

SAMPLE REPORT

Franchise risk report: Bramblecrumb Pie Co.

Hand-pie and coffee bakery-café. Sample report about a fictional franchise.
All names, figures and events are made up for illustration.

Franchisor	Bramblecrumb Franchising, LLC (fictional)
FDD reviewed	2026 FDD, issued March 30, 2026, amended May 4, 2026 (Items 18–19 read directly; other Items via cited summary)
Target market	Riverbend County, NC (fictional market)
Prepared	October 22, 2026
Method	14 sections · 8-point red-flag rubric · every claim cited

RISK SCORE

8/10

HIGH



SAMPLE for illustration. Findings reflect sources as of October 22, 2026 and may be out of date; the franchisor was not asked to comment. FranchiseXray compiles this report from public records and documents you provide and does not guarantee that it is accurate, complete, or current. This is research, not legal, financial, investment, tax, accounting, or other professional advice, and no attorney-client or advisory relationship is created. Brand names belong to their owners; no affiliation or endorsement is implied. Verify everything with a licensed franchise attorney before signing or paying anything.

About this sample. Sample report about a fictional franchise. All names, figures and events are made up for illustration. It shows the FranchiseXray Full Report format. Where a source could not be reached or was not checked, the report says so instead of guessing.

New to franchise paperwork? A quick guide. *FDD* is the Franchise Disclosure Document, the long document a franchise seller must give you before you sign. It has 23 numbered sections called *Items*. For example, Item 19 is what the company says about owner earnings, Item 20 shows how many locations opened, closed, or changed hands, and Item 21 is the company's financial statements. A *registration state* is one of 13 states (California and Minnesota among them) where a franchise must register before selling there. The *risk score* runs from 1 to 10. Higher means more to look into, and it is not a recommendation to buy or not buy.

Sample report about a fictional franchise. All names, figures and events are made up for illustration.

Main source document: the Bramblecrumb Franchising, LLC 2026 Franchise Disclosure Document (FDD), issuance date March 30, 2026, as amended May 4, 2026. A registration-state record shows it effective April 6, 2026 (fictional source).

How this sample was sourced:

- FranchiseXray read the Item 18–19 pages directly from a public copy (fictional source).
- Figures for other Items are taken from a page-cited public summary of the same FDD (fictional summary site, retrieved Oct 22, 2026) and are marked (PS).
- In a paid Full Report, every Item is read from the buyer's copy of the current FDD. Here, only Items 18–19 were.
- In this fictional sample, every source is invented for illustration. All sources were "retrieved" Oct 22, 2026.

Field	Finding	Citation
Franchisor	Bramblecrumb Franchising, LLC (organized June 12, 2017)	FDD Item 1 (PS)
Ownership	Parent chain up to Bramblecrumb Holdings, LLC, owned and managed by the founders, with a minority investment from a private-equity fund	FDD Item 1 (PS)
Concept	Bakery-café selling sweet and savory hand pies and coffee, with a rotating seasonal menu	FDD Item 1 (PS)
U.S. franchised outlets, Dec 31, 2025	412 (0 company-owned)	FDD Item 19, p. 64; Item 20 (PS)

1

Executive Summary

Bramblecrumb is a mid-size, fully franchised system: 412 U.S. franchised outlets at the end of 2025 (Item 19, p. 64).

- **Sales trend in the FDDs.** The 2026 FDD reports average 2025 Gross Sales of **\$742,380** for 301 reporting locations (Item 19, p. 64). The 2025 FDD reported **\$868,150** for 2024, so the average fell about 14% (fictional trade press, Apr 2026).
- **Profit figures removed.** The 2025 FDD included gross and net profit figures. The 2026 Item 19 reports Gross Sales only (same sources).
- **Growth slowing.** Item 20 shows openings falling from 118 (2023) to 46 (2024) to 6 (2025), while transfers between franchisees rose from 14 to 23 to 31 (PS).
- **Closures in 2026.** A restaurant trade publication reported on Oct 6, 2026 that Bramblecrumb "has closed 27 locations since spring" and opened 3 (fictional source). These 2026 events postdate the FDD.

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Financial Snapshot (Item 19 + Item 21 highlights)

Item 19 (p. 64, read directly)

2025, 301 locations	Average	Median	High	Low
Gross Sales	\$742,380	\$708,910	\$1,986,240	\$241,770

- **Who is counted:** 389 franchised outlets operated all of 2025, and 301 of them (about 77%) "timely submitted complete financial reports."
- **Who is left out:** 88 outlets that did not report on time, 19 that did not operate the full year, and "4 that closed during 2025."
- **Above average:** 133 locations (about 44%) "met or exceeded the average."
- **Costs:** the figures "do not reflect the costs or expenses that must be deducted... to obtain your net income or profit."

Item 19 history (secondary sources)

FDD year	Data year	Average Gross Sales	Reporting locations	Profit shown?
2025 FDD	2024	\$868,150	322	Yes: average net profit \$121,540
2026 FDD	2025	\$742,380	301	No

Sources: fictional trade press and FDD summary site.

Items 5–7 (PS)

- Initial franchise fee: \$40,000.
- Total initial investment: \$412,300–\$786,900, including \$58,000–\$64,000 paid to the franchisor or affiliates.
- Royalty 7% and Marketing Fund 3% of Gross Sales.
- Technology fee \$450/month.
- Transaction processing fee 2.5%–3.5%. Item 6 Note 7 says the processor's fee "currently averages about 2.4%" and "We retain the difference."
- Local advertising 0%–2% (currently 1%).

Item 8 (PS)

- Approved or required sources make up an estimated 80%–90% of purchases.
- Affiliate Bramblecrumb Supply, LLC took in \$11,248,600 from franchisee purchases (unaudited).
- The franchisor or affiliates receive a 1%–2% administrative fee from the primary food distributor and about 2%–4% per case in rebates from two fruit-filling suppliers.

Item 21

- Trade press reported franchisor revenue of \$38.4 million and net income of \$6.2 million for 2025 (fictional source).
- The cover pages carry a state-required risk factor that the franchisor's financial condition "calls into question" its financial ability to provide services and support (PS).
- A research newsletter reports an Item 21 footnote on "several legal proceedings," with a litigation accrual of \$1.4 million against a range of \$1.4–\$3.9 million (fictional source).
- FranchiseXray did not read Item 21 directly.

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Unit Economics & System Health (Item 20 flow)

Franchised outlets (Item 20, Table 3) (PS)

Year	Start	Opened	Terminated	Non-renewed	Reacquired	End	Transfers
2023	254	118	3	0	0	369	14
2024	369	46	5	0	0	410	23
2025	410	6	4	0	0	412	31

- **Closure rate:** $(3 + 5 + 4) \div 254$ starting units = **4.7% over three years**. This is under the rubric's 10% line.
- **Company-owned:** 1 at the end of 2023, 0 at the end of 2024 and 2025.
- **Pipeline:** 64 agreements signed but not open at Dec 31, 2025, with 30 projected openings (Table 5) (PS).

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Risk Score (1–10)

RISK SCORE

8/10

HIGH



1 lower risk

10 higher risk

Rubric-based research score (10 = highest risk). Not a recommendation to buy or not buy.

The rubric gives 7.5, and halves round up. The main drivers are an Item 19 that excludes closed units and an Item 12 with no exclusive territory.

Methodology note. The score starts from a neutral 5 and applies the eight-line rubric only where a cited source states the fact. Halves round up. A state stop order or cease-and-desist would set a floor of 9. None was found in the sources checked.

Rubric line	Applied	Basis
Item 20 three-year closure rate above 10%	0	4.7% (Section 3)
Item 19 under 30 locations or excluding failed units	+1.5	Excludes "4 that closed during 2025" (Item 19, p. 64)
Multiple similar franchisee lawsuits in Item 3	0	Item 3 lists one customer class action, not franchisee suits (PS)
No territory protection or broad exceptions in Item 12	+1	No exclusive territory. Protected areas are generally 1–2 miles, with reserved online, catering, grocery and non-traditional channels (PS).
Royalty + ad fund above 10%	0	7% + 3% = 10%, which is not above 10%
High transfers with low closures	0	31 transfers vs. 4 exits in 2025. Treated as neutral rather than -0.5 because sales fell in the same year.
Clean Item 21, no going-concern note	0	Cover-page financial-condition risk factor (PS)
SBA default rate above category	0	1 charge-off among 46 disbursed loans approved FY2017–FY2022 (SBA FOIA aggregation, fictional figures)
Total	5 + 2.5 = 7.5 → 8	

The 2026 closures and sales reports in Section 5 are not rubric lines. They would be tested against Item 20 in the next FDD.

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Red Flags (sourced)

- **Item 19 leaves units out.** It excludes the 4 closed units and 88 non-reporting units, and since the 2025 FDD it no longer shows profit (Item 19, p. 64; fictional trade press).
- **Average sales down about 14% year over year** in the FDDs (Section 2).
- **2026 closures (news, after the FDD).** The trade publication reported 27 closures since spring. It also reported, citing company documents it saw, that same-store sales were "down 22% in August" and that median per-store monthly profit was "\$1,410" in September (fictional source, Oct 6, 2026).
- **Franchisee bankruptcy (news).** The same publication reported that "a four-store franchisee filed for bankruptcy" in August 2026 (fictional source).
- **Fines and monitoring.** Franchisees must use a mystery-shopper program, and fines range from \$200 to \$750. Item 6 lists system non-compliance charges (PS).
- **Required spending.** The trade publication reported that franchisees were required to pay "up to \$35,000" for a new oven package. This is not in the 2026 FDD as summarized.
- **Gag clauses.** Item 20 discloses that some current and former franchisees signed confidentiality clauses (PS).

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Year-over-Year Changes

Item	2025 FDD	2026 FDD	Source
Item 19 measures	Gross Sales, gross profit, net profit	Gross Sales only	Fictional trade press
Item 19 average Gross Sales	\$868,150 (322 locations)	\$742,380 (301)	Same; Item 19
Item 20 openings	46 (2024)	6 (2025)	(PS)
Item 3	Customer class action, pending	Described as pending (PS)	See Section 11

The Wayback Machine and prior-year Items 6, 12 and 17 were not compared for this sample.

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Franchisee Sentiment (dated excerpts only)

- **Oct 2026, unnamed franchisee quoted by the trade publication:** "September was the slowest month we've had" (fictional source).

- **Sept 28, 2026, CEO "L. Harrow" in a franchisee letter, quoted by the same publication:** "We grew faster than our support systems did, and that is on us." This is management, not a franchisee.
- Reddit, Indeed, Glassdoor and Blind were not checked for this sample.

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Competitor Density (target market)

Same brand, Riverbend County, NC (a fictional market; checked Oct 22, 2026):

- The brand's store locator lists four Riverbend-area stores: Downtown, Eastgate, Millbrook and Westfield (fictional).
- A local news report said the Westfield store closed and listed three Riverbend stores still open (fictional). The locator and the news report disagree.
- Nearby stores in two neighboring towns appear on the locator.

Category competitors: a Google Maps count of other bakery and café shops was not run for this sample.

9

Market Context (Census/BLS demographics)

Measure, Riverbend County, NC (fictional)	Value	Source
Population, July 1, 2025	412,600	Census QuickFacts (illustrative figure)
Population change since April 2020	+7.9%	Same
Median household income (2020–2024)	\$71,250	Same
Accommodation and food services sales, 2022	\$1.12 billion	Same
Unemployment rate	Not retrieved (BLS)	—

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SBA Loan Performance (if data available)

- **Approvals:** SBA lists 118 loan approvals for the brand since FY2017, totaling \$46 million (fictional figures).
- **Charge-offs:** among 46 disbursed loans approved FY2017–FY2022, 29 were paid in full, 1 was charged off, and 16 had a status SBA does not disclose. All SBA loans in the same years show 6.0% charged off (illustrative).
- **Source:** SBA FOIA aggregation (fictional source).
- **Caveat:** most of the brand's loans are recent and unseasoned, so the low figure says little about loans made in 2024–2026.

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Regulatory & Registration Status

Item	Status	Source
Registration state (one checked)	Cleared: registered, effective April 6, 2026	(PS)
Other registration states	Not checked for this sample	—
Customer class action over online pricing (federal court)	The docket shows an order of dismissal with prejudice on Jan 15, 2026. A secondary summary of the 2026 FDD (issued March 30, 2026) describes the case as pending, and FranchiseXray could not check the 2026 Item 3 text directly.	Court docket; summary site (fictional)
FTC actions	Not checked for this sample	—
SEC	Not applicable (private)	—

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Franchisee Contact List (exactly as published in Item 20)

Not reproduced in this sample. Whether to reproduce Item 20 contact lists is an open question for FranchiseXray's attorney. Item 20 also lists an independent franchisee association (PS).

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Recommended Questions for the Franchisor and for Franchisees

For the franchisor:

1. How many U.S. outlets have closed or transferred since Dec 31, 2025, and will you provide a current outlet list?
2. Why does the 2026 Item 19 no longer include profit? Will you provide the same profit measures for 2025 in writing, inside the FDD?
3. What were 2025 sales for the 88 outlets that did not report on time?
4. Which new equipment or programs (for example the oven package) will be required in the next two years, and at what cost?
5. What is the current status of the customer class action, and what other proceedings are behind the Item 21 litigation accrual?
6. What drives the cover-page financial-condition risk factor?

For franchisees:

1. What were your 2025 and 2026 year-to-date sales and margins?

2. How often have you been fined, and for what?
3. Did you sign a confidentiality clause?

For your attorney: the meaning of the territory terms, the non-compete, and the termination terms.

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Scope Note

- **Read directly:** FDD Items 18–19.
- **From page-cited secondary summaries:** other FDD Items, marked (PS).
- **Other sources (all fictional in this sample):** news (trade publications, local news), court dockets, SBA FOIA aggregations, and Census.
- **Not checked:** other registration-state portals, the Wayback Machine, Reddit, Glassdoor, Indeed, Blind, Google Maps category density, BLS, and the FTC.
- **News:** news reports and quotes reflect their authors and sources. FranchiseXray did not see the company documents the trade publication cites.
- The franchisor was not asked to comment.

Research, not legal advice.

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Appendix: How the risk score works

The risk score runs from 1 to 10. A higher score means more for you to look into. It is a research score, not a recommendation to buy or not buy.

Starting point. Every report starts at a neutral 5. We add or subtract points only for checklist items that a cited source confirms. Halves round up. The score always stays between 1 and 10.

Items that add points

- More than 1 in 10 units closed over three years (Item 20): +2
- The earnings figures are based on fewer than 30 locations, or leave out units that failed (Item 19): +1.5
- Several franchisees have filed lawsuits with similar claims (Item 3): +2
- You get no protected territory, or the protection has broad exceptions (Item 12): +1
- The royalty and ad fund together are more than 10% of sales (Items 6 and 11): +1
- SBA (U.S. Small Business Administration) loans to this brand default clearly more often than loans in its category, based on enough loans to compare: +1.5

Items that lower the score

- Many units change hands while few close (Item 20): 0 or -0.5
- The franchisor's audited financials are clean, its revenue is growing, and there is no going-concern note (Item 21): -1

Two override rules

- If a state regulator has an active stop order, revocation or cease-and-desist against the franchisor, the score is at least 9.
- If public records show the franchisor has stopped operating, the score is 10.

Bands. 1–3 is low. 4–6 is moderate. 7–10 is high.

Quick Scan: why you see a possible range. A Quick Scan uses public records only. Most checklist items need the franchise's disclosure document (FDD), so they can't be tested yet. To show how far the score could still move, we work out two numbers. The low end assumes every untested item that lowers the score applies. The high end assumes every untested item that adds points applies. Both use the same starting point, rounding, limits and override rules. The size of the gap sets the confidence level:

- High confidence: the range spans 0–1 points.
- Medium confidence: the range spans 2–3 points.
- Low confidence: the range spans 4 or more points.

The final score comes with the Full Report, which reads the FDD and tests each item.