FRANCHISE DISCLOSURE DOCUMENT

Altitude Franchising, LLC
A Texas Limited Liability Company
7165 Colleyville
Suite 104
Colleyville, TX 76034
817-741-JUMP (5867)
curt@altitudetrampolinepark.com
www.altitudetrampolinepark.com

Altitude Franchising, LLC ("Franchisor") is offering franchises to individuals or entities (hereinafter "Franchisee") to use the Franchisor's trademark ALTITUDE TRAMPOLINE PARK"®, the "SPIKE"® logo, and other related trademarks and proprietary information of Franchisor, for the purpose of operating an indoor trampoline park identified as ALTITUDE TRAMPOLINE PARK®. An ALTITUDE TRAMPOLINE PARK® provides recreational services in the nature of entertainment centers featuring indoor trampolines and other entertainment services, and sells products relating to the tradename and marks used by Franchisor relative to the operations of an ALTITUDE TRAMPOLINE PARK® ("Altitude," "ATP Business" or "Park(s)").

The total investment necessary to begin operation of a Park is estimated to be $1,069,450.00. This includes the Initial Franchise Fee in the amount of $30,000.00 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, 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 our Franchising Department by mail at 7165 Colleyville, Suite 104, Colleyville, Texas 76034, by telephone at 817-741-5867 or by email to curt@altitudetrampolinepark.com.

The terms of your Franchise Agreement will govern the franchise relationship. Do not rely on the disclosure document alone to understand the Franchise Agreement. Read the Franchise Agreement carefully. Show the franchise agreement 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.

Effective Date: December 31, 2016

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.

Information comparing franchisors is available. Call the state administrator listed in Exhibit A or your public library for sources of information. If you learn that anything in the offering circular is untrue, contact the Federal Trade Commission and the appropriate state or provincial authority.

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 TEXAS. 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 TEXAS THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

4. IF YOU ARE MARRIED, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTEE MAKING HIM/HER JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.

5. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS WHICH LIMIT YOUR RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A WAIVER OF JURY TRIAL.

6. 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: December 31, 2016

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:

State	Effective Date	State	Effective Date
California	March 17, 2016	Hawaii	Unapplied
Illinois	Pending	Indiana	Unapplied
Maryland	Unapplied	Michigan	Unapplied
Minnesota	Unapplied	New York	Unapplied
North Dakota	Unapplied	Rhode Island	Unapplied
South Dakota	Unapplied	Virginia	Unapplied
Washington	June 8, 2016	Wisconsin	Unapplied

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Item 1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language, this Disclosure Document uses "we" or "us" to mean Altitude Franchising, LLC, a Texas limited liability company - the "Franchisor." "You" means the individual, corporation, or other business entity that buys the franchise, the "Franchisee." "You" also means your owners if you are a business entity.

Franchisor, Parent and Affiliates

We are a Texas corporation formed on October 22, 2015. Our principal business address is 7165 Colleyville, Suite 104, Colleyville, Texas 76034 and our telephone number is 817-741-JUMP (5867). We conduct business under the name Altitude Franchising, LLC and do not operate any Altitude Trampoline Parks. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

We neither have a parent company nor predecessor.

Our Affiliates are as follows:

Curt Skallerup ("Curt") and Jeff Rutten ("Jeff"), as identified below under the heading "Business Experience," are the sole Members and Managers of Franchisor.

Curt and Jeff are the sole Members and Managers of L&A Altitude Management, LLC, a Texas limited liability company ("L&A"). L&A offers Park management, bookkeeping and/or group sales services to our Franchisees if they desire to engage L&A in that capacity. L&A has been offering its services since May, 2015. Prior to that date, L&A has never operated a business of the type being offered.

Curt and Jeff are the sole Members and Managers of Spike Apparel, LLC, a Texas limited liability company ("Spike Apparel"). Spike Apparel sells clothing and various Park related items to our Franchisees. Spike Apparel has been offering its services since November, 2015. Prior to that date, Spike Apparel has never operated a business of the type being offered.

Curt and Jeff are the sole Members and Managers of ATP Metal, LLC, a Texas limited liability company ("ATP Metal"). ATP Metal provides introductory and Park design services to a third-party trampoline manufacturer. ATP Metal has been offering its services since March, 2016. Prior to that date, ATP Metal has never operated a business of the type being offered.

Curt and Jeff are the sole Members and Managers of ATPIP, LLC, a Texas limited liability company ("ATPIP"). ATPIP owns the registered trademarks ALTITUDE TRAMPOLINE PARK® and the SPIKE Logo®, as well as other trademarks, trade names, trade dress, words, symbols, logos, slogans, designs, insignia, emblems, devices, service marks or combinations thereof, used to identify or are otherwise associated by virtue of usage with Altitude Trampoline Parks ("ATP Marks"). ATPIP also owns the rights to the confidential information, trade secrets, operating, training and marketing methods and concepts, processes and procedures (the "ATP System") relating to the operations of an ATP Business.

ATPIP purchased the ATP Marks and ATP System from J&C IP, Inc. (as identified below). ATPIP now licenses those rights to us. We then sublicense those rights to our Franchisees. ATPIP has never operated a business of the type being offered.

Curt and Jeff are the sole Members of J&C IP, Inc., a Texas corporation ("J&C"). J&C, who was the previous owner of the ATP Marks and ATP System, previously granted licensing rights to individuals and entities ("Licensee(s))" to use the ATP Marks and ATP System so as to enable the Licensees to own and operate Altitude Parks (the "Altitude Licensing Model"). The current Licensee Park owners have the continued right to use the ATP Marks and ATP System as a result of a licensing arrangement between ATPIP and J&C. Neither J&C, nor any other Affiliate of us, will continue to offer the Altitude Licensing Model to prospective Park owners. All future Park owners will be Franchisees and operate their Parks under the terms of this franchise offering. Numerous Licensees continue to own and operate Parks under the Licensing Model (See Item 20 below). J&C has never operated a business of the type being offered.

Curt Skallerup ("Curt") and Jeff Rutten ("Jeff") are the sole Members and Managers of Vertical Trampoline Parks Enterprises, LLC, a Texas limited liability company ("VTPE"). VTPE owns and operates the ATP Park in Fort Worth, Texas as a Licensee and has done so for approximately three (3) years. VTPE has never operated a business of the type being offered.

Curt and Jeff have an ownership interest in Extreme Indoor Trampoline, LLC, an Arkansas limited liability company ("EXIT"). EXIT owns and operates the ATP Park in Little Rock, Arkansas as a Licensee and has done so for approximately three (3) years. Curt and Jeff have only operated an Altitude Trampoline Park for two months prior to opening the ATP Park in Little Rock, Arkansas (see description for VTPE above). The other owners of EXIT have not operated a business of this type before.

Curt and Jeff are the sole Members and Managers of ATP Little Rock Management, LLC, an Arkansas limited liability company ("ATPLRM"). ATPLRM provides Park management services to EXIT. ATPLRM has never operated a business of the type being offered.

No franchises have ever been offered by any of our Affiliates.

Agent for Service of Process

Our agent for service of process is as identified on attached Exhibit A.

Prior Experience

We have not conducted a business of the type you will be operating and do not engage in any types of business activities other than franchising Altitude Trampoline Parks.

The Affiliate, J&C IP, Inc., has granted a number of licenses for the operations of Altitude Trampoline Parks. The following list comprises the number of licenses which have been granted and the location for the Park operations and the year the Parks commenced business:

1. Fort Worth, Texas (Affiliated Owned)	September, 2013
2. Little Rock, Arkansas (Affiliated Owned)	November, 2013
3. Billerica, Massachusetts	April, 2014
4. Monroe, Louisiana	March, 2015
5. San Antonio, Texas	May, 2015
6. Bossier City, Louisiana	June, 2015
7. Rochester, New York (Affiliated Owned)	July, 2015
8. Slough, England	September, 2015
9. San Juan, Puerto Rico	November, 2015
10. Grapevine, Texas	December, 2015
11. Denton, Texas	January, 2016
12. Mobile, Alabama	March, 2016
13. Cedar Hill, Texas	April, 2016
14. Lubbock, Texas	April, 2016
15. Lake Charles, Louisiana	April, 2016
16. Laredo, Texas	May, 2016
17. McAllen, Texas	May, 2016
18. Bayamon, Puerto Rico	June, 2016
19. Glen Carbon, Illinois	June, 2016
20. Gulfport, Mississippi	July, 2016
21. Austin, Texas	July, 2016
22. Katy, Texas	July, 2016
23. Richardson, Texas	September, 2016

The Business We Offer

An ALTITUDE TRAMPOLINE PARK® is a diversified family entertainment center that combines recreation and fun within a large facility that provides a safe, clean, climate-controlled and supervised environment for people of all ages to have indoor trampoline fun. We offer the ALTITUDE experience in a high-energy, music filled, indoor area with hundreds of square feet of expansive trampoline mats for safe jumping, games, parties, exercise and other family fun. An ALTITUDE TRAMPOLINE PARK® includes dynamic interior designs, unique bright colors, our beloved "Spike" logo, the highest quality trampoline matting and equipment in the industry (meeting all ASTM standards), a friendly and customer service oriented staff and sound business management principles. We package the foregoing, through the use of the ATP System, which includes the ATP Marks, in a franchise arrangement and offer that franchise to prospective franchisees.

You must operate your ATP Business in accordance with our operating practices and sign our "Franchise Agreement" which is attached hereto as Exhibit C. We reserve the right to modify the ATP System in accordance with the terms of the Franchise Agreement.

A Franchisee who decides to open an ALTITUDE TRAMPOLINE PARK® can expect to initially invest an estimated $1,069,450.00 to open and operate a Park (this range is an estimate and includes the payment of an initial license fee to us in the amount of Thirty Thousand Dollars ($30,000.00)). During the Park's operations, Franchisee will pay a monthly royalty fee to us in the amount of Seven percent (7.0%) of the Park's monthly gross sales.

Applicable Regulations

Currently, we are not aware of any specific laws or regulations which relate, exclusively, to the operation of an indoor trampoline park. We are aware, however, that legislation has been submitted in the States of Arizona, California, Michigan and Utah to regulate safety procedures at indoor trampoline parks. The bills have not become law as of this time. **You should note that it is entirely possible, and in fact likely, that safety laws will be implemented in numerous, if not all of the States in America, in the future.** It is our understanding that the Park's structure and operations must be in compliance with all laws as they may relate to the operation of any other business in the particular locale. You should consult with your attorney and local, state and federal government agencies before investing in a franchise so as to obtain a thorough understanding of the operations of the ATP Business and to ensure compliance with all applicable laws as they may relate, in part, to the facility, the business operations and child laws.

General Market

The market for those who attend an Altitude Trampoline Park is the general public. Altitude Trampoline Parks are open and available for use year-round. The indoor trampoline market is a developing market but seems to be expanding at a relatively rapid rate.

Competition

The indoor trampoline park business is highly competitive and ATP's competitors include well-established indoor trampoline park owners, some of which have greater experience in operating an indoor trampoline park, greater capital resources, and greater economic strength so as to provide park product and services at costs below that of an ATP Park.

Item 2. BUSINESS EXPERIENCE

Founder and Chief Executive Officer: Curtis L. Skallerup ("Curt"). Curt is a member, manager and the Chief Executive Officer of our Company. His work experience for the last five years is as follows:

<u>Curtis L. Skallerup</u>

Employer and Position	Term of Employment	Location of Employment
Chief Executive Officer of our Company	October 2015 to the Present	Fort Worth, Texas
J&C IP, Inc. – President	July 2014 to the Present	Fort Worth, Texas
HAAS Group International – Senior Vice-President	January 2011 to February 2013	Southlake, Texas

Founder and Chief Operations Officer: Jeffrey L. Rutten ("Jeff"). Jeff is a member, manager and the Chief Operations Officer of our Company. His work experience for the last five years is as follows:

Jeffrey A. Rutten

Employer and Position	Term of Employment	Location of Employment
Chief Operations Officer of our Company	October 2015 to the Present	Fort Worth, Texas
J&C IP, Inc. – Vice-President	July 2014 to the Present	Fort Worth, Texas
Not Employed	August 2006 to July 2014	
Carmax, The Auto Superstore – Senior Vice-President	July 1993 to August 2006	Southlake, Texas

Item 3. LITIGATION

No litigation is required to be disclosed in this Item.

Item 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5. INITIAL FEES

In the State of Illinois, payment of the Initial Fee described in Article VI of the Franchise Agreement shall be deferred until we have completed all of our pre-opening obligations and you commence business pursuant to the Franchise Agreement. This deferral has been imposed by the Illinois Attorney General's Office based on our financial condition.

You must pay an initial License Fee to us in the amount of $30,000.00, in a lump sum, on execution of the Franchise Agreement. All rights and restrictions, as set forth in the Franchise Agreement, shall commence at that time. We reserve the right to reduce or waive the initial Franchise Fee in certain cases. Such cases may include, but may not be limited to, unique circumstances where there is a mutual interest for us and the Franchisee to reduce or waive the Franchise Fee; for example, where the Franchisee agrees to open multiple Parks or where a Franchisee elects to open a Park in a particular locale. The initial Franchise Fee is not refundable.

Item 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of monthly Gross Sales	By the 10th day of the succeeding month	Gross Sales shall represent sales from all trampoline and other entertainment activities, as well as related services and products, which are sold at the Park including,

			but not limited to, Park admission fees, specific entertainment "ala carte" activity fees, if approved by us, apparel sales bearing ATP Mark(s), food sales which are included in an "event package" (for purposes herein, a birthday or group organization party shall be deemed an event package), and proceeds received or realized by you in connection with any business interruption insurance maintained by, or for, your benefit. Gross Sales shall exclude sales of food (except for food being sold in an event package) and apparel which do not bear the ATP Mark(s).
Background Check Fees	$25 to $50 per employee	At time background check is ordered	You must conduct a criminal background check on each of your employees. The cost of the background check will depend on the depth of the review, which is dictated by the position held by the employee. These fees are paid to a third-party review company and not to us.
Franchise Agreement Transfer Fee	$10,000.00	Before acceptance of transfer	Payable before you transfer your Franchise to a third-party.
Fee for Lost Operations Manual	$500.00	Upon delivery of the replaced Operations Manual	
Audit Fee	Cost of Audit, plus any understated amount with interest	Upon demand	If we determine that you have been deficient by 3% or more on reported Gross Sales.
Interest on Late Payments	Lesser of 18% annually or maximum legal rate allowed by State law	On all overdue payments	Payable on all overdue amounts. Interest begins to accrue from the due date until the date paid.
Late Report Fee	Greater of $100 or 3% of the unpaid amount	As incurred	Payable if a Royalty Fee is paid later than the 15th day of the required payment.

Item 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount of Expenditure**	**Method of Payment**	**When Due**	**To Whom Payment is Made**
Initial Franchise Fee	$30,000	Lump sum	At earlier of (i) opening of the Park for business or (ii) 180 days after execution of Lease Agreement, as applicable	Us
Architect (Space Layout)	$2,000	As incurred	Prior to Opening	Vendor
License and Permits	$2,200	As incurred	Prior to Opening	Municipality
Leasehold Improvements (including Tramp Decking and Sheetrock work)[1]	$175,000	As incurred	Prior to Opening	Landlord
Security Deposit	$10,000	As incurred	Prior to Opening	Landlord
Trampoline and Pads	$630,000	As incurred	Prior to Opening	Tramp Manufacturer
Foam Pit and Blocks	$19,500	As incurred	Prior to Opening	Tramp Manufacturer
Furniture, Table, TV	$18,000	As incurred	Prior to Opening	Vendor
Signage	$15,000	As incurred	Prior to Opening	Vendor
Computer Hardware, and Software	$17,000	As incurred	Prior to Opening	Vendor
Telephone/Security/Sound System	$33,000	As incurred	Prior to Opening	Vendor
Miscellaneous Office Equipment	$5,000	As incurred	Prior to Opening	Vendor
Insurance Prepaid Premiums	$25,000	As incurred	Prior to Opening	Vendor
Staff Training and Materials	$3,500	As incurred	Prior to Opening	Vendor
Legal and Accounting	$4,500	As incurred	Prior to Opening	Vendor
Uniforms	$2,500	As incurred	Prior to Opening	Vendor
Website	$2,250	As incurred	Prior to Opening	Vendor
Grand Opening	$5,000	As incurred	Prior to Opening	Vendor
Marketing	$10,000	As incurred	Prior to Opening	Vendor
Additional Funds[2]	$60,000	As incurred	First 6 months of Operations	Vendor

[1] A large percentage of Franchisees lease buildings in which to operate their Parks. If the Franchisee owns property to operate its Park, the Estimate of the Initial Investment will change.

[2] Based on prior experience of Park operators, we suggest that you maintain Additional Funds in the amount of $60,000.00 to satisfy any cash flow deficiencies during the first 6 months of the Park's operations. The funds may be needed to support ongoing expenses, such as employee wages, utilities, payroll taxes, legal and accounting fees, advertising, promotion, outside services, operating supplies, maintenance and repair, office supplies, cash shortages, as well as additional opening capital for other variable costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as the sales volume of your park; your management skill, experience, and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and your rent structure.

Total Estimated Initial Investment[3]	**$1,069,450**			

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required purchases

Trampoline Equipment. You must purchase all trampoline equipment including the frames, springs, jumping mats, redundant jumping mats, foam pads and nets above the walls from one or more approved vendors. The approved vendors, will be identified on a list which we will provide to you in our Operations Manual. The list of approved vendors may change from time to time, at which time we will notify you. The approved trampoline equipment vendors are selected, primarily, based on the criteria of the quality of the equipment manufactured for safety and durability. The approved vendor will provide to you the specifications and standards for the trampoline equipment prior to the time of any purchase. Neither we, nor any affiliate, is an owner of the approved trampoline equipment vendor.

Point-of-Sale Software System. You must purchase (or license) the point-of-sale software system from one or more approved vendors. The approved vendor, or vendors, will be identified on a list which we will provide to you in our Operations Manual. The list of approved vendors may change from time to time, at which time we will notify you. The approved vendor for the point-of-sale software system is based, primarily, on the criteria of performance, functionality and compatibility. The approved vendor will provide to you the specifications and standards for the point-of-sale system prior to the time of any purchase. Neither we, nor any affiliate, is an owner of the approved point-of-sale system vendor.

Trampoline Socks. You must purchase trampoline socks from one or more approved vendors. The approved vendor, or vendors, will be identified on a list which we will provide to you in our Operations Manual. The list of approved vendors may change from time to time, at which time we will notify you. The approved vendor for trampoline socks is based on the safety functions of the sock as well as the quality, color, and durability.

We will not entertain, from you, the use of alternative vendors with respect to the trampoline equipment, point-of-sale software system and trampoline socks.

Suppliers in which Curt and Jeff own an interest

Curt and Jeff are the sole owners of Spike Apparel. At this time, Spike Apparel is the only affiliate who is on our list of approved supplier/vendors for trampoline socks and apparel. You are not required to purchase trampoline socks or apparel from Spike Apparel, provided, you identify another supplier or vendor who provides apparel of a similar quality, safety, color and durability

[3] Total Estimated Initial Investment is an estimate only. The figure cannot be guaranteed and costs will differ based on various factors including, but not limited to, market conditions, purchasing experience and Franchisee's unique attributes in which it wants to equip and operate its Park. Neither Franchisor, nor any Affiliate, provides initial investment financing.

as those provided by Spike Apparel. At this time, we do not provide specifications and standards of the products provided by Spike Apparel but will do so at your written request.

Curt and Jeff do not own any interest in any other approved supplier.

Approval of alternate suppliers

Except for the trampoline equipment, point-of-sale software system and trampoline socks which must be purchased from approved vendors, you may purchase other goods and services from vendors who are not on our list of approved vendors ("alternative suppliers"). To purchase goods and services from alternative suppliers, you must first get our approval. To get our approval, you must, in a written request to us, identify the goods and services which are sought to be purchased, along with the name and address of the alternative supplier(s). If you want to buy a product from an alternative supplier, your request must also include a sample of the product. We do not provide to you beforehand (except for the trampoline equipment and point-of-sale system) specifications or criteria for each product or service which you may need, but we will provide that information on your written request. We do not charge a fee for any request. We will reply to you within thirty (30) days of receiving your written request. Our decision to allow you to purchase goods and services from alternative suppliers will be based on our assessment of the product or service meeting ATP System standards, as determined by us. If we disapprove of your request, we will provide an explanation as to why the request was denied. Approval of alternative suppliers may be revoked if we determine that the quality of the products, services, equipment, inventory and supplies no longer meet ATP System standards, as determined by us. You will be notified if we revoke the allowance of an alternative supplier and we will include an explanation for the reason.

Revenue from franchisee purchases

In the year ending December 31, 2016, and prior to such date, neither we, nor any affiliate, have received any revenues from franchisees (or licensees) with respect to the sale of the required purchases of trampoline equipment or point-of-sale software/system. In the most recent fiscal year, Spike Apparel, received $1,313,482.73 in revenues from the franchisees/licensees for the sale of trampoline socks.

In the future, we may receive revenues from the trampoline manufacturer for providing Park design services if you choose to engage ATP Metals to do so. The terms of compensation from, the trampoline manufacturer and to ATP Metals have not been determined at this time. With respect to Spike Apparel, if a franchisee purchases trampoline socks or other goods from Spike Apparel, Spike Apparel charges a price which is thirty percent (30.0%) above the cost which Spike Apparel pays to its supplier. The cost which is paid to the supplier is a preferred customer volume discount cost which Spike Apparel has negotiated with the supplier. The difference between Spike Apparel's cost and the revenues received from a franchisee are applied to Spike Apparel's administrative costs and a portion constitutes profit.

The estimated proportion of the required purchases of the trampoline equipment, point-of-sale system and trampoline socks, as they relate to other goods and services purchased in establishing and operating an ATP Business, are as follows: Trampoline Equipment = %, Point-of-Sale System = % and trampoline socks = %.

Cooperatives

We do not have any purchasing or distribution co-operatives at this time and we will inform you if those arrangements change. However, we may negotiate purchase arrangements with suppliers, including price terms, for the benefit of you, however, we are not obligated to do so. If we do negotiate purchase arrangements, it is anticipated that we may receive periodic volume discounts or other financial consideration from designated or approved suppliers of products, services, equipment, inventory and supplies, when either (i) purchasing such products, services, equipment, inventory and supplies, which we may then sell to you, or (ii) directing you to purchase such products, services, equipment, inventory and supplies from approved supplier(s)/vendor(s). We do not provide material benefits to you based on you purchasing particular products or services or using particular suppliers.

Item 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
Site Selection and Acquisition/lease	5.1 and 7.1 of franchise agreement	Exhibit C
Pre-opening purchases/leases	7.1 of franchise agreement	Exhibit C
Site development and other pre-opening requirements	7.2 of franchise agreement	
Initial and Ongoing Training	8.1-8.5 of franchise agreement	Not Applicable
Opening	8.2 of franchise agreement	Not Applicable
Fees	6.1-6.3 of franchise agreement	Items 5 and 6
Compliance with standards and policies/operating manual	3.1-3.4 of franchise agreement	Exhibit C
Trademarks and proprietary information	11.1-11.3 of franchise agreement	Item 13
Restrictions on products/services offered	Article IX of franchise agreement	Exhibit C
Warranty and customer service requirements	None	Not Applicable
Territorial development and sales quotas	5.1-5.4 of franchise agreement	Exhibit C
Ongoing product/service purchases	10.1-10.4 of franchise agreement	Exhibit C
Maintenance, appearance and remodeling requirements	Article IX of franchise agreement	Exhibit C
Insurance	15.1 of franchise agreement	Exhibit C

Advertising	14.1-14.6 of franchise agreement	Item 11
Indemnification	15.2 of franchise agreement	Exhibit C
Owner's participation, /management and staffing	Article IX	Exhibit C
Records and reports	12.1-12.2 of franchise agreement	Item 18
Inspections and audits	12.3 – 12.4 of franchise agreement	Exhibit C
Transfer	18.1-18.6 of franchise agreement	Item 16 and Exhibit C
Renewal	4.2 of franchise agreement	Item 16 and Exhibit C
Post-termination obligations	16.1-16.7 of franchise agreement	Exhibit C and Item 17
Non-competition covenants	16.2 of franchise agreement	Exhibit C
Dispute resolution	21.1-21.3 of franchise agreement	Item 16
Other: Guaranty of franchisee obligations	22.14 of franchise agreement	Exhibit C
Other: Website Requirement	13.1-13.4 of franchise agreement	Not Addressed
Other: Sale of Licensed Business and Franchisor's Right of First Refusal	19.1-19.3 of franchise agreement	Exhibit C
Other: Remedies	20.1-20.17 of franchise agreement	Item 17

Item 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your financing or lease obligations.

Item 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your ATP Business, we will provide the following assistance and services to you:

(i) identify your Designated Territory and identify your Right of First Refusal Area (if applicable) (both as defined below in Item 12)(Franchise Agreement, Exhibit A); and,

(ii) provide you with guidelines to assist you in selecting the site, of your choosing, for your Park. You will either lease or purchase the site, directly, from a third-party (we do not purchase or lease the real estate for you). We do not select, or approve, the location of your Park nor do we negotiate the purchase or lease of the site. We will introduce you to a licensed commercial real estate broker ("Our Real Estate Broker") that our Affiliate has worked with to assist numerous Park licensees with their site selections. We intend on continuing to introduce Our Real Estate Broker to future Franchisees to assist them with their site selections. Our Real Estate Broker has knowledge about the criteria to consider when choosing a desirable location for your Park. Our Real Estate Broker is not an Affiliate and will receive a commission or consulting fee as the parties agree (the parties being Our Real Estate Broker, the site's property owner and the co-operating broker, as may be applicable). You have no obligation to use Our Real Estate Broker but we offer the introduction as we believe you may find it beneficial. (Franchise Agreement, Article V).

You will be responsible for conforming the site to local ordinances and building codes and obtain the required permits (i.e. health, sanitation, building, sign permits, and such other government requirements). You will be responsible for purchasing and installing the equipment, signs, fixtures, opening inventory and supplies. We will provide you with a list of approved suppliers/vendors to assist you with the purchase and installation and will provide you with the specifications for such items, as applicable. The typical length of time between securing the site and opening your Park approximates eight (8) months to one (1) year, although the time-frame differs for each Park (given the site selected, the nature of the improvements to be made to the premises (both landlord and tenant improvements) and other needs/requirements of you and your landlord (Franchise Agreement, Paragraph 7.2).

Prior to entering into the Franchise Agreement, you and we, will identify a date by which your Park must be open for business to the public (Franchise Agreement, Exhibit A). If you fail to open your Park by such date, you will be in default of the Franchise Agreement and we may exercise our right to suspend performance of certain or all of our services to you or terminate the Franchise Agreement and all rights granted to you in the Franchisee Agreement. We also have the right to extend the Park opening date so as to give you additional time to open your Park (Franchise Agreement, Article IX(ii)).

Post-Opening Assistance

During the operations of your ATP Business, we will provide the following assistance and services to you:

(i) We will provide one or more representatives to be available to you to discuss your operational issues and support needs. Such representative(s) will be available (i) by telephone during normal business hours through a prior scheduled appointment, or more spontaneously whenever possible, and (ii) by e-mail correspondence during normal business hours. There is no additional charge for this service (Franchise Agreement, Paragraph 8.3(a));

(ii) We may choose to hold annual meetings to discuss sales techniques, new product and service developments, bookkeeping, training, accounting, inventory control, safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. These meetings may be held at a location chosen by us in our discretion. In the event that we do hold such annual meeting, your attendance is strongly encouraged but it is not required. If you choose to attend, all travel, lodging, meal and other attendance expenses shall be paid by you (Franchise Agreement, Paragraph 8.3(b));

(iii) We will furnish you with additions, supplements and modifications to the Operations Manual and disclose to you additional trade secrets, if any, developed by us, per the terms of the Franchise Agreement (Franchise Agreement, Paragraph 8.4); and,

(iv) We will provide guidance on pricing (Franchise Agreement, Article IX(xix)).

Advertising

Unless we modify the Operations Manual and notify you otherwise, you will be responsible for your own marketing, advertising and promotional campaigns. You will receive, for no additional charge, information and guidance about ATP marketing, advertising and promotional matters during the training program and will also receive a website address which will assist you with its marketing, advertising and promotional efforts. The website will provide samples of ATP marketing, advertising and promotional materials for you to consider. If you so choose, you may select and purchase the desired materials from our approved supplier(s). At this time, there are no required advertising expenditure amounts nor is there a requirement to participate in local, regional or national advertising programs or cooperatives. The existing arrangement may change as allowed by the Franchise Agreement (Franchise Agreement, Paragraph 14.1).

All marketing, advertising and promotional materials or communications, which have not been previously approved by us, must be submitted to us by you for our prior written approval. Our approval shall not to be unreasonably withheld provided such materials and communications are consistent with ATP System standards – as determined by us. With respect to social media marketing, advertising and promotional communications, you will not need to obtain our prior approval; provided, you use sound business judgment when communicating your messages, while promoting the highest standards of integrity, proper decorum and the goodwill associated with Altitude Trampoline Parks. If you fail to meet these standards, as determined by us, and after multiple warnings, we will have the right to require you to obtain our prior written approval of the social media content before such communications are broadcasted (Franchise Agreement, Paragraph 14.2).

Computer Systems

You are free to use whatever computer system and software programs you desire to operate your business, however, you are required to purchase and use a point-of-sale software system from our approved vendor known as CenterEdge which is licensed by Pathfinder Software, LLC located at 5050 Durham Road, Roxboro, NC 27574 (336-598-5934) (the software will be compatible with both Apple and a Personal Computer) (Franchise Agreement, Paragraph 10.2). Our Parks have been using the CenterEdge software from our inception. The required software system delivers, in part, one centralized software package to sell capacity controlled jump times, drive online jump sales and party reservations, manage liability waivers and improve guest processing. The cost of the hardware and software will approximate $17,000.00. You will be responsible for purchasing, maintaining, repairing, upgrading, and updating all computer hardware and software. The annual cost will approximate $9,700.00. We will have independent access to your point-of-sale program and the information therein so as to enable us to track your sales revenues. Although there are restrictions as to whom we can disclose your financial information, there are no contractual limitations on us viewing your data. However, we are not able to modify your data.

Operating Manuals

Upon executing a Franchise Agreement, we will loan you a copy of our Operations Manual that contains mandatory and suggested specifications, standards and procedures. The Operations Manual is confidential and remains our property (Franchise Agreement, Article III). The Table of Contents for the current Operations Manual is attached as Exhibit E.

Training Program

Prior to you opening your Park, we will provide an "Initial Training" program and "Pre and Post-Opening Training" program.

Initial Training. Approximately four-to-five (4-5) weeks before your Park opens, you (and/or your Park manager, as well as three (3) additional people if you so choose), shall visit the Altitude Trampoline Park in Fort Worth, Texas or such other Altitude Trampoline Park as we may designate for a one-time initial training program. Unless we allow otherwise, your visit shall be for no less than six (6) days and no more than fourteen (14) days. If you would like to train at the park for a period of time in excess of six (6) days, you may do so. During such period, you will be trained by our experienced staff members, who include our senior vice-president of operations who has in excess of two years of experience with our company and understands every aspect of the Park's operations, an existing or previously acting general manager with at least six-months of Park general manager experience, a member of our accounting department who has a complete understanding of the Park's economics and point-of-sale software system, and other experienced staff members who provide particular services relating to birthday party planning, court monitoring, equipment, safety and cleanliness, and marketing services. You will also be trained about the ATP System, hiring, employee training, advertising, promotion, customer relations and other matters relating to the Park's operations. You will also have the opportunity, during business operations, to "shadow" Park employees of differing responsibilities to receive a complete understanding of the Park's operations. You will be responsible for all travel, lodging, meal and personal expenses which are incurred by you, and all of your attendees, while attending the training program (Franchise Agreement, Paragraph 8.1). You may not open your Park until the Initial Training Program is completed to our satisfaction. (Franchise Agreement, Article IX (xvi)).

Pre and Post-Opening Training. Approximately three (3) weeks before the opening of your Park, our senior vice-president of operations and/or an existing or previously acting general manager with at least six-months of Park general manager experience will visit your Park for three (3) days and provide pre-opening assistance. During the following week, our senior vice-president of operations and/or an existing or previously acting general manager with at least six-months of Park general manager experience will return to your Park to provide additional training and operational assistance for a three (3) to five (5) day period. Thereafter, during the week in which you will open your Park (it is suggested that the Park's opening be scheduled for a Friday evening), one (1) to two (2) ATP staff members will return to the Park for the period Wednesday through Sunday to assist with the pre-opening activities and your post-opening operational needs. Included within the staff will be our senior vice-president of operations or an existing or previously acting general manager with at least six-months of Park general manager experience, as well as our party host training manager who will train your party hosts. We will go over the party process, expectations and set-up. We will also create an hour of "role play" so you will receive hands-on experience on how to host an Altitude birthday party. An ATP staff member (with experience depending on your need) will then visit the Park within a week or two thereafter, if you so choose, to provide additional assistance relative to Park operations and such other areas as you may request. You shall be responsible for the reasonable costs of travel, lodging and meal expenses of the ATP staff members who provide the above identified training services at your Park. (Franchise Agreement, Paragraph 8.2)

Our Initial Training program consists of six (6) days of training as follows:

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Day One - Introduction, General Park Rules, Internal Structures, POS Basics	0	8	Certified Training Park
Day Two - Cash Procedures, Manager Console, Birthday Party/Group Bookings, Friday Night Frenzy	0	8	Certified Training Park
Day Three – Birthday Set-up, Safety, GM Weekend Duties	0	8	Certified Training Park
Day Four – Front Desk Management, Floor Management	0	8	Certified Training Park
Day Five – Maintenance, Reports, Inventory, Staffing, Training and Scheduling	0	8	Certified Training Park
Day Six – Accounting, Marketing, Operations, General	5	0	Certified Training Park

No additional training programs or refresher courses are required.

It is your responsibility to hire, train and supervise efficient, competent and courteous employees of good character for the operation of your Park and to make sure the Park is operated in accordance with the ATP System (Franchise Agreement, Article IX (i) and (xi)). We may audit your Park at any time to ensure compliance with our systems and procedures (Franchise Agreement, Article IX (xvii)).

Item 12. TERRITORY

Prior to signing a Franchise Agreement, we will, together, identify an area in which you will be able to operate your Park (the "Designated Area"). The Designated Area must be agreeable to both of us. The Designated Area cannot infringe on any territorial restrictions of another Franchisee. Within the Designated Area, you can operate your Park from the location of your choosing. That location will be identified in the Franchise Agreement and we will agree to a multiple mile radius, from the site you choose, in which we, our Affiliates or other Franchisees, will not be able to open or operate another Park during the term of your Franchise Agreement, unless you agree otherwise in writing. The multiple mile radius shall be deemed the "Restricted Area of the Premises." The Restricted Area of the Premises will differ, on a franchise-by-franchise basis, depending on the demographics which surround the location and other criteria.

The continuing exclusivity arrangement which you possess within the Designated Area does not depend on achieving a certain sales volume, market penetration or other contingency. You will own the exclusivity rights to the Designated Area for the term of your Franchise Agreement.

We may also, at our discretion, grant you a "Right of First Refusal Area" (or "ROFR Area") which will be comprised of an area, other than the Designated Area, in which you will have an opportunity to operate one or more Parks in the ROFR Area. Such right of first refusal shall apply to the instance where we desire to offer a franchise opportunity to a prospective franchisee in the ROFR Area, or where our Affiliate desires to open its own Park in the ROFR Area. In such instance, we would provide written notice to you of our intentions and you would have fourteen (14) days of receipt of such notice in which to exercise your first right of refusal by providing written notice to us of your acceptance or declination of the offer. If you fail to provide written notice to us within such fourteen (14) day period, or decline the offer, we may proceed in offering a franchise opportunity to a prospective franchisee, or allow an Affiliate to open its own Park in the ROFR Area. If you elect to exercise your right of first refusal to open another Park in the ROFR Area, you agree to sign a Franchise Agreement, under the then existing terms of our Franchise Agreement, within fourteen (14) days of submitting such written notice to us. If you fail to sign a Franchise Agreement, the right of first refusal shall be revoked. If you fail to provide written notice within such fourteen (14) day period, or decline the offer, and we do not execute a Franchise Agreement with the prospective franchisee within one hundred and eighty (180) days of providing such notice to you, then we will resubmit the offer to you when the subsequent intention arises, subject to the same exercise terms.

There will be no restrictions on us soliciting, or accepting inquiries, from other prospective Franchisees inside, or outside, the Designated Territory, the Restricted Area of the Premises or ROFR Area. However, we will be subject to the territorial restrictions as set forth above and in accordance with the protections afforded other Franchisees as included in their respective Franchise Agreement.

We reserve the right to use any channels of communication, including the internet, direct marketing and the use of our ATP Marks, to prospect for other Franchisees inside, or outside, the Designated Territory, the Restricted Area of the Premises or ROFR Area. We will not pay any compensation to you in the event we choose to utilize such channels of communication within your Designated Territory, the Restricted Area of the Premises or ROFR Area.

There are no restrictions on the manner, or location, in which other Franchisees can prospect for, and solicit, guests for their own Parks.

Other than your and our agreement to a ROFR Area, there are no circumstances that permit you to modify your territorial rights.

If you wish to relocate your Park, we will discuss that possibility with you. Each decision will be made on a case-by-case basis and you will need our prior written approval before doing so. are no other circumstances that permit us to modify your territorial rights; however, you acknowledge that the Franchise granted hereunder is non-exclusive and that we and our Affiliates retain the exclusive right, among others:

(a) to use, franchise and/or license others to use, the ATP Marks and ATP System for the operation of an ATP Business at any location other than within the Restricted Area of the Premises;

(b) to offer ATP services or products, or grant others the right to offer ATP services or products, whether using the ATP System and/or ATP Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, television, radio, written materials, e-commerce, mail or otherwise, whether inside or outside the Designated Territory;

(c) to establish any websites utilizing a domain name incorporating one or more of the words "Altitude," "Trampoline," and/or "Park" or similar derivatives thereof. We retain the right to market on the Internet and use the ATP Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements;

(d) to acquire other trampoline parks, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Designated Territory, but only outside of the Restricted Area of the Premises; provided, however, we shall operate the acquired business as an Altitude Trampoline Park and convert such operation within a reasonable period of time from the date of such acquisition; and,

(e) to implement multi-area marketing programs which may allow us or others to solicit or sell to prospective franchisees or others anywhere in the world. We reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Item 13. TRADEMARKS

On execution of the Franchise Agreement, we grant to you the nonexclusive right to use the ATP Marks, including the trademarks ALTITUDE TRAMPOLINE PARK® and the SPIKE Logo® as well as various designs and logos associated with the Franchise. You may also use our other current and future ATP Marks as allowed per the Franchise Agreement.

ALTITUDE TRAMPOLINE PARK®, the SPIKE Logo® and the ATP System (the "Intellectual Property") are owned by ATPIP. ATPIP has granted us a non-exclusive license to use the Intellectual Property for purposes of franchising Altitude Trampoline parks around the world (the "IP License"). The IP License extends for fifty (50) years, commencing on November 20, 2015. Neither the IP License agreement, nor any other agreement of which we are a part, contains any restrictions on our ability to use or license the use of the trademarks in a manner which is material to the franchise.

The ALTITUDE TRAMPOLINE PARK® mark is registered with the Principal Register of the United States Patent and Trademark Office under Registration No. 4,526,302 on May 6, 2014 in connection with "providing recreational areas in the nature of indoor trampoline facilities; recreational services in the nature of entertainment center and interactive sports facility featuring trampolines and other play areas, and the planning, organizing and conducting of parties and special events featuring trampolines and other services related thereto."

The ALTITUDE TRAMPOLINE PARK® mark is registered with the Trade Mark Registry (United Kingdom) under Registration No. 3085206 on December 9, 2014.

An Application for International Registration was filed, on January 9, 2015, with the United States Patent and Trademark Office for the ALTITUDE TRAMPOLINE PARK® requesting protection in Japan. The World Intellectual Property Organization has issued its International Registration, and the registration is now pending with the Japan Patent Office.

An Application for International Registration was filed, on August 10, 2015, with the United States Patent and Trademark Office for the ALTITUDE TRAMPOLINE PARK® requesting protection in Egypt. The International Registration application is pending with the World Intellectual Property Organization. The SPIKE Logo® is registered with the Principal Register of the United States Patent and Trademark Office (Registration No. 4,648,197) and was registered on December 2, 2014.

The SPIKE Logo is identified as follows:

At this time, no Affidavits of Continuing Use are required to be filed.

Except as provided above, there are currently no determinations of the Patent and Trademark Office, trademark and appeal board, the trademark administrator of any state, or any court; pending infringement, opposition or cancellation or litigation involving the ATP Marks. We know of no prior rights or infringing uses that could materially affect your use of the ATP Marks in any state of the United States of America.

We, alone, have the right to control or settle any legal actions or proceedings regarding the ATP Marks. We are not required to protect your right to use the ATP Marks, however, we will indemnify you for, from and against all damages for which you are held liable in any lawsuit arising out of your use of the ATP Marks while you are in compliance with the Franchise Agreement. If we pursue or defend a claim of infringement, we may require you to cooperate with us, execute documents and take such actions to assist us in the defense or prosecution of the claim. In such instance, we will bear your out-of-pocket expenses.

You have an obligation to notify us of the use of, or claims of rights to, a trademark which is identical to or confusingly similar to a trademark licensed to you. You are not obligated to take affirmative action when notified of these uses or claims.

We retain the right to modify the ATP Marks, and the manner in which they are used, as well as add, remove or modify additional trademarks. You must comply with the modifications if requested. We will reimburse you for your out-of-pocket costs which you incur to comply. You will have no rights of damages, offset, or right to terminate the Franchise Agreement as a result of any modification or discontinuance of one or more of the ATP Marks.

You must use the ATP Marks in full compliance with the terms of the Franchise Agreement. You are prohibited from using ALTITUDE TRAMPOLINE PARK® trademark as part of any corporate name. You will conduct all business under your own name (individual, limited liability, corporation or any other legal entity) doing business as (DBA) "Altitude Trampoline Park," if allowed by the State in which you are operating your ATP Business.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Although we do not own any patent rights, we do believe that we have proprietary rights to aspects of the Park's design, construction and operations, including the information contained in the Operations Manual which may be suitable for copyright protection. We reserve the rights which we have in these items. We may, in our sole discretion, obtain copyright registration for any unregistered items. At this time, we have not filed any copyright registrations.

We possess certain confidential information and trade secrets in the knowledge, know-how, standards, methods, training techniques, processes and procedures related to the establishment and operation of the ATP System (collectively, the "Confidential Information"). You will not acquire any interest in the Confidential Information, other than the right to utilize the same in ownership and operation of your Park during the term of your Franchise Agreement. The use or duplication of the Confidential Information in any other business will constitute an unfair method of competition with us and other Franchisees. We will disclose the Confidential Information to you solely on the condition that you agree:

1. You will not use the Confidential Information in any other business or capacity;

2. You will maintain the absolute confidentiality of the Confidential Information at all times during and after the term of the Franchise Agreement; and,

3. You will not make unauthorized copies of any portion of the Confidential Information which is disclosed to you in written or other tangible form.

Item 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not obligated to participate in the operation of your Park but we do recommend it. You may engage, or appoint, others to do so and they do not need to complete our training program. We do encourage it, however. We may require you to enter into written agreements with your directors, managers, officers, owners and employees to ensure that they abide by our confidentiality and non-competition requirements as addressed in Paragraph 16.1(b) and 16.2 of the Franchise Agreement.
In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. Although we may provide guidance and assistance, if you make the request from us and we accept the invitation to provide such guidance and assistance (in our sole discretion unless we are required otherwise by the terms of the Franchise Agreement), the success or failure of the franchise as a business enterprise is dependent solely on your efforts. The purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with independently operating a business.

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Unless you get our prior written approval, you must sell or offer for sale only those services and products which are authorized by us and which meet our standards and specifications of the ATP System. Such approval may be granted or withheld at our sole discretion. We also retain the right to modify the ATP System to improve or enhance the ATP System. You will be required to make such reasonable expenditures as may be necessary to incorporate the modifications into your ATP Business, unless such modifications would result in financial hardship to you. If there is a dispute as to what constitutes financial hardship, the arbitration terms of the Franchise Agreement would apply.

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
Length of the franchise term of the Franchise	Section 4.1	Effective from the date the Franchise Agreement is executed until midnight on the day before the

		10th anniversary of the date the Park opened for business to the public
Renewal or extension of Term	Section 4.2	You will have the option to extend the Term for an additional 10 year period (the "renewal" term); provided, however, that you meet the preconditions which are set forth in the Franchise Agreement. At the time of renewal, you will be required to sign a new Franchise Agreement under the terms which exist at that time for new Franchisees. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement. We will not charge you an Initial Franchise Fee at the time of renewal.
Requirements for Franchisee to renew or extend	Section 4.2	Provide us with written notice 6-9 months prior to the expiration of the Initial Term of your decision to renew; be in compliance with the Franchise Agreement or any other agreement with us or an Affiliate at the time of renewal; avoid receiving 2 or more notices of breaches to the Franchise Agreement within a 24 month period prior to the expiration of the Initial Term, regardless if the breaches were cured; and execute a new Franchise Agreement. We reserve the right to waive one or more of the foregoing requirements if we so choose.
Termination by Franchisee	Not Applicable	
Termination by Franchisor without cause	Not Applicable	
Termination by Franchisor with cause	Section 20.1 and 20.2	We can terminate the Franchise Agreement if you violate certain terms of the Franchise Agreement
Cause defined – curable defaults	Section 20.2	You have 30 days to cure a failure to: (i) pay any amounts due; (ii) comply with our directions and guidelines relative to ATP Marks and design schemes; (iii) sell or offer only approved authorized services and products; (iv) maintain the required operating procedures and standards as set forth in the Operations Manual; or (v) remain in good standing with your Lease or other agreements which

		materially impact your ability to operate your ATP Business.
Cause defined – non-curable defaults	Section 20.1	(i) your failure to open by the Park Opening Date; (ii) your intentional or negligent disclosure of Confidential Information or Trade Secrets; (iii) you voluntary abandon your ATP Business; (iv) your insolvency; bankruptcy or assignment for the benefit of creditors; (v) the levy of your assets without discharge within 30 days; (vi) you, an ATP manager or owner with greater than 5% interest in Franchisee, is charged or convicted of any felony charge or crime involving moral turpitude, or felony or misdemeanor of any type against a child, or any crime or offense that is reasonably likely to materially and unfavorably affect the ATP System, ATP Marks, or our goodwill or reputation; (vii) you receive 3 notices of default within a 12 month period; (viii) you receive 5 notices of default within the Franchise Term; (ix) you transfer an interest in your company or the ATP Business without complying with requirements of the Franchise Agreement; (x) you submit, on 2 or more occasions, a report which understates Gross Sales by 3% or more; (xi) you fail to submit a report, statement or other required information more than 10 days late on 2 or more occasions during the Term unless due to circumstances beyond your control; (xii) you contest the validity of our ownership of the ATP Marks or copyrighted materials; (xiii) you experience an action which purports to dissolve or liquidate your entity without our prior approval; (xiv) you fail to successfully complete our training programs after 3 opportunities; or (xv) you violate any of the Anti-Terrorism laws.
Franchisee's obligations on termination/nonrenewal	Section 20.8	(i) De-identification from the ATP System and discontinue use of all ATP Marks; (ii) return the Operations Manual; (iii) at our direction, cancel or assign telephone numbers, internet

		addresses and email addresses; and (iv) at our option, assign to us any leasehold interest in which the Park operates.
Assignment of contract by Franchisor	Section 18.1	No restrictions on our right to assign.
Transfer by Franchisee - defined	Section "Definition"	Means the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of your interest in the Franchise Agreement, your ATP Park or a substantial portion of your assets or a controlling interest in your entity, if applicable.
Franchisor approval of transfer by Franchisee	Section 18.2	You must provide us with 90 days prior notice of any intended transfer which shall be subject to our approval
Conditions for Franchisor approval of transfer	Section 18.3	Transferee (i) is of good moral character; (ii) has sufficient business experience, aptitude and financial resources to purchase the interest; and (iii) has successfully completed our training program; (iv) you are current with all payments to us, our affiliates and your third-party creditors; (v) you and Transferee have signed the then current assumption and assignment agreement; (vi) Transferee signs the then current Franchise Agreement, and its owners sign the Guaranty, if applicable; (vii) you pay the $10,000.00 transfer fee; (viii) the Transferee obtains the lessor's consent to an assignment or sublease of the leased premises; and (ix) you and transferee comply with such other reasonable conditions which we may require from time to time.
Franchisor's right of first refusal to acquire Franchisee's business	Sections 19.1-19.3	We have the right to match any offer which you receive.
Franchisor's option to purchase Franchisee's business	Not Applicable	
Death or disability of Franchisee	Section 18.5	In the event of death, your estate or legal representative must apply to us for the right to transfer to any approved party within 180 days of your death. During such 180 day

		period, or earlier if the transfer is approved, we may operate your ATP Business, or appoint a representative to do so. Your ATP Business shall pay us a management fee for that service. If no approved party is identified and approved within such 180 day period, such failure shall constitute a breach of the Franchise Agreement and we shall be entitled to terminate the Franchise Agreement. There is no provision addressing your disability. Any representative will be obligated to comply, on your behalf, with the terms of the Franchise Agreement
Non-competition covenants during the term of the Franchise	Section 16.2(a)	No involvement in a competitive business.
Non-competition covenants after the Franchise is terminated or expires	Section 16.2(b)	No involvement in a competitive business for a 2 year period (i) in your Designated Territory or any other Designated Territory of other franchisees; (ii) within 50 miles of your Designated Territory or any other franchisees' Designated Territory; or (iii) within 50 miles of any of our, or Affiliated, owned ATP Parks.
Modification of the Agreement	Section 3.2, IX(i), 22.5	No modifications to the Franchise Agreement generally, but the Operations Manual is subject to change. On renewal, the newly signed Franchise Agreement may be modified from the prior Franchise Agreement which was signed by you.
Integration/merger clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
Dispute Resolution by arbitration or mediation	Section 21.2	Unless otherwise required by State law, either party may choose to submit a dispute to a court of law or to arbitration administered by the American Arbitration Association. Either choice shall be binding on the parties; however, a final award by an arbitrator(s) may be appealed to the appropriate District Court.
Choice of forum	Section 21.2	All disputes must be brought in Tarrant County, Texas except as

		required in the State Specific Addendum.
Choice of law	Section 21.2	Texas law applies, except as provided in the State Specific Addendum.

Item 18. PUBLIC FIGURES

We currently do not use any public figure to promote ALTITUDE TRAMPOLINE PARK®

Item 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Curt Skallerup at 7165 Colleyville, Suite 104, Colleyville, TX 76034 (817-741-5867), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. OUTLETS AND FRANCHISE INFORMATION

Our fiscal year-end is December 31, 2016 and the following charts disclose information about our franchisees and company-owned outlets for the past three calendar years.

Table #1

Systemwide Outlet Summary For Years 2014 to 2016				
Outlet Type	**Year**	**Parks at Start of Year**	**Parks at End of Year**	**Net Change**
Franchised				
	2014	0	0	0
	2015	0	0	0
	2016	0	1	+1
Company Owned				
	2014	0	0	0
	2015	0	0	0
	2016	0	0	0

Total				
	2014	0	0	0
	2015	0	0	0
	2016	0	1	+1

Table #2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for Years 2014 to 2016
There have been no transfers.

Table #3

Status of Franchise Outlets For Years 2014 to 2016*								
State	Year	Parks at the Start of the Year	Parks Opened	Terminations	Non-renewals	Re-acquired by Franchisor	Ceased Operations	Parks at End of the Year
Washington	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Totals	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

Table #4

Status of Company-Owned Outlets For Years 2014-2016							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
None	None	None	None	None	None	None	None

Table #5

Projected Openings as of December 31, 2016			
United States	Franchised Agreements Signed but Outlet Not Open	Projected New Outlets in the Next Fiscal Year	Projected New Company Owned Outlet in the Next Fiscal Year
Alabama	0	2	0

Arizona	1	1	0
Arkansas	0	1	0
California	1	1	0
Delaware	0	1	0
Florida	1	2	0
Idaho	0	1	0
Illinois	0	2	0
Kentucky	0	1	0
Maine	0	1	0
Maryland	1	1	0
Massachusetts	0	2	0
Michigan	0	1	0
Missouri	1	1	0
New Jersey	0	4	0
Ohio	1	3	0
Pennsylvania	1	3	0
Texas	2	4	0
State Total	9	32	0
International			
Argentina	0	1	0
Belgium	0	1	0
Mexico	0	1	
Norway	0	1	0
Panama	0	1	0
Spain	0	1	0
United Kingdom	0	1	0
International Total	0	6	0
TOTAL	1	39	0

Outlets and Franchisee Information*

Franchisee Name	Address	Telephone Number
A&D Trampolines, LLC	2183 Jones Circle, Ferndale, WA 98248	360-454-0099

* The references in this Table are to the Franchisees who operate ATP Parks as of the Effective Date of this Disclosure Document. You may wish to speak to the Franchisees about their ATP experiences but recognize that due to restrictions on proprietary information, the Franchisees may be restricted, in some regard, as to what they can discuss with you regarding the ATP System. No Licensee or Franchisee has had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased from doing business. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No confidentiality clauses have been signed by the Franchisees.

Item 21. FINANCIAL STATEMENTS

Attached as Exhibit B are the unaudited but Reviewed Financial Statements for the period October 26, 2015 (Date of Inception) to December 31, 2015; as well as the audited Financial Statements for the period January 1, 2016 through December 31, 2016. Our fiscal year-end is December 31 of each year.

Item 22. CONTRACTS

Exhibit D exhibits the **Franchise Agreement** which is entered into between the Franchisor and Franchisee.

Item 23. RECEIPT

THE LAST TWO PAGES OF THE FRANCHISE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) ARE RECEIPT PAGES ACKNOWLEDGING YOUR RECEIPT OF THE FRANCHISE DISCLOSURE DOCUMENT. ONE COPY IS FOR YOUR RECORDS, AND ONE COPY MUST BE SIGNED AND DATED BY YOU AND RETURNED TO US.

EXHIBIT A - LIST OF STATE ADMINISTRATOR AND AGENT FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept, of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines. IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801	Same

MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoff 212-416-8236 Mr. Grimes 212-416-8235
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215	Same

OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center - Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director. Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of the South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219	Clerk of the State Corporation Commission Tyler Building. 1st Floor 1300 E. Main Street Richmond. VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Turnwater, WA 98501 360-902-8762	Director. Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

EXHIBIT B – FINANCIAL STATEMENT

ALTITUDE FRANCHISING, LLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016

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McMillen & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

2835 South 132nd Street
Omaha, NE 68144

Phone (402) 697-8897
Fax (402) 697-9096

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

To the Members
Altitude Franchising, LLC
Colleyville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Altitude Franchising, LLC (a Texas Limited Liability Company), which comprise the balance sheet as of December 31, 2016 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Altitude Franchising, LLC as of December 31, 2016, and the results of its operations, members' equity, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McMillen & Associates, P.C.

McMillen & Associates, P.C.
Certified Public Accountants
Omaha, Nebraska
March 31, 2017

ALTITUDE FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2016

ASSETS	
Current Assets	
Cash	$ 15,579
Accounts receivable	120,000
	135,579
Other Assets	
Receivable from affiliate	79,000
Total Assets	$ 214,579
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Accounts payable	$ 57,726
Members' Equity	156,853
Total Liabilities and Members' Equity	$ 214,579

See accompanying notes and independent accountants' audit report.

ALTITUDE FRANCHISING, LLC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUE	
Initial franchise fees	$ 120,000
Franchise fee revenue	29,129
Total revenue	149,129
OPERATING EXPENSES	
Legal and professional	45,160
Travel expense	31,638
Meals and entertainment	9,094
Rent expense	3,500
Taxes and licenses	1,275
Office expense	963
Dues and subscriptions	450
Administrative expenses	220
Bank fees	42
Total operating expenses	92,342
NET INCOME	$ 56,787

See accompanying notes and independent accountants' audit report.

ALTITUDE FRANCHISING, LLC

STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

		Total
Members' Equity December 31, 2015	$	66
Net income (loss)		56,787
Contributed capital		100,000
Members' Equity December 31, 2016	$	156,853

See accompanying notes and independent accountants' audit report.

ALTITUDE FRANCHISING, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	$ 56,787
(Increase) decrease in accounts receivable	(120,000)
Increase (decrease) in accounts payable	57,726
NET CASH FLOWS FROM OPERATING ACTIVITIES	(5,487)
NET CASH USED BY INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
(Increase) decrease in due from affiliates	(79,000)
Proceeds from member contributions	100,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	21,000
Net increase (decrease) in cash and cash equivalents	15,513
Cash and cash equivalents at beginning of year	66
Cash and cash equivalents at end of year	$ 15,579

See accompanying notes and independent accountants' audit report.

ALTITUDE FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. Organization

Altitude Franchising, LLC (the "Company") was formed on October 26, 2015 under the laws of the State of Texas. The Company operates as a franchisor by offering franchisees use of the Company's trademark "Altitude Trampoline Park" (ATP), the "Spike" logo, and other related trademarks and proprietary information relating to ATP trademarks and the ATP operating system, for the purpose of operating an indoor trampoline park. An Altitude Trampoline Park provides recreational services in the nature of entertainment centers featuring indoor trampolines and other entertainment services, and sells products relating to the trade name and marks used by the Company relative to the operations of an Altitude Trampoline Park.

2. Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash

For the purposes of the statement of cash flows, cash is defined as demand deposits at banks.

Accounts Receivable

Accounts receivable consists primarily of initial and ongoing franchise fees. Accounts receivable are written off when they are determined to be uncollectible. The Company estimates the allowance for doubtful accounts based on historical industry averages, the existing economic conditions within the industry, and the financial stability of its customers.

Revenue Recognition

Revenue consists of initial franchise fees and ongoing franchise fees. Recognition of the initial franchise fee will generally occur upon signature of the franchisee's lease agreement or 6 months subsequent to the signature date of the Franchise Agreement. In certain states, the initial franchise fee is deferred until all initial obligations of the Company have been completed and the franchisee has commenced business pursuant to the Franchise Agreement. Ongoing franchise fees are in the nature of royalties and are primarily based on a percentage of the franchisees' gross sales. The ongoing franchise fee revenue is recognized as the fees are earned and become receivable from the franchisee.

Advertising

The Company expenses advertising costs as they are incurred.

2. **Significant Accounting Policies (continued)**

Income Taxes

The Company is not a taxpaying entity; thus no provision or benefit for income taxes has been included in these financial statements. All taxable income or loss passes through to, and is reportable by, the members on their respective income tax returns.

For federal income tax purposes, the tax returns essentially remain open for possible examination by the taxing authorities for a period of three years after the date on which those returns are filed. As stated in Note 1, the Company was formed in October of 2015, thus only the 2015 and 2016 tax returns are open for possible examination. The Company's management is not aware of any uncertain tax positions for the open tax years.

Subsequent Events

Management has evaluated subsequent events through March 31, 2017, the date the financial statements were available to be issued.

Compensated Absences

Personnel services for the Company are provided by an affiliate whereas the Company compensates the affiliate for such services. Therefore, the Company does not directly incur compensated absences since they are included in compensation paid to the affiliate. The affiliate's policy for employees provides paid vacation and other time off depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the financial statements as of December 31, 2016 as management has determined the amount was not material as of the reporting date. The affiliate's policy is to recognize the cost of compensated absences when paid to employees and the Company would recognize such costs when it compensates the affiliate.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. **Franchise Agreements**

As stated in the accounting policy footnote, the Company's revenues will primarily consist of franchise fees realized from Parks operated by franchisees. The fees are determined under certain franchise agreements executed between the Company and the Park operator. As of December 31, 2016 the Company had fourteen Parks signed under executed franchise agreements, of which five were responsible for the Company's realized revenue through the audit report period.

ALTITUDE FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

4. Related Parties

The Company operates in an office maintained by an affiliate and pays for office use through an occupancy arrangement. For the year ended December 31, 2016, the Company incurred $3,500 of occupancy expense to the affiliate for the office fee arrangement.

The amount receivable from affiliate reported on the balance sheet consists of two unsecured advances due from related parties at no interest.

The amount reported on the balance sheet as accounts payable are due to related parties for advances pertaining to start-up costs.

5. Concentrations

The Company began operations in October of 2015 with fourteen franchisees as of December 31, 2016. Accordingly, the first several franchisees would be considered major customers as a sizeable portion of the Company's revenue would be realized from these franchisees.

ALTITUDE FRANCHISING, LLC
REVIEWED FINANCIAL STATEMENTS
FROM OCTOBER 26, 2015 (DATE OF INCEPTION) TO DECEMBER 31, 2015

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McMillen & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

2835 South 132nd Street
Omaha, NE 68144

Phone (402) 697-8897
Fax (402) 697-9096

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Members
Altitude Franchising, LLC
Fort Worth, TX

We have reviewed the accompanying balance sheet of Altitude Franchising, LLC as of December 31, 2015, and the related statements of operations and cash flows for the period of inception through the year ended December 31, 2015, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McMillen & Associates, P.C.

May 17, 2016

ALTITUDE FRANCHISING, LLC

BALANCE SHEET

DECEMBER 31, 2015

ASSETS	
CURRENT ASSETS	
Cash	$ 66
TOTAL ASSETS	$ 66
LIABILITIES AND MEMBERS' EQUITY	
TOTAL LIABILITIES	$ -
MEMBERS' EQUITY	
Contributed capital	100
Net loss	(34)
Total Members' Equity	66
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 66

See accompanying notes and independent accountants' review report.

ALTITUDE FRANCHISING, LLC

STATEMENT OF OPERATIONS

FROM OCTOBER 26, 2015 (DATE OF INCEPTION) TO DECEMBER 31, 2015

REVENUE	$ -
OPERATING EXPENSES	
Administrative expenses	34
Total Operating Expenses	34
NET LOSS	$ (34)

See accompanying notes and independent accountants' review report.

ALTITUDE FRANCHISING, LLC

STATEMENT OF CASH FLOWS

FROM OCTOBER 26, 2015 (DATE OF INCEPTION) TO DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss) for the period	$ (34)
NET CASH USED BY INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from member contributions	100
Net Increase (Decrease) in Cash	66
Cash at Beginning of Period	-
Cash at End of Period	$ 66

See accompanying notes and independent accountants' review report.

ALTITUDE FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

FROM OCTOBER 26, 2015 (DATE OF INCEPTION) TO DECEMBER 31, 2015

1. Organization

Altitude Franchising, LLC (the "Company") was formed on October 26, 2015 under the laws of the State of Texas. The Company operates as a franchisor by offering franchisees use of the Company's trademark "Altitude Trampoline Park" (ATP), the "Spike" logo, and other related trademarks and proprietary information relating to ATP trademarks and the ATP operating system, for the purpose of operating an indoor trampoline park. An Altitude Trampoline Park provides recreational services in the nature of entertainment centers featuring indoor trampolines and other entertainment services, and sells products relating to the trade name and marks used by the Company relative to the operations of an Altitude Trampoline Park.

2. Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Cash

For the purposes of the statement of cash flows, cash is defined as demand deposits at banks.

Accounts Receivable

Accounts receivable will consist primarily of receivables for licensing fees. As of the end of the review period, there were no accounts receivable.

Revenue Recognition

Revenue will consist of initial franchise fees and ongoing franchise fees. Recognition of the initial franchise fee will generally occur at the execution of the Franchise Agreement. In certain states, the initial franchise fee is deferred until all initial obligations of the Company have been completed and the franchisee has commenced business pursuant to the Franchise Agreement. Ongoing franchise fees are primarily based on a percentage of the franchisees' gross sales and are recognized as revenue as the fees are earned and become receivable from the franchisee. As of the review report date, there were no franchises thus no revenue has been recognized through the report period.

Advertising cost

The company expenses advertising costs as they are incurred.

ALTITUDE FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

FROM OCTOBER 26, 2015 (DATE OF INCEPTION) TO DECEMBER 31, 2015

2. **Significant Accounting Policies (Continued)**

Income Taxes

The Company is not a taxpaying entity; thus no provision or benefit for income taxes has been included in these financial statements. All taxable income or loss passes through to, and is reportable by, the members on their respective income tax returns.

For federal income tax purposes, the tax returns essentially remain open for possible examination by the taxing authorities for a period of three years after the date on which those returns are filed. As stated in Footnote #1, the Company was formed in October of 2015, thus only the 2015 tax return is open for possible examination. The Company's management is not aware of any uncertain tax positions for the open tax year.

Subsequent Events

Management has evaluated subsequent events through May 17, 2016, the date the financial statements were available to be issued.

Compensated Absences

Employees of the company are entitled to paid vacation and other time off depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the financial statements. The company's policy is to recognize the cost of compensated absences when paid to employees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. **Franchise Agreements**

As stated in the accounting policy footnote, the Company's revenues will primarily consist of franchise fees realized from Parks operated by franchisees. The fees are determined under certain franchise agreements executed between the Company and the Park operator. As of December 31, 2015 there were no Parks open and operating under franchise agreements the Company realized revenue from through the review report period.

4. **Related Parties**

The Company operates in an office maintained by an affiliate and does not pay any rent directly. The Company will pay for office use and administration services through a fee arrangement with the affiliate. As of December 31, 2015 the Company did not incur any expenses to the affiliate for the office fee arrangement.

5. Concentrations

The Company began operations in October of 2015 with no franchisees as of May 17, 2016. Accordingly, the first several franchisees would be considered major customers as a sizeable portion of the Company's revenue would be realized from these franchisees.

EXHIBIT C - FRANCHISE AGREEMENT

ALTITUDE TRAMPOLINE PARK
FRANCHISE AGREEMENT

ALTITUDE TRAMPOLINE PARK
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ALTITUDE TRAMPOLINE PARK
FRANCHISE AGREEMENT

THIS AGREEMENT, dated ______________________________, 20____ (the "Effective Date"), is entered into by and between **ALTITUDE FRANCHISING, LLC**, a Texas limited liability company, whose principal business address is 7165 Colleyville, Suite 104, Colleyville, Texas 76034 ("Franchisor") and ____ a ________________ _______ with its principal place of business located at ____ __________________________________ ("Franchisee") (collectively the "Parties").

RECITALS

WHEREAS, Franchisor has created a system, under the tradename "Altitude Trampoline Park®" for the purpose of developing, operating and maintaining an indoor trampoline business which (i) provides recreational services in the nature of entertainment centers featuring trampolines and other entertainment services, and (ii) sells products relating to the tradename and marks used by Franchisor relative to the operations of an Altitude Trampoline Park;

WHEREAS, Franchisee acknowledges that the system is a unique system which incorporates, in part, the use of proprietary and confidential information, trademarks and tradenames, operating and training methods and procedures, equipment standards, concepts and other processes and procedures of value to the creation and operation of an Altitude Trampoline Park (the "ATP System");

WHEREAS, Franchisee acknowledges the importance of operating its Altitude Trampoline Park in conformity with the ATP System and further acknowledges that this Agreement requires Franchisee to strictly comply with the requirements of the ATP System and the terms of this Agreement; and

WHEREAS, Franchisee is fully aware of the foregoing and desires to operate an Altitude Trampoline Park in compliance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the Parties agree as follows:

DEFINITIONS

"Affiliate" means any person or entity that directly or indirectly controls, or is controlled by, the other. For purposes of this Agreement, the word "control" or "is controlled by" shall mean (i) the possession of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract, or otherwise, including their respective partners, venturers, members, managers, directors, officers, shareholders, agents, servants and employees, or (ii) the ownership of a greater than five percent (5.0%) interest in the subject entity.

"Altitude Trampoline Park Business" or "ATP Business" or "Park" means the business operations conducted, or to be conducted, by Franchisee which provides an indoor trampoline recreation and party center featuring trampolines, foam pits, and other entertainment elements, as well as the sale of products and services related to Franchisor's ATP System.

"ATP Marks" means the registered trademarks ALTITUDE TRAMPOLINE PARK® and the SPIKE Logo® to the extent of Franchisor's rights to same, together with such other trademarks, trade names, trade dress, words, symbols, logos, slogans, designs, insignia, emblems, devices, service marks or combinations thereof, that are registered by Franchisor or any of its Affiliates, or are used to identify or are otherwise associated by virtue of usage with Altitude Trampoline Parks, all as may be changed, deleted, added to or otherwise modified by Franchisor or its Affiliates in their sole discretion. The term applies whether the ATP Marks are owned currently by Franchisor or any of its Affiliates, or are later developed or acquired, and whether or not they are registered in any state, foreign country or in the United States Patent and Trademark Office.

"Confidential Information" means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the ATP System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee's ATP Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

"Designated Territory" means the area which is identified on Exhibit A where Franchisee shall operate Franchisee's ATP Business.

"Franchise" means the business operations conducted or to be conducted using the ATP System and in association with the ATP Marks.

"Franchise Disclosure Document" means the legal document which must be given to individuals interested in buying a franchise in the United States of America as part of the pre-sale due diligence process.

"Initial Franchise Fee" means the amount of the non-refundable payment, as identified on Exhibit A, which is paid by Franchisee to Franchisor on execution of this Agreement.

"Initial Term" means the period of time as identified in Section 4.1 of this Agreement.

"License" means the written authorization which is granted by Franchisor to Franchisee to own and operate an Altitude Trampoline Park in accordance with the terms of this Agreement.

"Operations Manual" means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by, or on behalf of, Franchisor for use by Franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the ATP Business or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time-to-time. The form and content of the Operations Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Operations Manual between Franchisor and Franchisee.

"Park Opening Date" means the date, as identified on Exhibit A, by which the Franchisee shall open its Altitude Trampoline Park.

"Premises" means the location where the Franchisee's ATP Business operates.

"Renewal Term" means the period of time as identified in Section 4.2 of this Agreement.

"Restricted Area of the Premises" means the radius of miles, as identified on Exhibit A, from the location of the Premises.

"Royalty Fee" means the amount of the monthly payment, as identified on Exhibit A, which is paid by Franchisee to Franchisor as a percentage of Franchisee's Gross Sales as that term is defined in Section 6.2(a) of this Agreement.

"Term" means the Initial Term and Renewal Term collectively.

"Trade Secret(s)" mean information, including any formula, pattern, compilation, program, device, method, training technique or process related to the ATP System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

"Transfer" means the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of Franchisee's interest in this Agreement, Franchisee's ATP Park or a substantial portion of its assets or a controlling interest in Franchisee.

I. COVENANTS, REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement:

1.1 **Non-reliance**. Franchisee represents and warrants that it did not rely on, and Franchisor and Franchisor's representatives have not made, any promises, representations, warranties or agreements relating to franchising the ATP System, except as expressly contained in this Agreement and in the Franchise Disclosure Document.

1.2 **Substantial Business Risk**. Franchisee agrees that the business venture contemplated by this Agreement involves substantial business risks and its success will be largely dependent on the ability of Franchisee as an independent business. Franchisor expressly disclaims the making of, and Franchisee agrees that it has not received, any information, warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement. If Franchisor furnishes advice, consultation, training or other forms of assistance in connection with the operation of the ATP Business, Franchisor does not guaranty or assure the success or satisfactory result of such assistance.

1.3 **Acknowledgement of Receipt**. Franchisee acknowledges that Franchisee received a copy of this Agreement, the Exhibits and attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) calendar days before the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received the Franchise Disclosure Document at least fourteen (14) calendar days before the date on which this Agreement was executed.

1.4 **Professional Counsel**. Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the ATP Business, Franchisor and this Agreement.

1.5 **Self-financing**. Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the ATP Business and is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.6 Accuracy of Representations. All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.7 No Conflict. Franchisee represents that it is not a party, nor subject, to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Term of this Agreement.

1.8 Anti-Terrorism Laws. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws. In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement. Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.8.

1.9 Court Proceedings. Franchisee is not a party, nor subject, to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

II. GRANT OF LICENSE

2.1 Grant of License. Subject to and in accordance with the terms of this Agreement, Franchisor grants to Franchisee, for the Term of this Agreement, a non-exclusive right, license and privilege to use the ATP System and ATP Marks for the purpose of operating one Altitude Trampoline Park Business in the Designated Territory.

2.2 Franchisee's Acceptance of the License. Franchisee agrees to (i) accept such non-exclusive right, license and privilege, (ii) operate its ATP Business in accordance with the ATP System and the terms of this Agreement, and (iii) offer only Franchisor approved services and products to its guests, unless Franchisee obtains Franchisor's prior written approval to offer other complimentary services or products to its guests. Such approval may be granted or withheld at Franchisor's sole discretion.

2.3 Franchisor's Right to Modify the ATP System. Franchisee recognizes that variations and additions to the ATP System may be required from time-to-time in order to preserve and/or enhance the ATP System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time-to-time the ATP System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply with the terms of this Agreement.

2.4 Reservation of Certain Rights. Franchisor reserves all rights not expressly granted to Franchisee in this Agreement, including but not limited to the right to establish Altitude Trampoline Parks, including Altitude Trampoline Park franchises, licenses or businesses owned by Franchisor or its Affiliates, at any locations Franchisor deems appropriate subject, however, to restrictions as may be set forth in each Franchise Agreement which Franchisor enters into with its Franchisees.

2.5 **Limitation to Designated Territory**. Franchisee recognizes that the rights that are granted to Franchisee are for the specific Designated Territory and no other, and cannot be transferred to an alternate Designated Territory, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor's sole discretion.

III. OPERATIONS MANUAL

3.1 **On Loan to Franchisee**. During the term of this Agreement, Franchisor will loan Franchisee one copy of Franchisor's Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures, including ATP System standards that Franchisor prescribes for Altitude Trampoline Parks. Franchisee shall operate its ATP Business strictly in accordance with the Operations Manual. Failure to comply with the standards set forth in the Operations Manual shall constitute a material breach of this Agreement.

3.2 **Modifications**. Franchisor shall have the right to add to, delete, and otherwise modify, the Operations Manual from time-to-time; provided, however, no such addition or modification shall (i) alter Franchisee's fundamental status and rights under this Agreement, (ii) impose new fees or increase the fees payable by Franchisee to Franchisor, (iii) impose an unreasonable economic burden on Franchisee, or (iv) unreasonably increase Franchisee's obligations hereunder.

3.3 **Form of Manual**. Franchisor has the right, at Franchisor's option, to furnish or make available to Franchisee the Operations Manual, and any updates, in the form of a paper copy, an electronic copy, or an electronic copy accessed through the Internet or other communication systems. Specifications, standards and operating procedures prescribed from time-to-time by Franchisor in the Operations Manual, or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein.

3.4 **Franchisor's Property and Return**. Franchisee hereby acknowledges that the Operations Manual is loaned to Franchisee during the term of this Agreement and shall at all times remain the sole and exclusive property of Franchisor. On termination of this Agreement, Franchisee shall return to Franchisor the Operations Manual together with all copies, or copies of portions thereof. If Franchisee loses or destroys any printed Operations Manual, Franchisor may charge a lost Operations Manual fee in the amount of Five Hundred Dollars ($500.00).

IV. INITIAL TERM AND RENEWAL

4.1 **Initial Term of the Franchise Agreement**. Subject to the prior termination provisions of this Agreement, this Agreement and the License granted herein shall become effective on the date this Agreement is executed by Franchisor and shall continue until midnight on the day before the tenth (10^{th}) anniversary of the date the ATP Park opened for business ("Initial Term").

4.2 **Renewal Term**. When the Initial Term expires, Franchisee shall have the option to extend Franchisee's rights to operate the ATP Business for an additional ten (10) year term ("Renewal Term"), provided, however, Franchisee meets the following requirements:

(a) Franchisee has given written notice to Franchisor of its intent to renew no later than six (6), or earlier than nine (9), months prior to expiration of the Term;

(b) Franchisee is in compliance with the terms of this Agreement as of the ending date of the Initial Term;

(c) Franchisee has not received notice of two or more breaches of this Agreement in the twenty-four (24) months prior to the end of the Initial Term, even if such breaches were timely remedied;

(d) Franchisee has been current in its payment obligations to Franchisee's Lessor, suppliers, and trade creditors for the six (6) month period prior to the end of the Initial Term;

(e) Franchisee has the right to continue to operate the ATP Business, at the then existing location, for the duration of the Renewal Term; and,

(f) Franchisee executes a new Franchise Agreement, and all other agreements in the form then being used by Franchisor in granting new franchises. Franchisee shall sign and return such agreements within thirty (30) days of receiving the same from Franchisor. Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee prior to, or at the time, Franchisee extends its rights to operate its ATP Business. Notwithstanding the foregoing, Franchisee will not be required to pay another Initial Franchise Fee at the time the new Franchise Agreement is executed.

Franchisor retains the right to waive one or more of the foregoing requirements if it so chooses.

4.3 **Additional Conditions of Renewal**. As additional conditions to renewal, in Franchisor's sole discretion, Franchisee may be required to:

(a) Execute a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. Franchisee's failure or refusal to sign such a release shall constitute good cause for Franchisor's refusal to allow a Renewal Term;

(b) attend additional training courses; and

(c) Provide proof of current licenses, insurance and permits.

4.4 **Interim Period**. If Franchisee does not sign a new Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

V. TERRITORY

5.1 **ATP Business Location**. Franchisee shall operate its ATP Business within the Designated Territory which is identified on Exhibit A which is incorporated herein by reference. Franchisee acknowledges and confirms that Franchisee has selected, or will select, the premises in which the ATP Business will be established and operated by Franchisee within the Designated Territory, and that the decision to establish and operate the ATP Business at the Premises was, or will be, made solely by Franchisee. Franchisee acknowledges that although Franchisor, its affiliated party, or independent third-party, at Franchisor's suggestion, may have assisted Franchisee with Franchisee's search of the Premises, Franchisee has conducted its own diligent review of the location and Franchisee's acceptance of a Franchise for the operation of its ATP Business at the Premises is based on Franchisee's own independent investigation of the suitability of the Premises.

5.2 **Franchisor's Designated Territory Restriction**. During the Term of this Agreement, and unless Franchisee agrees otherwise in writing, Franchisor, or its Affiliates, shall not own or operate an Altitude Trampoline Park or any other trampoline park, nor grant a Franchise to any other individual or entity for the operation of a ATP licensed business, within the Restricted Area of the Premises, as identified on Exhibit A.

5.3 **Franchisor's Rights Within and Outside the Designated Territory**. Except for the restricted terms set forth in Section 5.2 of this Agreement, Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to use, franchise and/or license others to use, the ATP Marks and ATP System for the operation of an ATP Business at any location other than within the Restricted Area of the Premises;

(b) to offer ATP services or products, or grant others the right to offer ATP services or products, whether using the ATP System and/or ATP Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, television, radio, written materials, e-commerce, mail or otherwise, whether inside or outside the Designated Territory;

(c) to establish any websites utilizing a domain name incorporating one or more of the words "Altitude," "Trampoline," and/or "Park" or similar derivatives thereof. Franchisor retains the right to market on the Internet and use the ATP Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements;

(d) to acquire other trampoline parks, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Designated Territory, but only outside of the Restricted Area of the Premises; provided, however, Franchisor shall operate the acquired business as an Altitude Trampoline Park and convert such operation within a reasonable period of time from the date of such acquisition; and,

(e) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to prospective franchisees or others anywhere in the world. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

5.4 **Right of First Refusal Area**. Subject to the Franchisor's approval, with such approval to be granted or withheld at Franchisor's sole and absolute discretion, Franchisor may identify an area referred to as the "Right of First Refusal Area" or "ROFR Area" whereby the following terms will apply:

(a) if Franchisor is willing to identify a ROFR Area for Franchisee, it shall be identified on Exhibit A;

(b) Franchisee shall then have a first right of refusal to execute a Franchise Agreement relative to the operations of an ATP Park within the ROFR Area, prior to: (i) Franchisor entering into a Franchise Agreement with another prospective franchisee in the ROFR Area or (ii) Franchisor opening its own Altitude Trampoline Park in the ROFR Area;

(c) in the event that Franchisor desires to offer a franchise opportunity to a prospective franchisee in the ROFR Area, or desires to open its own Park in the ROFR Area, Franchisor shall provide written notice to Franchisee of its intention to do so;

(d) on receipt of such notice, Franchisee shall have fourteen (14) days in which to exercise its first right of refusal by providing written notice to Franchisor of its acceptance or declination of Franchisor's offer for Franchisee to open another location in the ROFR Area;

(e) if Franchisee fails to provide written notice within such fourteen (14) day period, or declines the offer, Franchisor may proceed in offering a franchise opportunity to a prospective franchisee, or open its own Park, in the ROFR Area;

(f) if Franchisee elects to exercise its first right of refusal to open another Park in the ROFR Area, Franchisee shall sign a Franchise Agreement, under the then existing terms of the Franchisor's Franchise Agreement, within fourteen (14) days of submitting such written notice to Franchisor. If Franchisee fails to sign a Franchise Agreement, the first right of refusal terms provided for in this Section 5.4 shall be revoked; and,

(g) if Franchisee fails to provide written notice within such fourteen (14) day period, or declines the offer, and Franchisor does not execute a Franchise Agreement with the prospective franchisee within one hundred and eighty (180) days of providing such notice to Franchisee, then Franchisor shall resubmit the offer to Franchisee when the subsequent intention arises, subject to the same terms herein.

VI. FEES

The Initial Franchise Fee and Royalty Fee are paid, in part, for the use of the License which includes the use of the ATP Marks, the ATP System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and other services as rendered by Franchisor in accordance with this Agreement.

6.1 **Initial Franchise Fee**. Franchisee shall pay to Franchisor a non-recurring Initial Franchise Fee in the sum set forth on attached Exhibit A. Unless required otherwise by the specific applicable State regulation, the Initial Franchise Fee shall be paid at the earlier of (i) the execution of the lease agreement for the Park facility, or (ii) one hundred and eighty (180) days after the execution of this Franchise Agreement. In the event that the lease agreement is not executed within such one hundred and eighty (180) day period, Franchisor may extend the one hundred and eighty (180) day period, at its sole discretion, by providing written notice to Franchisee. Notwithstanding the foregoing Initial Franchise Fee payment term, Franchisee shall continue to be bound to the terms of this Agreement. The Initial Fee shall be paid by means of cashier's check or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor when paid. The Initial Franchise Fee is non-refundable once paid.

6.2 **Royalty Fee**. Franchisee shall pay to Franchisor a Royalty Fee equal to a percentage of the Gross Sales for each month, or partial month (if applicable), of the Franchisee's ATP Business as set forth on attached Exhibit A.

(a) Gross Sales shall represent sales from all trampoline and other entertainment activities, as well as related services and products, which are sold at the Park including, but not limited to, Park admission fees, specific entertainment "ala carte" activity fees (if approved by Franchisor), apparel sales bearing ATP Mark(s), food sales which are included in an "event package" (for purposes herein, a birthday or group organization party shall be deemed an event package), and proceeds received or realized by Franchisee in connection with any business interruption insurance maintained by, or for, the benefit of Franchisee. Gross Sales shall exclude sales of food (except for food being sold in an event package) and apparel which do not bear the ATP Mark(s).

(b) Franchisee must accurately and timely report Gross Sales to Franchisor. Franchisee acknowledges that accurate reporting of Gross Sales requires, among other things, compliance with all standards related thereto and recording of all sales at the time the services and/or product is delivered to the purchaser, whether for cash, by redemption of gift certificates or coupons, or sales for which payment may be deferred.

(c) Royalties, for the prior month's Gross Sales, will be due and payable on the fifteenth (15^{th}) day of each month and shall be payable through the entire term of this Agreement. Each Royalty Fee payment shall be, without exception, accompanied by a statement of the previous month's Gross Sales on a form approved by Franchisor. Royalties that are not paid within five (5) days after their due date will bear interest at the rate of 18% per annum commencing from the due date until the date paid. In addition thereto, Franchisee shall pay to Franchisor a "late fee" in the amount of the greater of $100 or three percent (3%) of the unpaid amount.

(d) Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer ("EFT") or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise Agreement as Exhibit B. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefore. If Franchisee has not timely reported the Gross Sales to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Sales was provided to Franchisor as required hereunder; or (b) the amount due based on information retrieved from Franchisor approved computer system.

6.3 **Training Fee.** Except for Franchisee's travel and related expense obligations as set forth in Article VIII below, Franchisee shall receive the Initial and Pre and Post-Opening Training sessions, as well as the Subsequent Support services, without charge.

VII. PARK DEVELOPMENT

7.1 **Franchisee's Lease Obligation**. Unless Franchisee owns the Premises, Franchisee shall obtain the necessary lease or sublease for the Premises. The lease or sublease must include the following provisions:

(a) the obligation of the Landlord to notify Franchisor of any default by Franchisee and allow Franchisor the right (but not obligation) to cure the default. If Franchisor cures any default, the total amount of all costs and payments incurred by Franchisor in curing the default will be immediately due and owing to Franchisor by Franchisee; and

(b) a restriction on the Landlord leasing other space on the property to a competitor of Altitude Trampoline Park.

7.2 **Park Development**. Relative to the park development, Franchisee is responsible for:

(a) securing all financing required to develop and operate its Park;

(b) constructing and developing its Park including, but not limited to purchasing and installing the equipment, signs, fixtures, opening inventory and supplies;

(c) ensuring that all plans and specifications comply with all applicable Federal, State and local ordinances, building codes and permit requirements, as well as any lease requirements;

(d) complying with the Franchisor's requirements relative to the Park, including but not limited to, the Park's layout, design, color scheme, equipment and signage; and,

(e) submitting the construction plans and specifications to Franchisor, for Franchisor's approval, prior to commencing construction. Franchisee agrees that it assumes all risk relating to the construction and development of the Park, and Franchisor's approval of the construction plans and specifications do not constitute an express or implied representation or warranty of any kind as to the quality of such construction or development of the Park.

7.3 **Furnishings, Equipment and Signage**. In developing and operating the Park, Franchisee agrees to:

(a) use only the fixtures, furnishings, equipment and signage that Franchisor requires, or otherwise approves, as meeting the ATP System standards; and

(b) place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos and display materials as required by the ATP System standards, unless Franchisor approves otherwise in writing.

VIII. TRAINING AND SUBSEQUENT SUPPORT

Prior to Franchisee opening its Park, Franchisor will furnish to Franchisee a training program relative to the operations of the Park. The training program will be provided at such locations as set forth below. Franchisee (either one or more owners of Franchisee or Franchisee's Park manager) agrees to complete all phases of the training program. Franchisee agrees that during the first six (6) months of the

Park's operation, the Park will only be managed by the Franchisee (either one or more owners of Franchisee or Franchisee's Park manager) who has been trained by Franchisor.

8.1 **Initial Training**. Approximately four-to-five (4-5) weeks before the opening of Franchisee's Park, Franchisee (owner(s) and/or its Park manager, as well as three (3) additional people if Franchisee chooses), shall visit the Altitude Trampoline Park in Fort Worth, Texas or such other Altitude Trampoline Park as designated by Franchisor. Unless Franchisor allows otherwise, Franchisee's visit shall be for no less than five (5) days and no more than fourteen (14) days. The duration in excess of five (5) days shall be determined by Franchisee, at its election. During such period, Franchisee will be trained by Franchisor's experienced staff members (all of whom have extensive experience in the management and operations of an ATP Business) about the ATP System, equipment, hiring, employee training, marketing, advertising, promotion, customer relations, safety and other matters relating to the Park's operations. In addition thereto, the Franchisee will have the opportunity, during business operations, to "shadow" Park employees of differing responsibilities to receive a complete understanding of the Park's operations. Franchisee shall be responsible for all travel, lodging, meal and personal expenses which are incurred by Franchisee, and its attendees, while attending the training program.

8.2 **Pre and Post-Opening Training**. Approximately three (3) weeks before the opening of Franchisee's Park, an ATP experienced staff member (all of whom have extensive experience in the management and operations of an ATP Business) will visit Franchisee's Park for three (3) days and provide pre-opening assistance. During the following week, an ATP staff member will return to Franchisee's Park to provide additional training and operational assistance for a three (3) to five (5) day period. Thereafter, during the week in which Franchisee will open its Park (it is suggested that the Park's opening be scheduled for a Friday evening), one (1) to two (2) ATP staff members will return to the Park for the period Wednesday through Sunday to assist with the pre-opening activities and Franchisee's post-opening operational needs. Included within the staff will be a Party Host Manager Trainer to train Franchisee's Party Hosts. Franchisor will go over the party process, expectations and set-up. Franchisor will also create an hour of "role play" so Franchisee will receive hands-on experience on how to host an Altitude birthday party. An ATP staff member will then visit the Park within a week or two thereafter, if Franchisee so chooses, to provide additional assistance relative to Park operations and such other areas as Franchisee may request. Franchisee shall be responsible for the reasonable costs of travel, lodging and meal expenses of the ATP staff members who provide the above identified training services at Franchisee's Park.

8.3 **Subsequent Support**.

(a) During the terms of this Agreement, a representative of Franchisor will be reasonably available to discuss Franchisee's operational issues and support needs, as Franchisor determines is necessary: (i) by telephone during normal business hours through a prior scheduled appointment, or more spontaneously whenever possible, and (ii) by e-mail correspondence during normal business hours; and,

(b) Franchisor may hold annual meetings to discuss sales techniques, new product and service developments, bookkeeping, training, accounting, inventory control, safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. These meetings may be held at a location chosen by Franchisor in Franchisor's discretion. Franchisee's attendance is strongly encouraged but not required. All travel, lodging, meal and other attendance expenses shall be paid by Franchisee.

8.4 **Guidance and Operating Assistance**. After the Initial and Pre and Post-Opening Training sessions, Franchisor may, but shall not be obligated to, advise Franchisee of operating concerns which Franchisor identifies at Franchisee's Park. At Franchisee's request, Franchisor will furnish to Franchisee guidance and operating assistance in connection with the Park's operations. Any guidance and assistance

Franchisor furnishes or makes available to Franchisee will be, at Franchisor's option, in the form of references to the Operations Manual and other written materials, electronic messages, telephonic conversations and/or consultations with Franchisee. Franchisee agrees that Franchisor will not be liable to Franchisee or any other person, and Franchisee waives all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary), on account of any guidance or operating assistance offered by Franchisor in accordance with this Article VIII, except to the extent caused by Franchisor's gross negligence or intentional misconduct. Franchisor will not charge Franchisee a fee for the foregoing guidance and operating assistance.

8.5 **Franchisor's Training and Support Services**. Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service, in writing, which is signed by an authorized officer of Franchisor. Otherwise, Franchisee hereby acknowledges and agrees that Franchisor shall not be obligated to provide any other services or specific level or quality of services.

IX. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS

Franchisee:

(i) acknowledges and agrees that the operation of Franchisee's Park in accordance with the ATP System is the essence of this Agreement and is essential to preserve the goodwill of the ATP System, ATP Marks and all Altitude Trampoline Parks. As such, Franchisee agrees that at all times during the term of this Agreement, Franchisee will maintain and operate its Park in strict accordance with ATP System standards and the Operations Manual. Franchisee agrees that Franchisor has the right to modify the ATP System standards and the Operations Manual from time-to-time and Franchisee will comply with the required modifications. Notwithstanding the foregoing, any modifications shall be reasonable in light of the Franchisee's then existing business operations and shall not result in financial hardship to Franchisee. In the event of a dispute as to what constitutes financial hardship, the Arbitration terms of Section 21.2 shall apply;

(ii) shall open its Park for business on or before the Park Opening Date as set forth on Exhibit A, unless Franchisee obtains Franchisor's written consent to extend the opening date, which permission may be granted or denied in Franchisor's sole discretion;

(iii) shall maintain the Park and equipment in a clean, safe and sanitary condition. Any equipment repairs and/or replacement shall be done promptly and in conformance with the Operations Manual;

(iv) shall operate the ATP Business with the highest integrity and good business standards and shall use Franchisee's good efforts to enhance the goodwill associated with Altitude Trampoline Parks;

(v) shall only use, in its Park, the services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor's standards and specifications;

(vi) shall cause the Franchise Business to be consistent in color, design and style with the specifications provided by Franchisor. Any variations in color, design, style, appearance or atmosphere must first be approved by Franchisor, in writing, with such approval or declination to be at Franchisor's sole discretion;

(vii) agrees that, subject to the terms of Article IX(i), any required services or products which Franchisor introduces into the ATP System must be offered for sale on a continuing basis at the time and in the manner required by Franchisor. Franchisor will provide at least thirty (30) days prior written notice of any new required service or product introduced into the ATP System;

(viii) agrees that any additional services or products which Franchisee would like to introduce into its Park, must first be approved by Franchisor, in writing, with such approval or declination to be at Franchisor's sole discretion.

(ix) must obtain and maintain all licenses and permits required to be held by Franchisee in connection with the conduct of the Franchised Business and must comply with all applicable federal, state and local laws, regulations, rules and ordinances in connection with the conduct of the Franchised Business, including health, safety, sanitation, employment, environmental and taxation laws, regulations, rules and ordinances;

(x) shall promptly remove or discard any product, or correct any condition, which Franchisor believes, in good faith, is unhealthy, unsafe or unsanitary;

(xi) agrees to hire, train and supervise efficient, competent and courteous employees of good character for the operation of its ATP Business. Franchisee shall conduct background checks on employees as required by the terms of the Operations Manual. Franchisee is solely responsible for hiring, training and discharging the employees of the ATP Business. Franchisee is solely responsible for setting the wages, benefits, personnel and discipline policies and such other terms of employment for the employees of the ATP Business. The number of employees must be sufficient to meet the anticipated volume of business and to ensure the safety and security of the Franchisee's guests. Employees must wear appropriate ATP attire while working at the Park as prescribed in the Operations Manual;

(xii) shall use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes;

(xiii) shall not make disparaging comments about Licensor, its employees, its agents, products, services or the Trademark;

(xiv) shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Operations Manual;

(xv) shall at all times maintain an active email account and shall check the account regularly;

(xvi) may not open its ATP Business until: (1) the Initial Training program has been completed to Franchisor's satisfaction; (2) all amounts due to Franchisor have been paid; (3) Franchisor has been furnished with copies of all insurance policies and certificates, or other documentation of insurance coverage and payment of premiums that Franchisor may request; (4) Franchisee has obtained all necessary permits and licenses; and (5) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software as required by Franchisor;

(xvii) acknowledges that Franchisor and Franchisor's representatives will have the right during business hours to inspect the ATP Business facilities and will have the right to observe the manner in which Franchisee is rendering its services and conducting its operations of Franchisee's ATP Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures. Franchisor and Franchisor's representatives will have the right to have any of Franchisor's required services rendered by any employee at the Franchisee's ATP Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Section; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of its ATP Business;

(xviii) acknowledges, if, at any time in Franchisor's reasonable judgment, Franchisee's ATP Business, or any part thereof, including without limitation its design, finishes, fixtures, equipment, furniture, signs or utensils, do not meet Franchisor's then-current ATP System standards, Franchisor will notify Franchisee, specifying in reasonable detail the actions to be taken by Franchisee to comply with the ATP System standards. If Franchisee fails or refuses to complete the necessary actions as set forth in the notice, and subject to the terms of this Agreement, Franchisee will be in default under this Agreement. In addition to any of Franchisor's other rights to enforce this Agreement, Franchisor will have the right (but not the obligation) to enter upon Franchisee's ATP Business premises and complete the necessary actions described in the notice, such as repairs, replacements and maintenance and Franchisee will reimburse Franchisor for the entire cost thereof upon demand. Franchisee agrees to cooperate fully with Franchisor in connection with any of Franchisor's actions under this Section;

(xix) acknowledges that in prescribing the ATP System, Franchisor will provide guidance to Franchisee, as required in Franchisor's sole discretion, in determining the prices to be charged by Franchisee for its services. Although Franchisee shall be free to establish its own minimum Park admission fee, Franchisor shall have the right to set the maximum Park admission fee;

(xx) acknowledges and agrees that Franchisor, at its sole discretion, has the absolute right to waive or defer the enforcement of any provision of this Article IX with respect to one or more franchisees of Altitude Trampoline Park; and,

(xxi) acknowledges that an affiliate of Franchisor, prior to Franchisor establishing the ATP System, granted licensing rights to the ATP Marks and other ATP proprietary information to licensees who currently operate Altitude Trampoline Parks in the United States and internationally. Such licensing rights include certain limitations and obligations of the licensor and licensee which differ from the limitations and obligations of the Franchisor and Franchisee as set forth herein.

X. PURCHASE OF TRAMPOLINE EQUIPMENT AND COMPUTER SOFTWARE

In order to maintain the high standards of product and service quality and consistency associated with the ATP System:

10.1 **Trampoline Equipment**. Franchisee, at its sole cost, must purchase all trampoline equipment including the frames, springs, jumping mats, redundant jumping mats, foam pads and nets above the walls from Franchisor's designated or approved supplier(s).

10.2 **Computer Software**. Franchisee, at its sole cost, must purchase the point-of-sale software and the related support contract from Franchisor's designated or approved supplier(s). Franchisee, at its cost, shall ensure that its computer system is compatible to the point-of-sale software. Franchisor retains the right to require Franchisee, in the future, to purchase additional or different components of Franchisee's computer system, including computer hardware, software and connection services, from a supplier or suppliers as Franchisor designates. Franchisor has the right to independently access the information and data which Franchisee collects through the point-of-sale software.

10.3 **Volume Discounts or other Revenues to Franchisor**. Franchisee acknowledges and agrees that Franchisor may receive periodic volume discounts or other financial consideration from designated or approved suppliers of products, services, equipment, inventory and supplies, when either (i) purchasing such products, services, equipment, inventory and supplies, which Franchisor may then sell to Franchisee, or (ii) directing Franchisee to purchase such products, services, equipment, inventory and supplies. Although Franchisor may financially benefit from such arrangements, it is expected that Franchisee will also benefit from the arrangement by paying for products and services at rates which are less than those which Franchisee might, otherwise, be required to pay if not for the discount or financial consideration to Franchisor.

10.4 **Suppliers**. The names and addresses of Franchisor's required or approved suppliers, manufacturers and distributors shall be maintained in the Operations Manual. Except as it relates to the trampoline equipment and the point-of-sale software, Franchisee may, upon written request to Franchisor, request that Franchisor approve or designate a new supplier as suggested by Franchisee. Franchisor will not unreasonably withhold the approval of a supplier; provided, however, the quality of the products, services, equipment, inventory and supplies meet ATP System standards as determined by the Franchisor. Franchisor will reply to Franchisee's request within fourteen (14) days of Franchisee providing to Franchisor a sample of the product which is being offered by the requested alternative supplier. Approval of alternative suppliers may be revoked if Franchisor determines that the quality of the products, services, equipment, inventory and supplies no longer meet ATP System standards as determined by Franchisor.

XI. ATP MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS

11.1 Franchisor's Ownership.

Franchisee acknowledges and agrees that:

(i) Franchisor is the owner or exclusive licensee of all right, title and interest, together with all the goodwill of the ATP Marks. Franchisee further acknowledges that the ATP Marks designate the origin or sponsorship of the ATP System, the ATP Business, and the products and services, and that Franchisor desires to protect the goodwill of the ATP Marks and to preserve and enhance the value of the ATP Marks. In the event that Franchisee acquires any rights, title or interest in the ATP Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor;

(ii) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the ATP Marks or in association with the Altitude Trampoline Parks ("Copyrighted Materials") are the property of Franchisor;

(iii) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the ATP Marks or Copyrighted Materials or Franchisor's ownership of the ATP Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will Franchisee take any action that is inconsistent with Franchisor's ownership of the ATP Marks or Copyrighted Materials, nor will it represent that it has any right, title, or interest in the ATP Marks or Copyrighted Materials other than those expressly granted by this Agreement;

(iv) Franchisor may decide, in its sole and absolute discretion, to apply to register, or to register, any trademarks or copyrights with respect to any services and/or products and the Copyrighted Materials. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the ATP Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world;

(v) On Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in the ATP Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the services and products. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents;

(vi) All usage of the ATP Marks by Franchisee and any goodwill established by Franchisee's use of the ATP Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the ATP Marks to Franchisee upon expiration or termination of the Agreement;

(vii) FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE ATP MARKS OR COPYRIGHTED MATERIALS.

(viii) Franchisee's right to use the ATP Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the ATP Marks and Copyrighted Materials in its operation of its ATP Business and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Operations Manual and elsewhere from time-to-time during the Term. Franchisee wall make every effort consistent to protect, maintain, and promote the ATP Marks as identifying the ATP System and only the ATP System;

(ix) Any unauthorized use of the ATP Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the ATP Marks and Copyrighted Materials;

(x) Franchisee will not use any ATP Marks or portion of any ATP Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form unless Franchisor agrees otherwise in writing. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law;

(xi) Franchisee will safeguard and maintain the reputation and prestige of the ATP Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the ATP Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the ATP Marks, nor counsel, procure or assist anyone else to do the same;

(xii) Franchisee will use the ATP Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, stationery, and promotional items which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the ATP Marks and Copyrighted Materials as provided in the Operations Manual and otherwise given by Franchisor from time-to-time;

(xiii) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the products and services: "© (year of first publication). ALTITUDE FRANCHISING, LLC. All Rights Reserved;"

(xiv) Franchisee will use the ATP Marks with a superscript "®" or "™", as specified by Franchisor, unless and until advised by Franchisor to use a different notice;

(xv) If, in Franchisor's reasonable determination, the use of ATP Marks or Copyrighted Materials in connection with the products and services or the ATP Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the ATP Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify or discontinue use of the ATP Marks or Copyrighted Materials then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service ATP Marks or other commercial symbols or copyrighted materials. Franchisor shall reimburse Franchisee for the tangible out-of-pocket cost of compliance with this requirement (such as the cost of printing new letterhead and business cards), but Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any ATP Marks or Copyrighted Materials;

(xvi) Franchisee shall promptly notify Franchisor after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the ATP Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the ATP Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the ATP Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor. Franchisor shall control all actions but not be obligated to take any action. Franchisor will indemnify Franchisee for, from and against all damages for which Franchisee is held liable in any lawsuit arising out of Franchisee's use of the ATP Marks while you are in compliance with the Franchise Agreement. In any defense or prosecution of any litigation relating to the ATP Marks, Copyrighted Materials or components of the ATP System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee; and,

(xvii) All provisions of this Agreement applicable to the ATP Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

11.2 **<u>Franchisee Improvements</u>**. If Franchisee, during the Term of the franchise relationship, conceives or develops any improvements or additions to the ATP System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the ATP System or the ATP Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the ATP Business or any advertising and promotional ideas or inventions related to the ATP Business (collectively, the "Improvements"), Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the

Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor, at its discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

11.3 **Franchisor's Article XI Legal Rights**. Upon any breach by Franchisee of any of the terms of this Article XI, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Article XI, without the necessity of posting bond therefor or proof of actual damages.

XII. FINANCIAL REPORTING; EVALUATIONS; AUDITS

12.1 **Monthly Income Statement**. Franchisee must utilize the software programs designated by Franchisor and must submit to Franchisor, no later than the fifth day of the month, an Income Statement which shall be prepared each month for the preceding month. The Income Statement shall reflect the prior month's activities as well as the year-to-date revenues and expenses.

12.2 **Maintenance of Books and Records**. Franchisee must maintain its books and records for the ATP Business in an orderly fashion and in accordance with the Operations Manual as Franchisor may require. Tax returns, income statements (to be prepared at least annually by an independent Certified Public Accountant), and balance sheets (to be prepared at least annually by an independent Certified Public Accountant), payroll records, cash register tapes (if applicable), check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers shall be maintained by Franchisee during the term of this Agreement and for a two (2) year period following the expiration or termination of this Agreement.

12.3 **Right of Inspection**. Franchisor may inspect or cause its agents or representatives to inspect at any time, Franchisee's books and records with respect to the ATP Business, including Franchisee's federal and state tax returns, sales and use tax returns, customer records and financial accounts. Franchisee must maintain its books and records with respect to the ATP Business on the premises of its ATP Business or such other place as is approved in writing by Franchisor. Franchisee must, within seventy-two (72) hours of the day on which such request is made, provide Franchisor, or its agents or representatives, access to Franchisee's books and records (and/or accurate and complete copies thereof, at Franchisor's option) at the place at which they are maintained. Franchisee must assist and cooperate with Franchisor in establishing and maintaining Franchisor's Point-of-Sale system.

12.4 **Right of Audit**. From the Effective Date of this Agreement, and until two (2) years after the end of the Term, Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisee must provide Franchisor and its representatives and agents access to Franchisee's books and records with respect to the ATP Business, and must cooperate with the conduct of any audit. Franchisor will pay all costs and expenses in connection with any audit unless the audit reveals that Franchisee has underreported its Gross Sales, or underpaid its Royalties during the audited period by three percent (3.0%) or more. In this event, Franchisee must promptly pay, or reimburse Franchisor for, all costs and expenses in connection with the audit (including reasonable attorneys' fees and costs), and must pay Franchisor the amount of the underpayment, plus interest at the rate of 18% per annum on the amount of the underpayment from the respective due date of each underpayment. Should the audit disclose an overpayment of any Royalty Fees or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty Fees next becoming due. Franchisee agrees that, during the Term and for two (2) years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home address and telephone number.

12.5 Delinquent Payment. To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, Franchisee shall also pay, upon demand, a late interest charge equal to the lesser of (i) 1.5% per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay a Royalty Fee, and other amounts payable to Franchisor when due, shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the ATP Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 12.5, constitute grounds for termination of this Agreement, as provided in this Agreement.

12.6 Non-Sufficient Funds and Multiple Delinquencies. If the EFT system is not implemented by Franchisor and Franchisee pays the Royalty Fee or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that Royalty Fee payments and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to pay the Royalty Fee or any other sums due to Franchisor under this Agreement by the due date two (2) times during the Term, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee pay the Royalty Fee or any other sums due to Franchisor under this Agreement weekly.

12.7 Disclosure Restriction. Franchisor may not disclose to any person or use for any purpose, any financial or other information regarding Franchisee in Franchisor's possession, without obtaining Franchisee's consent, unless such disclosure is made exclusively to financial institutions, real estate or equipment lessors when the purpose of such disclosure is to enhance the Altitude Trampoline Park brand; as well as one or more bona fide prospective purchasers of Franchisor, and provided, however, that such disclosure is not detrimental to Franchisee.

XIII. INTERNET AND WEBSITE

13.1 Franchisor's Right. Franchisor may establish and maintain an Internet website that provides information about Altitude Trampoline Park, the ATP System and the products and services that Altitude Trampoline Parks offer. Franchisor will have sole discretion and control over the website's design and content.

13.2 Internet Conduct. Franchisee shall establish its own Website for Franchisee's Park and shall obtain Franchisor's written approval before the Franchisee's Website "goes live," with such approval not to be unreasonably withheld. Franchisee agrees that Franchisee's conduct on the Internet (or any other form of electronic commerce), and specifically Franchisee's use of ATP Marks, are subject to the provisions of this Agreement. In addition thereto, Franchisee shall follow Franchisor's policies and procedures as they may be communicated to Franchisee periodically in the Operations Manual or otherwise regarding the use of Franchisee's website, social media and similar methods of communication.

In establishing and using its Website, whether for business operations or promotion, Franchisee agrees to use **the highest standards of** integrity, proper decorum and the goodwill associated with Altitude Trampoline Parks. Franchisee shall obtain Franchisor's written approval before registering for a Domain Name. The Domain Name shall incorporate the words: "Altitude" or "Altitude Trampoline Park" and some identifier for the location of the Park. Domain Names including the name or names of the owner or operator of the Park, or something similar, will not be approved (e.g. "johnsmithsaltitude"). Except as provided for in Section 13.3, Franchisee shall obtain Franchisor's prior written approval before Franchisee links, or allows to be linked, to other websites. Such approval shall not be unreasonably withheld.

Franchisee acknowledges that Franchisor has the right to require Franchisee to have access to the Internet from Franchisee's Park and submit reports, including Gross Sales reports, to Franchisor over the Internet in accordance with ATP System standards.

13.3 **Parallel Links**. Franchisor shall, during the term of this Agreement, include a location on Franchisor's website which identifies Franchisee as a licensed franchisee of Altitude Trampoline Park and shall include Franchisee's business address, telephone number and email address, as well as a link to Franchisee's website. In addition thereto, Franchisee shall, during the term of this Agreement, include on Franchisee's website a link to the Franchisor's website with the accompanying language which provides: *"Interested in bringing an Altitude Trampoline Park to your area? Please click the link below"* or something similar as directed by Franchisor.

13.4 **Internet Security**. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, Lessors, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

XIV. MARKETING, ADVERTISING AND PROMOTION

14.1 **Franchisee's Responsibility and Cost**. Unless Franchisor modifies its Operations Manual and notifies Franchisee otherwise, as allowed per this Agreement, Franchisee shall, at its sole cost, be responsible for its own marketing, advertising and promotional campaigns. Notwithstanding the foregoing, Franchisee will receive information and guidance about ATP marketing, advertising and promotional matters during the training program and will also receive a website address which will assist Franchisee with its marketing, advertising and promotional efforts. The website will provide samples of ATP marketing, advertising and promotional materials for Franchisee to consider and, if Franchisee so chooses, Franchisee may select and purchase the desired materials from Franchisor's approved supplier.

14.2 **Franchisee's Self-Created Materials**. All marketing, advertising and promotional materials or communications, which have not been previously approved by Franchisor, shall be submitted by Franchisee to Franchisor for Franchisor's prior written approval, with such approval not to be unreasonably withheld provided such materials and communications are consistent with ATP System standards. With respect to social media marketing, advertising and promotional communications, Franchisee will not need to obtain Franchisor's prior written approval; provided, however, Franchisee uses sound business judgment when communicating its messages, while promoting the highest standards of integrity, proper decorum and the goodwill associated with Altitude Trampoline Parks. If Franchisee fails to meet such standards after multiple warnings, Franchisor shall have the right to require Franchisee to obtain Franchisor's prior written approval of the social media content before such communications are broadcasted.

14.3 **Operations Manual Compliance**. Franchisee shall comply with the Operations Manual relating to such marketing, advertising and promotional matters, including the allowance and restrictions of the use of the ATP Marks including conformance with the Franchisor's "Brand Style Guide" which Franchisor will provide to Franchisee in its Operations Manual.

14.4 **No False or Misleading Statements**. Franchisee shall not make any false or intentionally misleading statements through any communication medium. Failure to comply with this Section 14.4 shall constitute a material breach of this Agreement.

14.5 **National Promotions**. In the instance where Franchisor desires to implement promotional campaigns, prize contests, special offers, and other programs (including the introduction of new services, products or other marketing programs directed or approved by Franchisor), Franchisee agrees to fully participate in such programs. Franchisee shall be responsible for the costs of such participation.

14.6 **Legal Compliance**. Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the marketing, advertising, promotions, services and products of the ATP Business shall fully conform to all applicable laws and regulations.

XV. INSURANCE AND INDEMNITY

15.1 **Insurance**.

(a) Franchisee agrees, at Franchisee's sole cost and expense, at all times during the term of this Agreement, to maintain insurance coverage, on an occurrence basis, which must include:

(i) General Liability Insurance with minimum coverage of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate. The Policy is to be written on an Occurrence Based form;

(ii) Excess Liability Insurance with minimum coverage of $3,000,000.00 in the aggregate. The Policy is to be written on an Occurrence Based form; and,

(iii) Workman's Compensation as required by State statute.

The foregoing amounts, and types of coverage, may be adjusted by Franchisor periodically in Franchisor's sole discretion with such changes to be identified in amendments or addendums to the Operations Manual;

(b) Franchisee shall name Franchisor and its affiliates as "additional insureds" to the General Liability and Excess Liability policies on a primary non-contributory basis;

(c) Franchisee shall provide Certificates of Insurance to Franchisor prior to opening its Park and at such times as Franchisor reasonably requests;

(d) The policies must stipulate that Franchisor shall receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor;

(e) Franchisee shall furnish Franchisor with certificates and endorsements evidencing such insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance;

(f) in the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five (5) days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Article XX of this Agreement; and,

(g) all public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its shareholders, members, directors, managers, employees or agents.

15.2 **Indemnity**. Franchisee shall, during the Initial Term, all Renewal Terms and after the termination or expiration of this Agreement, indemnify and defend Franchisor, its Affiliates and their respective officers, directors, managers, members, and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "damages") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) a breach of this Agreement, or any other agreement between the parties;

(b) any injury to, or loss of property of, any person in, or at the Franchisee's Park or any other premises used by Franchisee to operate the ATP Business;

(c) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;

(d) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the operation of the ATP Business; and

(e) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf unless such material has been produced, or approved in writing, by Franchisor.

XVI. RESTRICTIVE COVENANTS

16.1 Confidential Information and Trade Secrets. Franchisee acknowledges and agrees that:

(a) the knowledge of the operation of the ATP Business, the ATP System, and the concepts and methods of promoting Altitude Trampoline Park hereunder, that it has now or obtains in the future, is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time;

(b) during, and after, the Term of this Agreement, Franchisee and Franchisee's owners, officers, directors, members, partners, managers and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure and noncompetition agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure and noncompetition agreements.

(c) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

16.2 Non-Competition. Franchisee covenants and agrees that:

(a) During the Term of this Agreement, Franchisee, its owners, officers, directors, managers, members, partners and Park managers shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating as an indoor trampoline park, other than an Altitude Trampoline Park.

(b) On termination or expiration of the Term, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, its owners, officers, directors, managers, members, or partners will have any direct or indirect interest (i.e. through a relative or Affiliated party) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two (2) years, in any, then existing, competitive business in: (1) the Designated Territory or any other franchisee's Designated Territory; (2) within fifty (50) miles of the Designated Territory or any other franchisee's Designated Territory; or (3) within fifty (50) miles of any Franchisor or Affiliate owned Altitude Trampoline Park.

16.3 **Non-Solicitation of Employees**. During the Term of this Agreement and for a period of two (2) years thereafter, Franchisee, Franchisee's owners, officers, directors, managers, members, partners and Park managers shall not attempt to attain an unfair advantage over other franchisees or Franchisor or any Affiliates thereof by soliciting for employment any person who is, at the time of such solicitation, employed by Franchisor, other franchisees or any Affiliates, nor shall Franchisee, Franchisee's owners, officers, directors, managers, members, partners, nor the Park manager, directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid, unless approved by Franchisor in writing.

16.4 **Disputed Enforceability**. The parties have attempted in Section 16.2 above to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 16.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 16.2 to the extent it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

16.5 **Permissible Investment**. Nothing in this Section 16 shall prevent any active officer of Franchisee or member of Franchisee's family, either individually or collectively, from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934 and operates an indoor trampoline facility, provided that Franchisee or any member of Franchisee's family is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

16.6 **Franchisee's Acknowledgement**. Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section 16. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 16 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

16.7 **Application to Franchisee Entity**. In the event that Franchisee is not an individual, this Section 16 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee.

XVII. RELATIONSHIP

(a) This Agreement does not create a fiduciary relationship between the parties. Franchisor and Franchisee are independent contractors and nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control;

(b) Franchisee shall conspicuously identify itself in all dealings as the owner of the ATP Business under a franchise granted by Franchisor and will place such other notices of independent ownership on the forms, business cards, stationery, marketing and other materials as Franchisor has the right to require from time-to-time;

(c) Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever;

(d) Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement; and,

(e) Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

XVIII. TRANSFERS

18.1 **Allowable Transfers by Franchisor**. Franchisor shall have the absolute right, in its sole discretion and at any time, to unconditionally transfer this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party and its terms will inure to the benefit of the transferee or other legal successor. Franchisor shall also have the right to transfer its assets including, but not limited to the ATP Marks and/or the ATP System, transfer ownership interest in Franchisor's company; merge with or acquire other business entities or be acquired by another business entity, and terminate or cease to exist or dissolve, without Franchisee's consent.

18.2 **Restrictions on Transfers by Franchisee**. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and Franchisor has agreed to the terms of this Agreement in reliance on Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and, if Franchisee is not an individual, the entity owners. Accordingly, Franchisee must provide to Franchisor, ninety (90) days prior written notice, of Franchisee's intention to complete any Transfer hereunder. No Transfer will be made without Franchisor's prior written approval. Any Transfer which is purported to be made without Franchisor's approval will constitute a breach of this Agreement and will be void and of no effect.

18.3 **Conditions for Approval of Transfer**. Provided that Franchisee is in full compliance with this Agreement and provided that prior written notice is given to Franchisor in accordance with Section 18.2, Franchisor will not unreasonably withhold its approval of a Transfer if all of the following requirements are met:

(a) the transferee, or the individuals owning the transferee entity, must be individuals of good moral character and meet the applicable standards which Franchisor has set for owners of an Altitude Trampoline Park;

(b) the transferee, or the individuals owning the transferee entity, must have sufficient business experience, aptitude and financial resources to purchase the ATP Business under the terms and conditions proposed, own and operate the Park and comply with the terms of this Agreement;

(c) the transferee and/or its senior management personnel have completed to Franchisor's satisfaction the Franchisor's then current training program for transferees after signing the franchise documents set forth herein, but prior to assuming operations of the ATP Business;

(d) Franchisee is current with all payments due to Franchisor, its affiliates (if applicable), and Franchisee's third-party creditors;

(e) Franchisor, Franchisee and the transferee enters into the Franchisor's then current form of assignment and assumption agreement; the transferee executes the Franchisor's then current Franchise Agreement for a term equal to the remainder of this Agreement; the transferee's owners, if applicable, execute Franchisor's then current form of guaranty, Franchisee agrees to release Franchisor and its Affiliates, members, officers, managers, employees and agents from any and all claims and the Franchisee paying to Franchisor a Ten Thousand Dollar ($10,000.00) transfer fee;

(f) Franchisee or the transferee has paid Franchisor's then current transfer fee for a Franchise Agreement. Franchisor reserves the right to charge a reduced fee in certain circumstances;

(g) the transferee obtains the Lessor's consent, if required, of the assignment or sublease of the premises to the transferee; and,

(h) Franchisee and the transferee agree to comply with any other conditions that Franchisor reasonably requires from time-to-time as part of Franchisor's transfer policies.

18.4 **Transferee's Assumption**. With and after a valid assignment of this Agreement pursuant to this Section 18, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations.

18.5 **Death**. On the death of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is a legal entity), the personal representative of such person shall transfer all right, title and interest in this Agreement or such interest in Franchisee to any approved third party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new Franchisee. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer is in accordance with the requirements of this Section 18.5) shall be completed within a reasonable time, not to exceed six months from the date of death (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisor shall have the right, in Franchisor's sole discretion, to operate the Franchisee's ATP Business or to appoint a representative or designee to operate Franchisee's ATP Business, for a period of up to 180 days, or until such time as Franchisee's interest shall have been transferred to an approved third party, whichever occurs first. If Franchisor exercises such right, Franchisor or the appointed representative shall receive a management fee from Franchisee's ATP Business in amount equal to the then existing fee which Franchisor's affiliate (currently L&A Altitude Management, LLC) charges to other ATP Parks who engage L&A Altitude Management, LLC for such Park management services. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement and shall entitle Franchisor to terminate this Agreement without further notice or the opportunity to cure.

18.6 **Subfranchise**. Franchisee shall not have the right to grant a subfranchise.

XIX. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL

19.1 **Submission of Bona Fide Offer**. If Franchisee desires to make a Transfer, Franchisee will obtain a bona fide, executed written offer and an earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed purchaser and will immediately submit to Franchisor a true and complete copy of such offer, which will include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price and a list of the owners of record and beneficially of any offeror that is an entity and the individuals ultimately owning or controlling the offeror. To be a valid, bona fide offer, the proposed purchase price will be denominated in a dollar amount. The offer must apply only to an interest in this Agreement and may not include an offer to purchase any other property or rights of Franchisee. However, if the offeror proposes to buy any other property or rights from Franchisee under a separate, contemporaneous offer, the price and terms of purchase offered to Franchisee for the interest in this Agreement will reflect the bona fide price offered for that interest and will not reflect any value for any other property or rights.

19.2 **Right of Exercise**. Franchisor will have the right, exercisable by written notice delivered to Franchisee within sixty (60) days from the date of delivery of an exact copy of the offer to Franchisor, to purchase the interest in this Agreement for the price and on the terms and conditions contained in the offer. Franchisor will have an additional sixty (60) days after serving such notice to Franchisee to close the purchase. Without regard to the representations and warranties demanded by the proposed purchaser, if any, Franchisor will have the right to purchase the interest, receiving from Franchisee all customary representations and warranties given by the seller of the assets, or equity interest, as applicable, including representations and warranties as to ownership, condition of and title to assets, absence of liens and encumbrances relating to the ownership interest and assets, and validity of contracts and liabilities affecting the assets being purchased, contingent or otherwise.

19.3 **Declination of Exercise**. If Franchisor does not exercise its right of first refusal, Franchisee may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to Franchisor's approval as provided in Article VIII. However, if the sale to the purchaser is not completed within one hundred and twenty (120) days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor's right of first refusal will be extended for thirty (30) days after the expiration of the 120-day period or after the material change in the terms of the sale.

XX. DEFAULT AND TERMINATION

20.1 **Immediate Right of Suspension or Termination**. Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, on the occurrence of any of the following events:

(a) Franchisee fails or refuses to open the ATP Park by the Park Opening Date;

(b) Franchisee intentionally or negligently discloses to any unauthorized person the contents, in a material manner, of or any part of Franchisor's Operations Manual, Confidential Information or Trade Secrets of Franchisor. For purposes herein, an authorized person includes, the owner(s), directors, officers, managers, employees and professional advisors of Franchisee;

(c) Franchisee voluntarily abandons Franchisee ATP Business for a period of time that indicates an intent by Franchisee to discontinue operation of the ATP Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(d) Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(e) if execution is levied against Franchisee's ATP Business or any of the property used in the operation of ATP Business and is not discharged within thirty (30) days; or if the real or personal property of Franchisee's ATP Business shall be sold after levy thereupon by any law enforcement;

(f) Franchisee, an ATP manager, or any owner of greater than five percent (5%) of the Franchisee entity is charged or convicted of a any felony charge, or a crime involving moral turpitude, or a felony or misdemeanor of any type against a child, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the ATP System, ATP Marks, goodwill or reputation thereof;

(g) Franchisee receives from Franchisor three (3) notices of default with respect to Franchisee's obligations hereunder, within a 12 month period, regardless of whether the defaults were cured by Franchisee;

(h) Franchisee receives from Franchisor five (5) notices of default with respect to Franchisee's obligations hereunder, within the Term, regardless of whether the defaults were cured by Franchisee;

(i) Franchisee sells, transfers or otherwise assigns the ATP Business, an interest in the ATP Business or Franchisee entity, this Agreement, or a substantial portion of the assets of ATP Business owned by Franchisee without complying with the provisions of this Agreement;

(j) Franchisee submits on two or more occasions, during the Term, a report which understates its Gross Sales by three percent (3.0%) or more;

(k) Franchisee fails, or refuses, to submit any report, financial statement or other information/records required herein, or submits such reports more than ten (10) days late on two or more occasions during the Term unless due to circumstances beyond the control of Franchisee;

(l) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the ATP Marks or copyrighted materials;

(m) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to dissolve or liquidate such entity without Franchisor's prior written consent;

(n) Franchisee, or its manager, fails to successfully complete Franchisor's training program after Franchisor extends three (3) opportunities; or

(o) Any misrepresentation under Section 1.8 or any violation of Anti-Terrorism Laws by Franchisee, its owners, manager, officers, directors, managers, members, partners, agents or employees.

20.2 Right of Suspension or Termination if No Cure. Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement, or (ii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon thirty (30) days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such thirty (30) day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the thirty (30) day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to pay any amounts due Franchisor or its affiliates after receiving notice that such fees or amounts are overdue;

(b) Franchisee fails, after the second notification from Franchisor, to follow Franchisor's directions and guidelines concerning the ATP Marks and design scheme as required;

(c) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the ATP Marks or under a name or mark which is confusingly similar to the ATP Marks;

(d) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Operations Manual, as it may be amended and updated from time-to-time;

(e) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement; or

(f) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest or which has a controlling interest in Franchisee, defaults under any term of the Lease of the ATP Business facility or any other premises used by Franchisee to operate the ATP Business, any other franchise agreement with Franchisor or any other agreement material to the ATP Business and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement.

20.3 Good Faith Extension. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within the time frame designated herein, and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such designated time frame, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than sixty (60) additional days.

20.4 No Right of Set-Off. A termination of this Agreement by Franchisee shall be deemed to be a termination without cause, and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set-off is hereby expressly waived by Franchisee.

20.5 No Accord or Satisfaction. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law.

Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set-off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

20.6 **Amounts Due**. Franchisee agrees to pay within five (5) days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor.

20.7 **Delinquent Interest**. All Royalty Fees, all amounts due for goods purchased by Franchisee from Franchisor (if applicable) or its Affiliates, and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

20.8 **Action on Termination**. Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all ATP Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Operations Manual, and all materials, products and services of any kind which are identified or associated with the ATP System and return all these materials and products to Franchisor;

(b) Immediately turn over to Franchisor the Operations Manual, all Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the ATP Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Operations Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the ATP Business constitute assets of Franchisor, and upon termination or expiration of this Agreement, Franchisee shall take such action within five (5) days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, facsimile number, and Internet and e-mail addresses, and any regular, classified or other telephone directory listing associated with the ATP Marks and to authorize a transfer of same to or at the direction of Franchisor;

(d) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the ATP Marks so as to delete the ATP Marks and all references to anything associated with the ATP System;

(e) Franchisee shall, at Franchisor's option, immediately assign to Franchisor any interest in which Franchisee has in any Lease for the ATP Business facility. In the event Franchisor does not elect to exercise its option to acquire the Lease for the ATP Business facility, then, to the extent, if any, Franchisee is permitted to conduct any business at the ATP Business facility pursuant to the terms of this Agreement or a separate written agreement with Franchisor, and acknowledging the distinctiveness of Franchisor's interior design and decor, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other ATP Businesses operating under the ATP System and ATP Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose;

(f) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the ATP Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the ATP Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with Franchisor, the ATP System, or the ATP Marks; and,

(g) Comply with the provisions of this Agreement.

20.9 **Franchisor's Self-help – ATP Marks**. If, within thirty (30) days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the ATP Marks from the ATP Business, which are identified or associated with the ATP System, Franchisor may enter the ATP Business facility to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

20.10 **Franchisor's Self-help – Registration**. If, within thirty (30) days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

20.11 **Franchisor's Continuing Rights**. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

20.12 **Article XX Survival**. All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles XI, XV and XVI, hereof shall survive termination or expiration of this Agreement.

20.13 **Alternatively Required Notice**. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

20.14 **Acceptance of Claim**. In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Article XV.

20.15 Cumulative Rights. The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

20.16 Right to Injunctive Relief. Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

20.17 Applicability of Law. THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF TIES AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

XXI. DISPUTE RESOLUTION

21.1 Waiver of Rights. Franchisor and Franchisee waive and agree not to include in any pleading or arbitration demand: class action claims; demand for trial by jury; claims for lost profits; or claims for punitive, multiple, or exemplary damages. If any pleading is filed that contains any of these claims or a jury demand, or if a court determines that all or any part of the waivers are ineffective, then the pleading shall be dismissed with prejudice, leaving the pleading party to its arbitration remedy. No claim by either party can be consolidated with the claims of any other party. If such claims and demands cannot be waived by law, then the parties agree that any recovery will not exceed two (2) times actual damages.

21.2 Arbitration. Either party, as plaintiff, may choose to submit a dispute to a court or to arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules (or by another nationally established arbitration association acceptable to both parties) and under the Federal Rules of Evidence. The plaintiff's election to arbitrate or to submit the dispute to the court system is binding on the parties, except that Franchisor shall have the option to submit to a court any of the following actions: to collect fees due under this Agreement; for injunctive relief; to protect Franchisor's intellectual property, including ATP Marks and ATP System; and to terminate this Agreement for a default. For any arbitration, the arbitrator(s) shall issue a reasoned award, with findings of fact and conclusions of law. The arbitration award and the decision on any appeal will be conclusive and binding on the parties. Actions to enforce an express obligation to pay money may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM IN WHICH TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN THEM AND HAVE AGREED TO SELECT A FORUM IN ORDER TO PROMOTE STABILITY IN THEIR RELATIONSHIP. THEREFORE, IF A CLAIM IS ASSERTED IN ANY LEGAL PROCEEDING INVOLVING FRANCHISEE, ITS OFFICERS DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS AND FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, EMPLOYEES OR AFFILIATES OF BOTH PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM SHALL BE IN TARRANT COUNTY, TEXAS AND EACH WAIVE ANY OBJECTION EITHER MAY HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN THE STATE OF TEXAS. FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE IN SUCH COURT. FRANCHISOR AND FRANCHISEE FURTHER WAIVE EACH OF THEIR RIGHTS TO A JURY TRIAL FOR ANY MATTER THAT IS TRIED BEFORE A COURT OF LAW. The Federal Arbitration Act shall govern, excluding all state arbitration law. Texas law shall govern all other issues. Arbitration must be commenced within two (2) years after discovery of facts giving rise to the claim.

21.3 **Scope of Arbitration**. Disputes concerning the validity or scope of this Section, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrator(s) and shall be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time. The provisions of this Section shall continue in full force and effect subsequent to any expiration or termination of this Agreement.

21.4 **Appeals**. Either party may appeal the final award of the arbitrator(s) to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact shall be under the clearly erroneous standard, and the Court's review of all legal rulings shall be de novo. If it is determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award to a panel of three arbitrators chosen under AAA procedures, employing the same standards of review stated immediately above.

21.5 **Prevailing Party**. If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees and court costs.

21.6 **No Forbearance**. No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's CEO, President or Vice President, except that a waiver need be signed only by the party waiving.

XXII. MISCELLANEOUS

22.1 **Survival**. Notwithstanding anything contained in this Agreement to the contrary, the provisions of this Agreement that may affect the parties' rights and obligations after the expiration or termination of this Agreement will survive the expiration and termination of this Agreement.

22.2 **Provisions**. Each provision, condition and term of this Agreement is material, and a breach or violation of any of them will constitute a default of that party's obligations under this Agreement.

22.3 **Notices**. All communications or notices required or permitted to be given or served under this Agreement must be in the English language and in writing and will be deemed to have been duly given or made if (a) delivered in person or by courier (including by Federal Express or other courier), or (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested. All communications and notices will be effective upon delivery in person or by courier to the address set forth in this Agreement upon being deposited in the United States mail in the manner set forth above. Any party may change his, her or its address by giving notice in writing, stating his, her or its new address, to the other party to this Agreement as provided in the foregoing manner.

22.4 **Successors and Assigns**. Subject to Article XVIII, which restricts Franchisee's rights to assign this Agreement and its rights hereunder, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs and successors. Any attempt by Franchisee to assign this Agreement or any of its rights hereunder, or to delegate its obligations hereunder, without compliance with the terms of Article XVIII will be void.

22.5 Amendment and Waiver. Except as set forth in this Agreement, no amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in a writing specifying with particularity the nature and extent of the amendment, modification or waiver and signed by Franchisee and by Franchisor's President or by another person designated in writing to Franchise by one of such persons, on Franchisor's behalf. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the ATP Marks, and the quality of the ATP System, but under no circumstances will such modifications be made arbitrarily without such determination.

22.6 Severable Provisions; Enforceability. Each and every provision of this Agreement is intended to be independent of and severable from the others. If any provision of this Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable or invalid for any reason whatsoever, that illegality, unenforceability or invalidity will not affect the validity of the remainder of this Agreement or the legality, enforceability or validity of that provision in any other jurisdiction. It is the intention and the agreement of the parties to this Agreement that the noncompetition and confidential information provisions set forth in this Agreement be enforceable to the maximum extent permitted by law and, to that end, understand and agree that said provisions may be limited or modified by a court of competent jurisdiction to ensure enforceability thereof.

22.7 Entire Agreement. This Agreement, including the exhibits hereto, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the other agreements contained as exhibits are incorporated in this Agreement by this reference and constitute a part of this Agreement.

22.8 Terminology. All references in this Agreement to the term "including" means "including, without limitation." All references in this Agreement to the term "entity" include, among other things, a trust. Unless expressly provided to the contrary, any reference in this Agreement to Franchisor's discretion or judgment means Franchisor's sole and absolute discretion or judgment, and any determination (such as approval or consent), decision or judgment required or permitted to be taken or given by Franchisor will be subject to Franchisor's sole and absolute discretion. All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or section to which they apply. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

22.9 Force Majeure. Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God. Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay Royalty Fees when due. Notwithstanding the foregoing, if there is a force majeure event, Franchisor, may in its sole discretion, elect to waive the Royalty Fees during the period of delay caused by the Force Majeure Event or such shorter period.

22.10 Cooperation. Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, which appointment is coupled with an interest, and hereby empowers it to execute such instruments regarding the ATP Marks for and in Franchisee's name in order to give full effect to Articles XI, XV, XVIII, and XX of this Agreement.

22.11 **Right of Delegation**. From time-to-time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

22.12 **Computation of Time**. Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Texas__ law, the party having that privilege or duty will have until 5:00 p.m. CST time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

22.13 **Currency**. Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Agreement will be paid in United States Dollars.

22.14 **Authority**. If Franchisee is an entity, Franchisee represents and warrants to Franchisor that Franchisee is duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation, is qualified to do business in all states in which Franchisee is required to qualify and have the authority to execute, deliver and carry out all of the terms of this Agreement. If Franchisee is an entity, each of the entity owners owning a ten percent (10.0%) or greater interest of the entity, must execute the Guaranty attached to this Agreement as Exhibit C prior to or upon the date of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an entity owner owning a ten percent (10.0%) or greater interest of the entity, must execute the Guaranty.

22.15 **Multiple Franchisees**. If more than one person has executed this Franchise Agreement, each person shall be individually and jointly bound to the terms of this Agreement.

22.16 **Counterparts and Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (e.g. "pdf") format shall be effective as delivery of a manually executed counterpart of this Franchise Agreement. The words "execution," "signed," "signature," and words of similar import in the Franchise Agreement shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC SS 7001 et seq.) or any other similar state or federal laws.

XXIII. ACKNOWLEDGEMENT

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR

COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN SEVEN (7) DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT THE SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S ALTITUDE TRAMPOLINE PARK BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE ALTITUDE TRAMPOLINE PARK BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT, AND ITS SUCCESS, INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE ALTITUDE TRAMPOLINE PARK BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE ALTITUDE TRAMPOLINE PARK BUSINESS VENTURE; AND

3. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE OTHER THAN STATED IN THE FRANCHISE DISCLOSURE DOCUMENT; AND

4. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE ALTITUDE TRAMPOLINE PARK BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as follows:

FRANCHISEE:

If Individually:

____
Signature

____
Printed Name

If as an Entity:

____
Signature

____
Title

Dated: _________________________

ALTITUDE FRANCHISING, LLC

____
Curt Skallerup
President

Dated: _________________________

EXHIBIT A – TERRITORY AND FEES
TO THE ALTITUDE TRAMPOLINE PARK
FRANCHISE AGREEMENT

1. **Designated Territory:**

2. **Restricted Area of the Premises:** A radius of ________ miles from the Premises.

3. **Initial Franchise Fee:** ________________________________

4. **Royalty Fee:** ____

5. **Park Opening Date:** ____________________________

6. **Right of First Refusal Area:**

   ( ) Not Applicable

   ( ) ____

____
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____

**EXHIBIT B – EFT AUTHORIZATION
TO THE ALTITUDE TRAMPOLINE PARK
FRANCHISE AGREEMENT**

EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby authorizes ALTITUDE FRANCHISING, LLC ("Altitude") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Altitude's instructions.

Depository: ______________________ Branch: ______________________

Address: ______________________ City, State, Zip Code: ______________________

______________________ ______________________

Telephone Number: ______________________

Bank Transit/ABA Number: Account Number:

______________________ ______________________

This authority is to remain in full force and effect until Depository has received joint written notification from Altitude and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor: Depository:

By: ______________________ By: ______________________

Title: ______________________ Title: ______________________

Date: ______________________ Date: ______________________

EXHIBIT C - GUARANTY
TO THE ALTITUDE TRAMPOLINE PARK
FRANCHISE AGREEMENT

GUARANTY (to be completed only if Franchisee is an entity)

In consideration of, and as a material inducement to, the execution by **ALTITUDE FRANCHISING, LLC** ("Franchisor") of the foregoing Franchise Agreement (the "Franchise Agreement") with ______________ ____ ("Franchisee") dated ______________ ________________, 20____, and other good and valuable consideration the receipt and sufficiency of which are acknowledged, the undersigned and the undersigned's legal representative, if applicable, (the "Guarantor" whether one or more) guarantees by this guaranty (this "Guaranty") to Franchisor, the full and timely payment of and performance by Franchisee of every payment, covenant, agreement and undertaking on the part of Franchisee contained and set forth in the Agreement and any other agreements between Franchisee and Franchisor to which Franchisee is a party.

The Guarantor further agrees as follows:

1. The Guarantor, individually, jointly and severally, shall be personally bound by each and every condition and term contained in the Franchise Agreement as though the Guarantor had executed a franchise agreement containing the identical terms and conditions of the Franchise Agreement, including without limitation the provisions of Article XVI. This Guaranty shall continue in favor of Franchisor notwithstanding any extension, modification, or alteration of the Franchise Agreement, and notwithstanding any assignment of the Franchise Agreement, with or without the Franchisor's consent. No extension, modification, alteration or assignment of the Franchise Agreement shall in any manner release or discharge the Guarantor, and the Guarantor consents to any such extension, modification, alteration or assignment.

2. This Guaranty will continue unchanged by the occurrence of any insolvency event, with respect to Franchisee or any assignee or successor of Franchisee or by any disaffirmance or abandonment of the Franchise Agreement by a trustee in bankruptcy of Franchisee. Guarantor's obligation to make payment or render performance in accordance with the terms of this Guaranty and any remedy for the enforcement of this Guaranty will not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

3. Guarantor's liability under this Guaranty is primary and independent of the liability of Franchisee and any other Guarantor. Guarantor waives any right to require Franchisor to proceed against any other person or to proceed against or exhaust any security held by Franchisor at any time or to pursue any right of action accruing to Franchisor under the Franchise Agreement. Franchisor may proceed against each Guarantor and Franchisee, jointly and severally or may, at its option, proceed against each Guarantor without having commenced any action, or having obtained any judgment, against Franchisee or any other Guarantor. Guarantor waives the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed pursuant to this Guaranty.

4. Guarantor unconditionally, individually, jointly and severally agrees to pay all attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the obligations guaranteed or in enforcing this Guaranty against Franchisee.

5. Guarantor waives notice of any demand by Franchisor, any notice of default in the payment of any amounts contained or reserved in the Franchise Agreement, or any other notice of default under the

Franchise Agreement. Guarantor expressly agrees that the validity of this Guaranty and its obligations shall in no way be terminated, affected or impaired by reason of any waiver by Franchisor, or its successors or assigns, or the failure of Franchisor to enforce any of the terms, covenants or conditions of the Franchise Agreement or this Guaranty, or the granting of any indulgence or extension of time to Franchisee, all of which may be given or done without notice to the Guarantor.

6. This Guaranty shall extend, in full force and effect, to any assignee or successor of Franchisor and shall be binding upon the Guarantor and Guarantor's successors and assigns.

7. Until all obligations of Franchisee to Franchisor have been paid or satisfied in full, Guarantor has no remedy or right of subrogation and each Guarantor waives any right to enforce any remedy which Franchisor has or may in the future have against Franchisee and any benefit of, and any right to participate in, and security now or in the future held by Franchisor.

8. All existing and future indebtedness of Franchisee to Guarantor is hereby subordinated to all indebtedness and other obligations guaranteed in this Guaranty and, without the prior written consent of Franchisor, shall not be paid in whole or in part, nor will any Guarantor accept any payment of or on account of any such indebtedness while this Guaranty is in effect.

9. This Guaranty shall be construed in accordance with the laws of the State of Texas, without giving effect to its conflict of laws principles.

If more than one person has executed this Guaranty, the term "the Guarantor," as used in this Guaranty will refer to each person, and the liability of each of the Guarantors under this Guaranty will be joint and several and primary as sureties.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty effective as of the date of the Agreement.

______________________________	______________________________
Dated: ________________________	Dated: ________________________
______________________________	______________________________
Spouse (if applicable)	*Spouse (if applicable)*
Dated: ________________________	Dated: ________________________

EXHIBIT D – STATE LAW ADDENDUM TO THE ALTITUDE TRAMPOLINE PARK FRANCHISE AGREEMENT

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –

CALIFORNIA

Whenever a conflict exists between the Franchise Agreement and the State of California law, California law will govern this document. The following California laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) Any arbitration between Altitude Franchising, LLC and a Franchisee will be conducted in the State of California.

(ii) any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of California law or any rule or order is void.

(iii) any condition, stipulation or provision purporting to waive any of Franchisee's rights, which are contrary to California law, shall be void.

(iv) any condition, stipulation or provision requiring the application of Texas law may not be enforceable.

(v) California law requires Franchisor to give Franchisee a disclosure document, approved by the department of corporations, prior to a solicitation of a proposed material modification of an existing franchise.

(vi) California laws requires Franchisor to give to Franchisee a disclosure document, approved by the commissioner of corporations, before Franchisor asks Franchisee to consider a material modification of the Franchise Agreement.

(vii) California law provides rights to Franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement is inconsistent with California law, California law will control.

(viii) The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(ix) The Franchise Agreement may limit Franchisee's rights and may not be enforceable including, but not limited to: a class action waiver, jury trial waiver, limitation of time to bring claims and punitive damages waiver.

(x) Payment of the Initial Fee and any other fees described in Article VI of the Franchise Agreement shall be deferred until Franchisor has completed all of Franchisor's pre-opening obligations and Franchisee commences business pursuant to the Franchise Agreement.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
ILLINOIS

Whenever a conflict exists between the Franchise Agreement and the State of Illinois law, Illinois law will govern this document. The following Illinois laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) Payment of the Initial Fee and any other fees described in Article VI of the Franchise Agreement shall be deferred until Franchisor has completed all of Franchisor's pre-opening obligations and Franchisee commences business pursuant to the Franchise Agreement.

(ii) The following statement is added to the end of Article XX: The conditions under which Franchisee's license rights can be terminated and Franchisee's rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

(iii) Article XXI, to the extent required under Illinois law, shall be modified as follows: EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 *ET SEQ.*) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED BY ILLINOIS LAW, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, EXCEPT THAT ANY STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

(iv) The following provision shall be added to Section 21.1 of the Franchise Agreement: This Agreement is subject to Section 41 of the Illinois Franchise Disclosure Act which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."

(v) Section 4 of the Illinois Franchise Disclosure Act of 1987 provides as follows: Jurisdiction and Venue Section 4. Any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State. The Illinois Attorney General's Office has taken the position that the foregoing provision applies to the choice of which state's law shall govern this Agreement. Accordingly, the Franchise Agreement is hereby amended by adding the following thereto: "To the extent that Section 21.2 of this Agreement conflicts with or is unenforceable under Section 4 of the Illinois Franchise Disclosure Act of 1987, the provisions of said Section 4 shall apply."

(vi) Section 21.2 of the Franchise Agreement is amended to comply with Section 27 of the Illinois Franchise Disclosure Act of 1987 to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee, or Franchisee's operation of the Franchise brought by Franchisee against Franchisor shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or 90 days after delivery to Franchisee of a written notice disclosing the violation, or such claim or action will be barred.

(vii) Section 22.1 of the Franchise Agreement is hereby deleted in its entirety, to the extent required under Illinois law.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
MARYLAND

Whenever a conflict exists between the Franchise Agreement and the State of Maryland law, Maryland law will govern this document. The following Maryland laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) No provision of the Franchise Agreement shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

(ii) Any claim arising under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland, including any arbitration proceeding.

(iii) Section 21.2 of the Franchise Agreement is amended to comply with Maryland Franchise Registration and Disclosure law to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee, or Franchisee's operation of the Franchise brought by Franchisee against Franchisor shall be commenced within 3 years from the date the Franchise is granted.

(iv) Any provision in the Franchise Agreement that requires Franchisee to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

(v) Payment of the Initial Fee and any other fees described in Article VI of the Franchise Agreement shall be deferred until Franchisor has completed all of Franchisor's pre-opening obligations and Franchisee commences business pursuant to the Franchise Agreement.

(vi) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________	______________________
Signature	Curt Skallerup President
______________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
MICHIGAN

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(i) A prohibition on Franchisee's right to join an association of franchisees.

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

(iii) A provision that permits Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include Franchisee's failure 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.

(iv) A provision that permits Franchisor to refuse to renew the Franchise without fairly compensating Franchisee by repurchase or other means for the fair market value at the time of expiration of Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to 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 5 years and (ii) 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 Franchisee does not receive at least six (6) months advance notice of Franchisor's intent not to renew the franchise.

(v) A provision that permits 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.

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

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

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

(b) The fact that the proposed transferee is a competitor of Franchisor.

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

(d) Franchisee or proposed transferee's failure to pay any sums owing to Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(vi) A provision that requires Franchisee to resell to Franchisor items that are not uniquely identified with Franchisor. This subdivision does not prohibit a provision that grants to 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 Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if Franchisee has breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (iii).

(vii) A provision which permits Franchisor to directly or indirectly convey, assign, or otherwise transfer Franchisor's obligations to fulfill contractual obligations to Franchisee unless provision has been made for providing the required contractual services.

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: Michigan Department of Attorney General Consumer Protection Division Attn: Franchise 670 Law Building Lansing, Michigan 48913 (517) 373-7117.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
MINNESOTA

Whenever a conflict exists between the Franchise Agreement and the State of Minnesota law, Minnesota law will govern this document. The following Minnesota laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(ii) The Franchise Agreement is amended to state that Franchisor will protect Franchisee against claims of infringement or unfair competition regarding Franchisee's use of the Marks when Franchisee's right to use the Marks requires protection.

(iii) The Franchise Agreement is amended to state that Franchisor will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

(iv) Minnesota Rule 2860.4400D prohibits Franchisor from requiring Franchisee to assent to a general release. The Franchise Agreement is modified accordingly, to the extent required by Minnesota law.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
____________________	____________________
Signature	Curt Skallerup President
____________________	
Printed Name	Dated: ________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
NEW YORK

Whenever a conflict exists between the Franchise Agreement and the State of New York law, New York law will govern this document. The following New York laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) The Franchise Agreement is amended as follows: Franchisor will make no changes to the Operations Manual which would impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations.

(ii) The Franchise Agreement is amended as follows: Franchisor will make no assignment except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

(iii) The Franchise Agreement is amended to provide that any Franchisee release language shall not apply to any claims arising under the provisions of Article 33 of the General Business Law of the State of New York.

(iv) The Franchise Agreement is amended to provide that Franchisee will not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by Franchisor or other civil wrongs of Franchisor.

(v) The Franchise Agreement is amended to the extent required under New York law to provide as follows: EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 *ET SEQ.*) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, EXCEPT THAT ANY STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
RHODE ISLAND

Whenever a conflict exists between the Franchise Agreement and the State of Rhode Island law, Rhode Island law will govern this document. The following Rhode Island laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Agreement is amended accordingly to the extent required by law.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
VIRGINIA

Whenever a conflict exists between the Franchise Agreement and the State of Virginia law, Virginia law will govern this document. The following Virginia laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

Payment of the Initial Fee and any other fees described in Article VI of the Franchise Agreement shall be deferred until Franchisor has completed all of Franchisor's pre-opening obligations and Franchisee commences business pursuant to the Franchise Agreement.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ______________________

STATE LAW ADDENDUM TO THE FRANCHISE AGREEMENT –
WASHINGTON

Whenever a conflict exists between the Franchise Agreement and the State of Washington law, Washington law will govern this document. The following Washington laws will supersede the language provided for in the Franchise Agreement and shall apply to the agreement between Franchisor and Franchisee:

(i) Arbitration shall take place in the state of Washington, but only if "in-state" arbitration is a valid requirement of the Washington Franchise Investment Protection Act.

(ii) A release or waiver of rights executed by Franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

(iii) Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

(iv) Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

(v) Payment of the Initial Fee and any other fees described in Article VI of the Franchise Agreement shall be deferred until Franchisor has completed all of Franchisor's pre-opening obligations and Franchisee commences business pursuant to the Franchise Agreement.

(vi) It shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and a violation of this chapter for any person to:

(a) Refuse to renew a franchise without fairly compensating Franchisee for the fair market value, at the time of expiration of the franchise, of Franchisee's inventory, supplies, equipment, and furnishings purchased from Franchisor, and good will, exclusive of personalized materials which have no value to Franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchise business: provided, however, that compensation need not be made to Franchisee for good will if (i) Franchisee has been given one year's notice of nonrenewal and (ii) Franchisor agrees in writing not to enforce any covenant which restrains Franchisee from competing with the Franchisor: provided further, that Franchisor may offset against amounts owed to Franchisee under this subsection any amounts owed by such Franchisee to the Franchisor.

(b) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of Franchisee to comply with lawful material provisions of the franchise or other agreement between Franchisor and Franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such default, or if such default cannot reasonably be cured within thirty (30) days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: provided, however, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve-month period, for which the Franchisee has been given notice and an opportunity to cure as provided in this subsection, Franchisor may terminate the agreement upon any subsequent willful and material breach of the same term within the twelve-month period without providing notice or opportunity to cure: provided further, that Franchisor may terminate a franchise without giving prior notice or opportunity to cure a default of Franchisee:

(i) is adjudicated a bankrupt or insolvent;

(ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchise business; or

(iii) voluntarily abandons the franchise business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchise business.

Upon termination for good cause, Franchisor shall purchase from Franchisee at a fair market value at the time of termination, Franchisee's inventory and supplies, exclusive of (i) personalized materials which have no value to Franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchise business; and (iii) if the Franchisee is to retain control of the premises of the franchise business, any inventory and supplies not purchased from Franchisor or on its express requirement: provided, however, that Franchisor may offset against amounts owed to Franchisee under this subsection any amounts owed by such Franchisee to Franchisor.

(vii) The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of Franchisee's franchise. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. A release or waiver of rights executed by Franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

FRANCHISEE:	**ALTITUDE FRANCHISING, LLC**
______________________________	______________________________
Signature	Curt Skallerup President
______________________________	
Printed Name	Dated: ________________________

EXHIBIT D – STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

NOTE: THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. THE CALIFORNIA INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. See the cover page of the Disclosure Document for our URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. State Cover Page, Risk Factor 4: IN ADDITION, WE WILL DEFER COLLECTION OF ALL INITIAL FEES DESCRIBED IN **ITEM 5** UNTIL WE HAVE COMPLETED OUR INITIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT UNTIL THE FRANCHISEE IS OPEN FOR BUSINESS.

5. No person identified in **Item 2** of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A 78a *et seq*., suspending or expelling such person from membership in such association or exchange.

6. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

7. The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq*.).

8. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California Law.

9. The Franchise Agreement requires arbitration or litigation to occur in Tarrant County, Texas, with the costs being borne by the non-prevailing party in the arbitration or litigation. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

10. The Franchise Agreement requires application of the laws of the State of Texas. These provisions may not be enforceable under California law.

11. The Franchise Agreement requires the parties to waive any and all rights to a trial by jury in the event of litigation. These provisions may not be enforceable under California law.

12. With respect to franchises governed by California law, we agree to comply with the requirements of Section 31109.1 of the Franchise Investment Law if we waive some fees for some franchisees, as described in **Item 5**.

13. You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

14. The following statements are added to Item 17: The Franchise Agreement may require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

1. The following is inserted after the third paragraph under the sub-heading "Risk Factors" at the cover page of this disclosure document:

"The Risk Factors set forth above may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41."

2. The following is added to **Item 5**:

"Based on our financial condition, the Illinois Attorney General has imposed a fee deferral requirement with respect to the franchises governed by Illinois law. We therefore will defer payment of the initial fees described in **Item 5** until all initial obligations owed the franchisee have been completed and the franchisee has commenced business pursuant to the Franchise Agreement."

3. The following paragraphs are inserted at the end of **Item 17**:

"The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20."

"Provisions regarding jurisdiction and venue and choice of law are affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively.

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added to **Item 5** of the disclosure document:

1. With respect to franchises governed by the Maryland Franchise Registration and Disclosure Law, all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement and the Park opens.

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added to **Item 17** of the disclosure document:

1. The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*)

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of your franchise.

3. You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law.

4. Under the Maryland Franchise Registration and Disclosure Law, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however that this shall not bar the voluntary settlement of disputes.

2. With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute Sec. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days prior notice of termination (with 60 days to cure) and 180 days prior notice for non-renewal of the franchise agreement.

3. Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. With respect to the franchises governed by Minnesota law, we will defer payment of the initial fees described in **Item 5** until we have completed our initial obligations under the Franchise Agreement.

NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. Except as disclosed in **Item 3** of the disclosure document, neither we, our predecessors, affiliates nor any person identified in **Item 2** of this disclosure document:

A. Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it or him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten (10) year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

C. Is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, trade practice law, or any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange as a result of a concluded or pending action or proceeding brought by a public agency.

2. Except as disclosed in **Item 4** of the disclosure document, during the fifteen (15) year period immediately preceding the date of this disclosure document, neither we, our predecessors, affiliates or any person identified in **Item 2** of this disclosure document has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership at or within 1 year of the time that such company or partnership was adjudged bankrupt or reorganized due to insolvency or is otherwise subject to any pending bankruptcy or reorganization proceeding.

3. You will not be required to indemnify us for any claims arising out of a breach of the Franchise Agreement by us or other civil wrongs committed by us.

4. We will not make any changes to the Operations Manual which would impose an unreasonable economic burden on you or unreasonably increase your obligations under the Franchise Agreement.

5. We will not assign any of our rights under the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Agreement.

6. Any release executed in connection with the Franchise Agreement is subject to the proviso that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law of New York State be satisfied.

7. You may terminate the Franchise Agreement and any ancillary agreements upon any other grounds available by law.

8. The summary in **Item 17**, Choice of Law, is amended to state the following:

Texas law applies unless governed by applicable federal law. The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon Franchisee by the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT ALTITUDE FRANCHISING, LLC

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in North Dakota, except as provided by law.

2. Any release executed in connection with the Franchise Agreement will not apply to any claims that may arise under the North Dakota Franchise Investment Law.

3. Any litigation required by the Franchise Agreement will be conducted in the state where your Park is or will be located.

4. With respect to the franchises governed by North Dakota law, we will defer payment of the initial fees described in **Item 5** until we have fulfilled all of our initial obligations under the Franchise Agreement and you have commenced doing business pursuant to the Agreement.

5. With respect to the franchises governed by North Dakota law, any provisions requiring the franchisee to consent to liquidated damages upon termination shall be void, in keeping with the provisions of the North Dakota Franchise Investment Law.

RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

The following paragraph is added to the end of **Item 17** of the disclosure document:

19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act."

VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

As a supplement to the information described in this disclosure document, the following additional paragraph is added to **Item 5**:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement."

The following paragraph is added to **Item 17**:

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not contain "reasonable cause," as the term may be defined in the Virginia Retail franchising Act or the laws of Virginia, that provision may not be enforceable."

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ALTITUDE FRANCHISING, LLC

1. In any litigation involving a franchise purchased in Washington, the litigation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the litigation.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, shall prevail.

3. A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

EXHIBIT E – OPERATIONS MANUAL TABLE OF CONTENTS

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F – RECEIPT

(RETAIN THIS COPY)

Effective Date: December 31, 2016

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this disclosure document to you at your first personal meeting to discuss the franchise or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The Franchisor is Altitude Franchising, LLC, located at 7165 Colleyville, Suite 104, Colleyville, Texas 76034. Our number is 817-741-JUMP (5867). The affiliated individuals who are offering the Altitude Trampoline Park Franchise are:

Curt Skallerup, CEO
Altitude Franchising, LLC

Independent Franchise Agent

____
Printed Name
Telephone Number: ____________
Email Address: ____________

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated December 31, 2016 that included the following Exhibits:

Exhibit A: List of State Agencies and Agents for Service of Process
Exhibit B: Financial Statements
Exhibit C: Franchise Agreement
Exhibit D: State-Specific Addendum
Exhibit E: Operations Manual Table of Contents
Exhibit F: Receipt

Please date and sign this copy of the receipt and retain for your records.

Date: ____________

Signature: ____________________

Printed Name: ____________________

EXHIBIT F – RECEIPT
(RETURN THIS COPY)

Effective Date: December 31, 2016

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Date: ____________________

Signature: ________________________________

Printed Name: _____________________________