49%
8211	Elementary and Secondary Schools	0.49%
7216	Drycleaning and Laundry Services (Except Coin-Operated)	0.49%
3581	Other Commercial and Service Industry Machinery Mfg.	0.49%
7699	Other Personal and Household Goods Repair and Maintenance	0.49%
8351	Child Day Care Services	0.49%

### Item 3 - Fees Paid by Candidate/Client

The client/candidate never pays FranNet a fee. There is no exception to this rule. We do not charge the candidate for our time or services. The franchisor pays all fees. This arrangement is like an Executive Recruiter in the job search process.

### Item 4 - Fees Paid by Franchisors to FranNet for Successful Placement

The fees paid by franchisors for the successful placement of a candidate vary due to several factors, including the demand for the concept or specific industry, and the number of units sold in a package. The fee paid by the franchisor to FranNet does not affect the candidate's investment in the franchise business. Fees paid to FranNet are consistent with industry standards.

## Item 5 - Prohibited Practices

FranNet Consultants provides the candidate with an overview of the franchisors being presented for consideration.

FranNet consultants do not:

- Provide or review the Franchise Disclosure Document.
- Provide any franchise sales materials to the candidate for the franchisor.
- Discuss or project earnings claims or Item 19 information.
- Guarantee any type of earnings or return on investment.

**Please acknowledge your receipt of this document:**

Received this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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Candidate/Client Signature